



WOOLWORTHS HOLDINGS LIMITED

2020 Interim Results



PRESENTATION OUTLINE

01 / *Review of the period*

02 / *Financial review*

03 / *Current focus areas*

04 / *Outlook*

01

**REVIEW OF
THE PERIOD
(PRE IFRS 16)**

Ian Moir

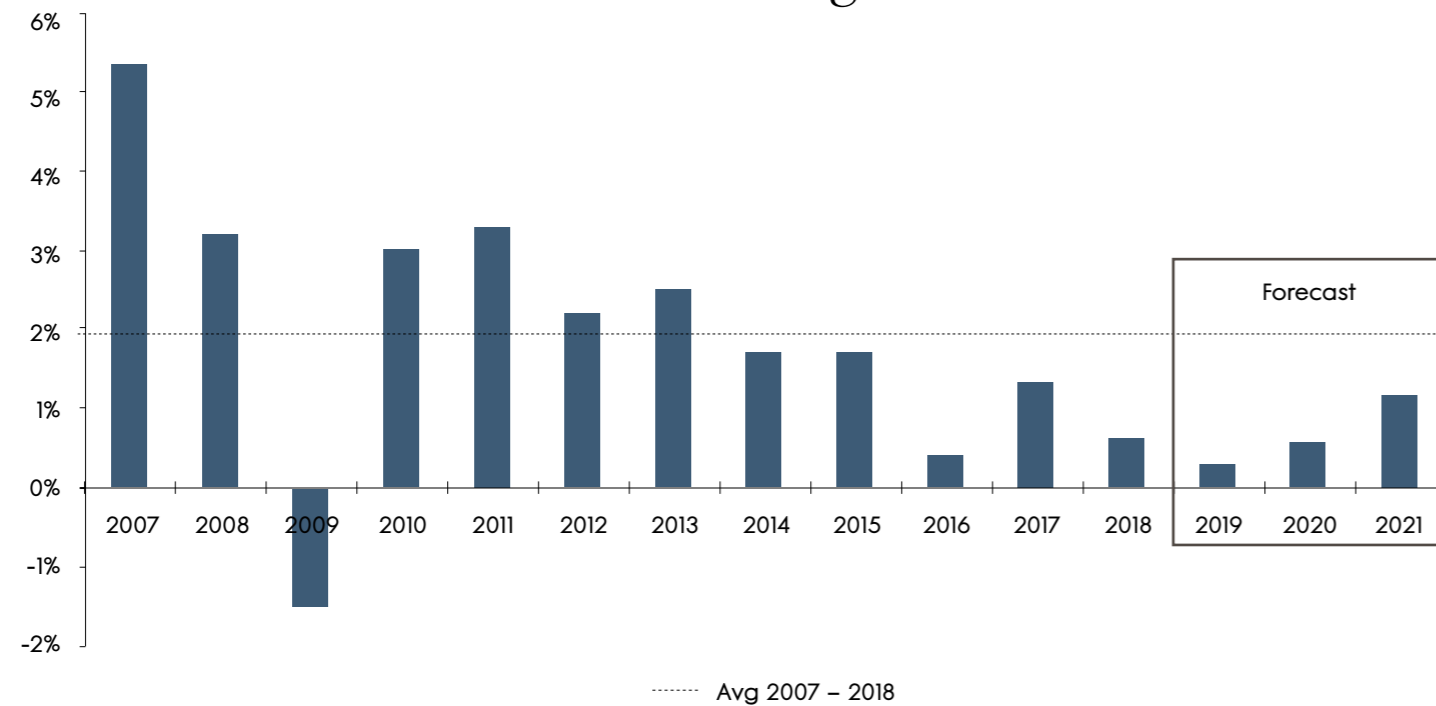


GROUP PERFORMANCE

- Tough trading conditions in both markets
- Shift in trading weeks in 2020 compared to prior year with Christmas week falling into H1 in current period and H2 in prior period
- Slowdown in Woolworths Clothing in Q2 resulting in loss of market share
- Woolworths Food maintained positive volume growth and continued to grow market share
- Strong performance in Woolworths Financial Services
- Trade in David Jones improved in Q2 but margins remained under pressure
- Strong performance from Country Road Group, despite exit from Myer but margins under pressure
- Turnover and concession sales up **3.8%**; adjusted profit before tax down **12.3%**
- Adjusted diluted headline earnings per share declined by **11.7%**
- Interim dividend reduced by **3.3%** (1.45x WSA headline earnings)

SOUTH AFRICAN MACRO ENVIRONMENT

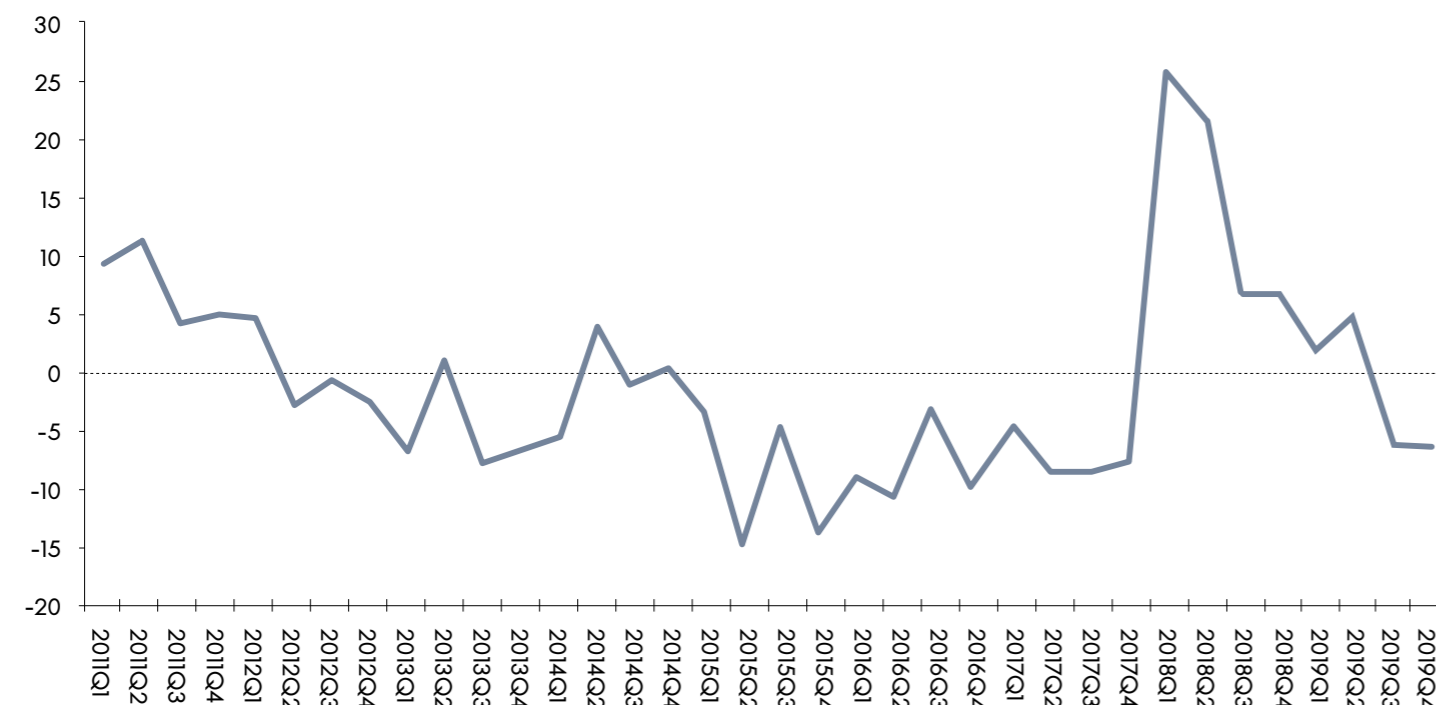
Real annual GDP growth %



- Growth remained weak and well below potential, further impacted by load-shedding
- 2019 retail sales growth averaged 1.2%, the weakest rate since 2009

Source: Statistics SA

FNB/BER Consumer confidence index



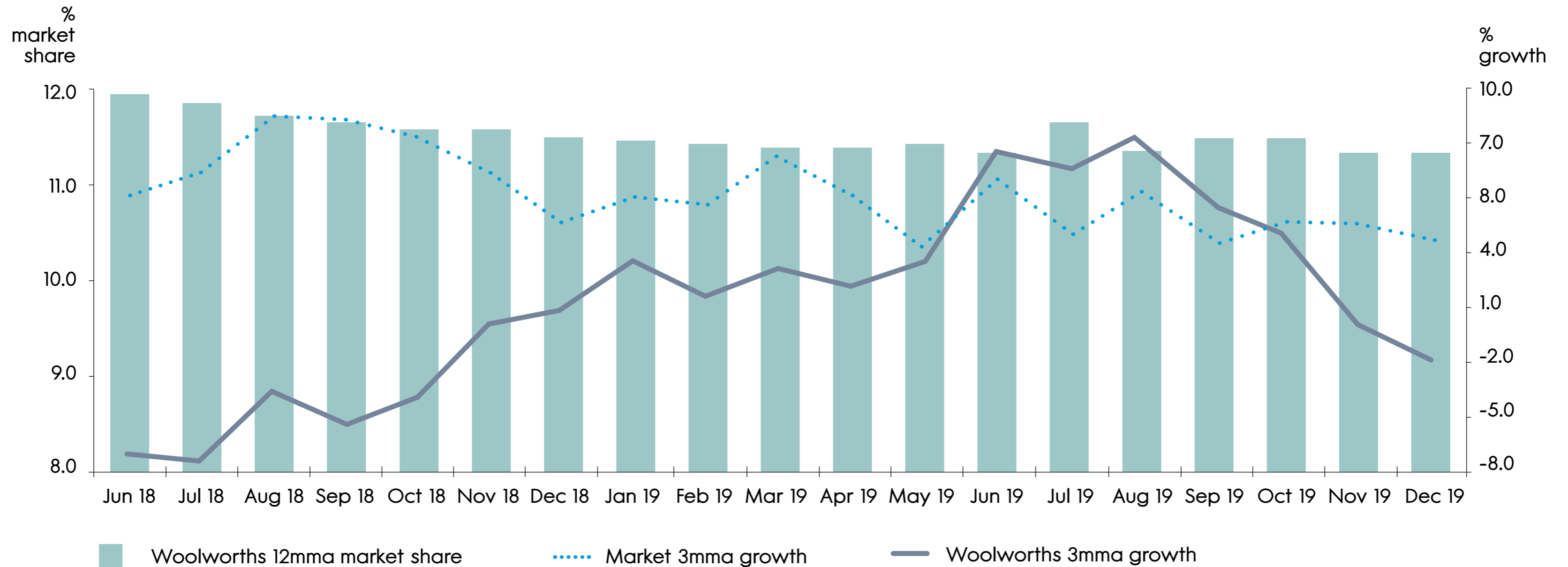
- Consumer sentiment and spending dampened by poor economic growth, record high unemployment, weak income growth, muted credit extension and higher costs of living

WOOLWORTHS FASHION, BEAUTY AND HOME

- Total sales and comparable store sales both up **2.2%** on LY (both up **0.9%** adjusting for shift in trading weeks)
 - Poor Q2 trade (down **2.3%** on LY after adjusting for trading weeks) impacted by constrained economic conditions, further exacerbated by load-shedding, Black Friday impact, and unseasonal weather conditions
 - Strong performance in Kidswear and Beauty
 - Menswear traded broadly in line with the market
 - Poor Womenswear performance
- Price movement of **4.0%** in Clothing categories
- Net space growth of **1.2%**
- Online sales up **29.5%** on LY
- Gross profit margin **0.5%** lower than LY at **46.6%** mainly due to stock write-offs as SA brands exit the Australian market
- Operating profit down **8.9%**
- Operating profit margin **1.4%** lower than LY at **11.5%**



WOOLWORTHS FASHION AND HOME MARKET SHARE



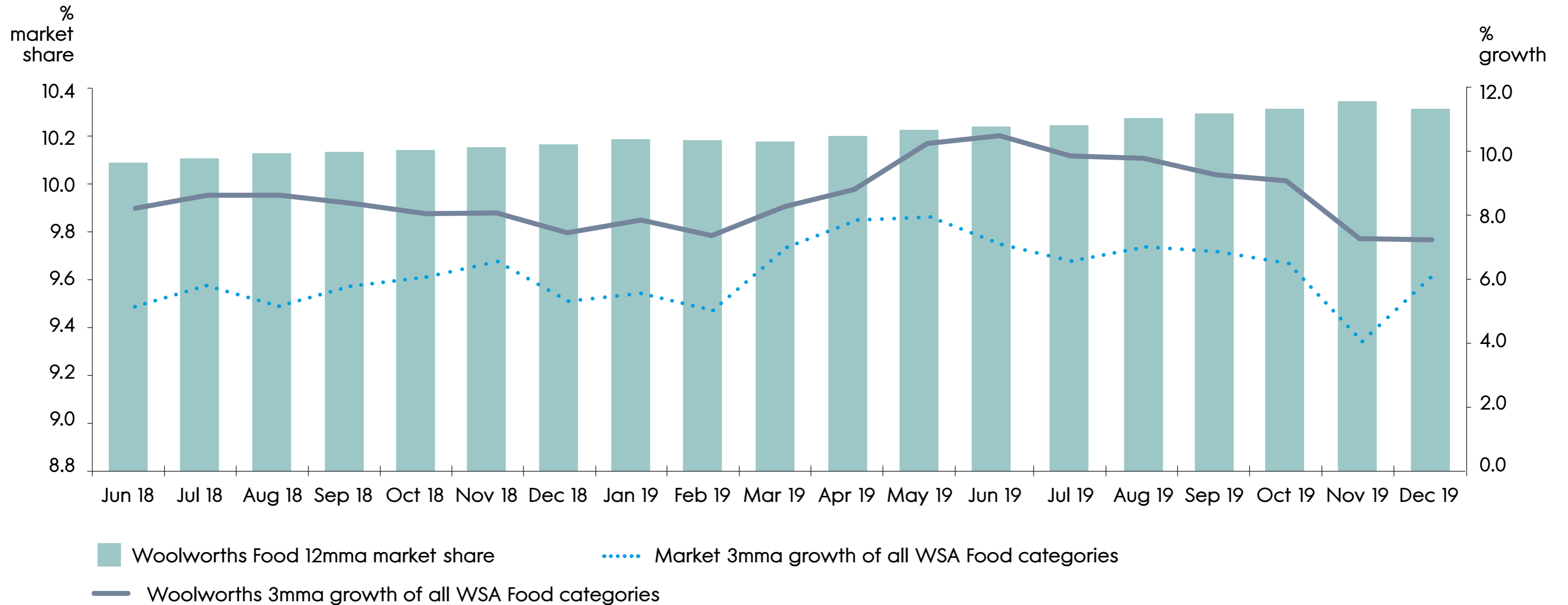
Source: RLC monthly report on SA Clothing, Footwear, Accessories and Homeware (PwC)

WOOLWORTHS FOOD

- Total sales up **8.1%** (**7.8%** adjusting for the shift in trading weeks), with comparable store sales up **5.4%**
 - Consistent growth ahead of market due to innovative, quality products and investment in value perception
 - December trade impacted by load-shedding, poor weather conditions and changing customer holiday patterns
- Price movement of **5.1%**
- Net space growth of **4.0%**
- Strong online sales growth, up **22.3%** on LY
- Gross profit margin maintained at **24.6%**, despite price investment and promotional activity
- Operating profit up **8.0%**
- Operating profit margin **0.1%** lower than LY at **6.9%**



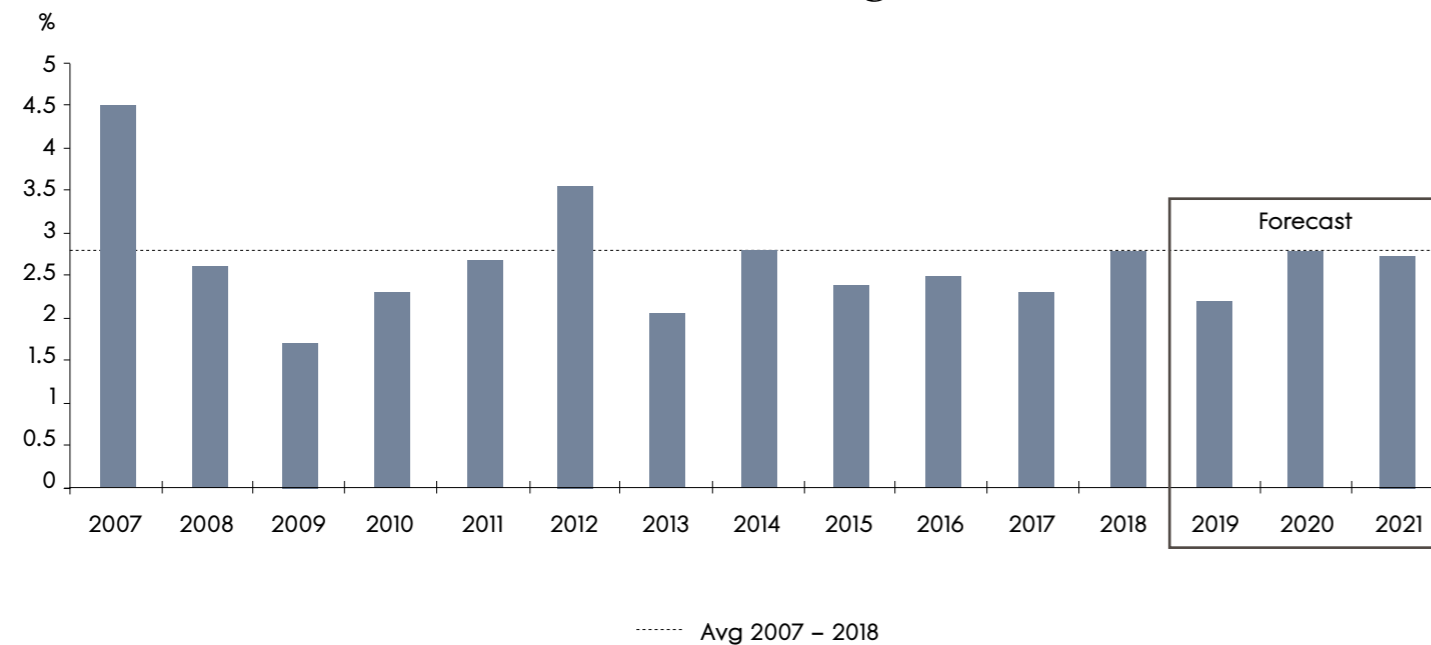
WOOLWORTHS FOOD MARKET SHARE



Source: Nielsen monthly Category Report on WSA food categories

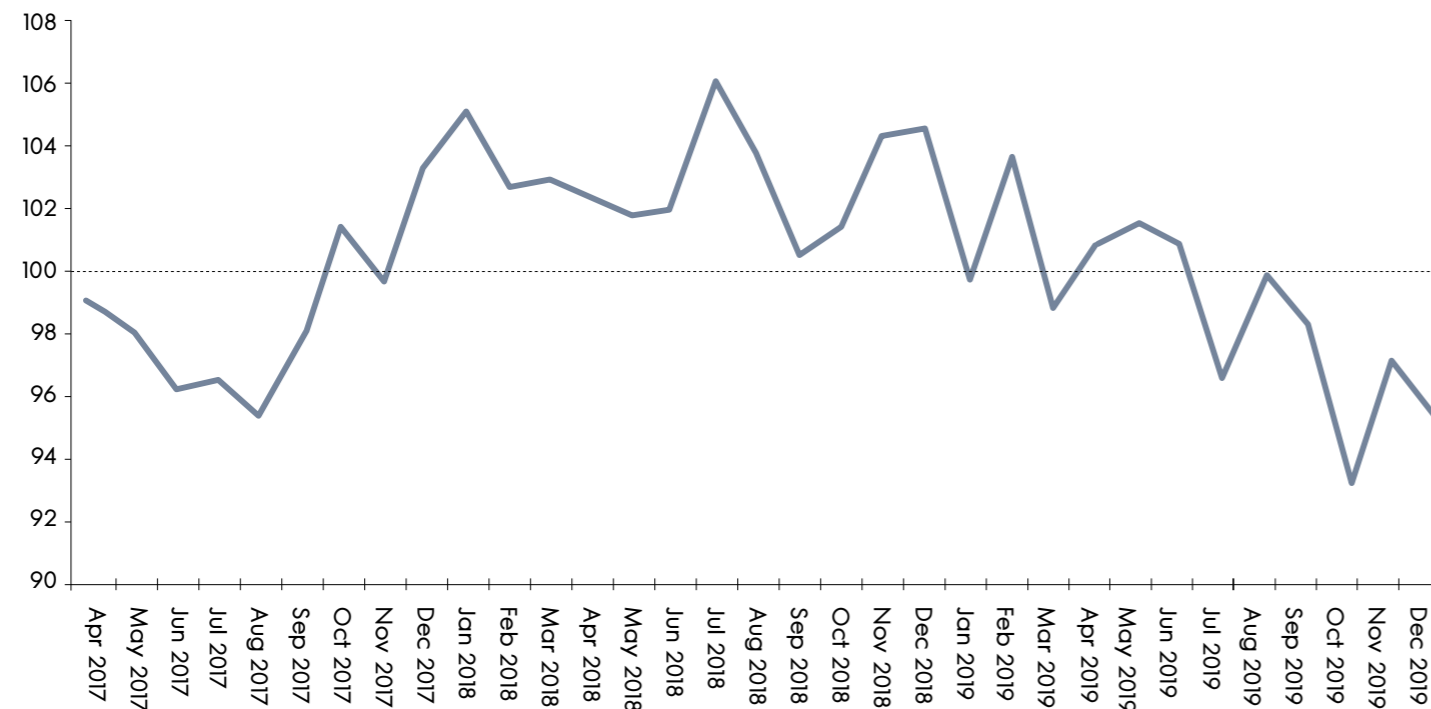
AUSTRALIAN MACRO ENVIRONMENT

Real annual GDP growth %



- Despite record low interest rates, tax stimulus and strong job growth, the economy has remained depressed by high levels of consumer indebtedness, a softer housing market, low wage growth, rising non-discretionary costs, and muted sentiment due to the bushfire crisis
- The apparel sector remains constrained, highly competitive and promotionally driven
- Continued reduction in shopping mall footfall as customers shift to online shopping, further exacerbated by bushfires and decline in tourism

Consumer Sentiment Westpac-Melbourne Institute Survey



DAVID JONES

- Total sales up **4.9%** on LY; after adjusting for trading weeks, sales **0.5%** lower and **0.4%** lower on a comparable store sale basis
- Q2 sales up **1.3%** (after adjusting for trading weeks) with strong Black Friday sales
- Still significant disruption from Elizabeth Street store refurbishment with the Ground Floor closed until 11 December 2019
- Strong online sales growth of **61.8%**, now **10.4%** of total sales
- Gross profit margin down by **2.9%** to **35.1%**, primarily driven by the inclusion of Boxing Day clearance in the first half, a higher proportion of promotional sales, disruption from refurbishments, and reversal of certain inventory-related provisions in the prior year
- Disappointing aEBIT of A\$20 million, at an operating margin of **1.7%**



COUNTRY ROAD GROUP

- Total sales down **2.5%**; up **3.3%** excluding the sales impact of the Myer exit
- Comparable store sales up **0.1%** (adjusting for shift in trading weeks)
 - Outstanding Country Road performance, offset by fashion misses in Witchery
 - Strong transfer of sales into David Jones and other channels after Myer exit (approx **26%**)
- Online sales growth in Australasia, up **6.2%** on LY, now **21.4%** of total Australasia sales
- Net space reduction of **8.1%**, including the space exited in Myer
- Gross profit margin down **1.7%** to **62.3%**
- Operating profit margin **0.6%** lower than LY at **10.4%**



02

**FINANCIAL
REVIEW
(PRE IFRS 16)**

Reeza Isaacs



INTRODUCTION

- FY20 is the first year of implementation of IFRS 16. We adopted the modified retrospective approach, so have not restated prior year's results. As mentioned in our IFRS 16 presentation in early December 2019, we would show the results pre and post IFRS 16 for FY20 to enable comparability.
- The H1 results are not fully comparable to last year due to the 53 week year in FY19, which resulted in the shift of trading weeks. This moved the Christmas week from H2 last year to H1 this year. Boxing Day is a significant trading day in Australia.

FINANCIAL OVERVIEW

*Turnover and
concession sales*

+3.8%

to R40.9 billion

*Adjusted profit
before tax*

-12.3%

to R2.4 billion

EPS

-9.0%

to 179.8 cps

HEPS

-10.1%

to 180.2 cps

*HEPS –
Adjusted diluted*

-11.7%

to 179.1 cps

Interim dividend

-3.3%

to 89.0 cps

*ROE**

15.3%

from 16.6%

* David Jones asset impairment added back

GROUP INCOME STATEMENT

	Dec 2019 Rm	Dec 2018 Rm	% change																						
Woolworths Fashion, Beauty and Home	834	915	(8.9)	Continued strong performance in Food; underperformance in FBH																					
Woolworths Food	1 157	1 071	8.0																						
WFS (50% of PAT)	159	157	1.3	Challenging trading conditions; Elizabeth Street disruption; margins impacted by inclusion of Boxing Day clearance and higher proportion of promotional sales																					
Woolworths	2 150	2 143	0.3																						
David Jones	197	471	(58.2)	8.7% down on LY in constant currency; impacted by Myer exit; strong CR brand performance																					
Country Road Group	565	626	(9.7)																						
Adjusted profit before interest and tax	2 912	3 240	(10.1)	Lower base rates offset by higher debt in Aus																					
Net finance and other costs	(537)	(533)	0.8																						
Adjusted profit before tax	2 375	2 707	(12.3)	<table border="1"> <thead> <tr> <th></th> <th>Dec 2019 Rm</th> <th>Dec 2018 Rm</th> </tr> </thead> <tbody> <tr> <td>Adjustments (post-tax)</td> <td></td> <td></td> </tr> <tr> <td>Relocation and restructure costs</td> <td>(2)</td> <td>(40)</td> </tr> <tr> <td>Myer store exit costs</td> <td>–</td> <td>(52)</td> </tr> <tr> <td>Net onerous leases</td> <td>–</td> <td>18</td> </tr> <tr> <td>Forex loss</td> <td>(6)</td> <td>(1)</td> </tr> <tr> <td></td> <td>(8)</td> <td>(75)</td> </tr> </tbody> </table>		Dec 2019 Rm	Dec 2018 Rm	Adjustments (post-tax)			Relocation and restructure costs	(2)	(40)	Myer store exit costs	–	(52)	Net onerous leases	–	18	Forex loss	(6)	(1)		(8)	(75)
	Dec 2019 Rm	Dec 2018 Rm																							
Adjustments (post-tax)																									
Relocation and restructure costs	(2)	(40)																							
Myer store exit costs	–	(52)																							
Net onerous leases	–	18																							
Forex loss	(6)	(1)																							
	(8)	(75)																							
Tax	(644)	(739)	(12.9)																						
Adjusted profit after tax	1 731	1 968	(12.0)																						
Adjustments (post-tax)	(8)	(75)																							
Profit after tax	1 723	1 893	(9.0)																						
Adjusted EBITDA	3 935	4 260	(7.6)	Higher proportion of SA profits; includes after-tax earnings of WFS																					
Adjusted effective tax rate	27.1%	27.3%																							

WOOLWORTHS FASHION, BEAUTY AND HOME

INCOME STATEMENT

	Dec 2019 Rm	Dec 2018 Rm	% change	
Turnover	7 236	7 078	2.2	0.9% adjusting for shift in trading weeks; disappointing performance in Womens' outerwear and F&A; Fashion price movement of 4.0%
Cost of sales	3 864	3 741	3.3	
Gross profit	3 372	3 337	1.0	Overall margin down 50 bps; SA brands exit from Aus
Other revenue	7	7	-	
Expenses	2 545	2 429	4.8	
Store costs	1 773	1 709	3.7	Comp store cost growth of 2.5%; lower volumes
Other operating costs	772	720	7.2	
Adjusted operating profit	834	915	(8.9)	One-offs in base; phasing between halves
Adjusted EBITDA	1 029	1 126	(8.6)	
Gross profit margin – on turnover	46.6%	47.1%		
Operating profit margin – on turnover	11.5%	12.9%		

WOOLWORTHS FOOD

INCOME STATEMENT

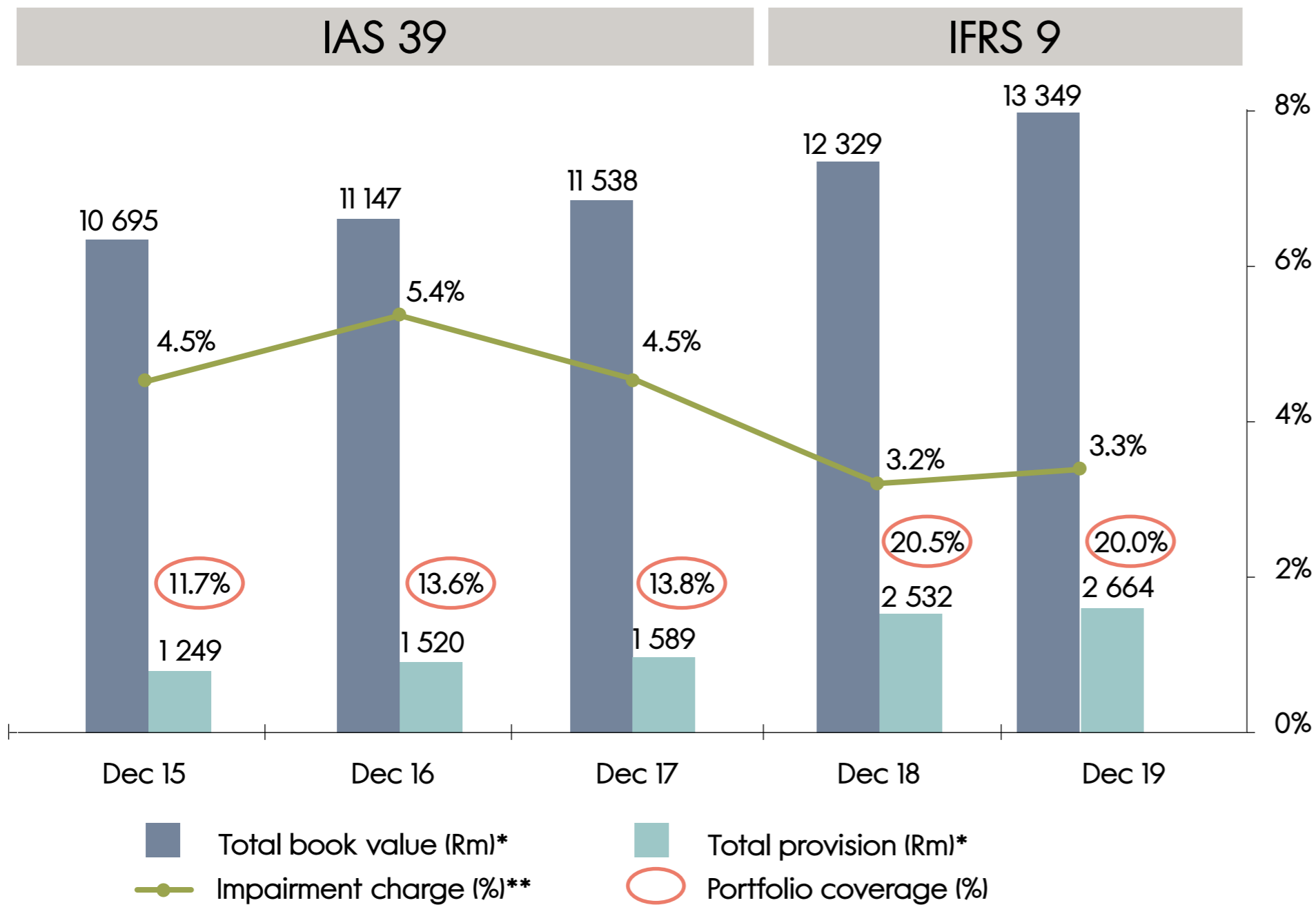
	Dec 2019 Rm	Dec 2018 Rm	% change	
Turnover and concession sales	17 040	15 762	8.1	7.8% adjusting for shift in trading weeks; price movement of 5.1%; positive volume growth; slower December
Concession sales	(392)	(366)	7.1	
Turnover – own buy	16 648	15 396	8.1	Margin maintained; price investment continues; marginally higher waste in December
Cost of sales	12 547	11 613	8.0	
Gross profit – own buy	4 101	3 783	8.4	Comp store costs up 5.4%; space growth of 4.0%; higher volumes; utilities and loadshedding related costs
Concession and other revenue	69	66	4.5	
Expenses	3 013	2 778	8.5	One-offs in base; phasing between halves
Store costs	2 212	2 060	7.4	
Other operating costs	801	718	11.6	
Adjusted operating profit	1 157	1 071	8.0	
Adjusted EBITDA	1 436	1 355	6.0	
Gross profit margin – on turnover	24.6%	24.6%		
Operating profit margin – on turnover	6.9%	7.0%		

WOOLWORTHS FINANCIAL SERVICES

	Dec 2019 Rm		Dec 2018 Rm		% change	
Average total financial services assets	13 053		12 060		8.2	Strong credit card growth; new business and credit limit increases; improved store card performance
Income statement		% to book		% to book		
Interest income	1 103	16.9	1 050	17.4	5.0	
Interest paid	347	5.3	324	5.4	7.1	Repo rate decrease
Net interest income	756	11.6	726	12.0	4.1	
Impairment charge	219	3.3	195	3.2	12.3	Increase due to volume growth
Risk-adjusted margin	537	8.2	531	8.8	1.1	
Non-interest revenue	448	6.9	417	6.9	7.4	Higher transactional and fee income driven by credit card
Operating costs	543	8.3	511	8.5	6.3	Investments in strategic initiatives and growth-related costs
Profit before tax	442	6.8	437	7.2	1.1	
Return on equity	35.0%		35.5%			

WOOLWORTHS FINANCIAL SERVICES

BOOK PERFORMANCE



* Total book and provision include legal portfolio

** Includes collection costs

DAVID JONES

INCOME STATEMENT

	Dec 2019 A\$m	Dec 2018 A\$m	% change	
Turnover and concession sales	1 176	1 121	4.9	0.5% lower adjusting for shift in trading weeks; comp stores 0.4% lower; online up 61.8%; Elizabeth Street disruption
Concession sales	(395)	(379)	4.2	
Turnover – own buy	781	742	5.3	Margin down 290 bps; includes Boxing Day clearance, higher proportion of promotional sales, disruption from refurbishments; reversal of provisions in the prior year
Cost of sales	469	416	12.7	
Gross profit – own buy	312	326	(4.3)	Comp stores up 2.6%; new stores, including first Food standalone; online costs; Elizabeth Street store depreciation
Concession and other revenue	101	100	1.0	
Gross profit	413	426	(3.1)	2019 cost reduction initiatives; good cost control; offset by higher head office depreciation
Expenses	405	390	3.8	
Store costs	332	317	4.7	Strong performance, supported by loyalty initiatives
Other operating costs	73	73	–	
Department store operating profit	8	36	(77.8)	Higher depreciation from strategic investments, including Elizabeth Street
Financial services operating profit	12	11	9.1	
Adjusted operating profit	20	47	(57.4)	
Adjusted EBITDA*	55	79	(30.4)	
Gross profit margin – on turnover and concession sales	35.1%	38.0%		
Operating profit margin**	1.7%	4.2%		

* Based on Adjusted operating profit

** Adjusted operating profit as a percentage of turnover and concession sales

COUNTRY ROAD GROUP

INCOME STATEMENT

	Dec 2019 A\$m	Dec 2018 A\$m	% change	
Turnover	541	555	(2.5)	Up 3.3% excluding Myer exit; online up 6.2%, now 21.4% of Australasian sales; good CR performance; Witchery range misses
Cost of sales	204	200	2.0	Down 170 bps; includes Boxing Day clearance
Gross profit	337	355	(5.1)	
Other revenue	2	1	100.0	
Expenses	283	295	(4.1)	Impact of Myer exit; space reduction of 8.1%; store efficiencies including labour rostering
Store costs	201	211	(4.7)	
Other operating costs	82	84	(2.4)	Strong cost focus
Adjusted operating profit	56	61	(8.2)	
Adjusted EBITDA	75	80	(6.3)	
Gross profit margin – on turnover	62.3%	64.0%		
Operating profit margin – on turnover	10.4%	11.0%		

NET FINANCE AND OTHER COSTS

	Capital	Rate*	Dec 2019 Rm	Dec 2018 Rm	
ZAR debt	R8.7bn	8.67%	403	410	Lower SA base rates
AUD debt	A\$464m	5.19%	129	119	Higher debt levels, lower base rates but higher margins
Net finance costs			532	529	
Other costs			5	4	
Net finance and other costs			537	533	
Interest cover (times)			7.0	7.4	

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

GROUP BALANCE SHEET

	Dec 2019 Rm	Dec 2018 Rm	Constant currency % change	
Assets				
Property, plant and equipment	14 636	14 360	5.5	
Intangible assets	7 373	13 749	(44.8)	DJ goodwill and brand impairment at FY19 year-end
Investments in joint ventures	890	793	12.2	
Inventories	9 006	9 298	(0.7)	Christmas week shift impact
Trade and other receivables and loans	1 772	1 715	5.8	
Derivative financial instruments	98	340	(69.7)	
Deferred tax and tax assets	2 046	321	>100	
Cash and cash equivalents	2 214	2 420	(6.8)	
Total assets	38 035	42 996	(9.0)	
Equity and liabilities				
Shareholders' funds	10 040	13 898	(24.0)	
Borrowings and overdrafts	13 997	14 093	0.9	
Operating lease accrual and fair value lease adjustment	1 616	1 922	(12.5)	
Other non-current liabilities	1 027	666	58.0	
Derivative financial instruments	308	28	>100	
Deferred tax and tax liabilities	478	922	(47.7)	
Trade and other payables and provisions	10 569	11 467	(5.5)	
Total equity and liabilities	38 035	42 996	(9.0)	
Net gearing	11 783	11 673	2.5	
Period-end exchange rate (R/A\$)	9.8	10.3		

NET GEARING

	Dec 2019	Jun 2019	Dec 2018	
WHL Net debt (Rm)	(11 783)	(12 480)	(11 673)	Total net gearing reduced from FY19 year-end
Interest-bearing term debt	(13 240)	(13 522)	(13 287)	
Net cash and cash equivalents	1 457	1 042	1 614	
Unutilised committed facilities – Group	8 674	8 147	9 033	Significant unutilised committed facilities
Net debt to EBITDA (times)	1.6	1.6	1.5	
SA Net debt (Rm)	(8 067)	(8 327)	(7 919)	
Interest-bearing term debt	(8 689)	(8 685)	(8 676)	
Net cash and cash equivalents	622	358	757	Aus funding diversified by the issue of a A\$300 million bond into the Aus capital market
Rate*	8.67%	9.00%	8.98%	
Unutilised committed facilities – SA	5 486	5 199	5 531	Focus remains on reducing the Aus debt, inclusive of a dividend holiday and sale of the Bourke Street Menswear building
Aus Net debt (A\$m)	(379)	(420)	(365)	
Interest-bearing term debt	(464)	(489)	(448)	
Net cash and cash equivalents	85	69	83	
Rate*	5.19%	4.04%	4.41%	All-in rate; includes costs of refinancing; debt diversified and termed out
Unutilised committed facilities – AUS	325	298	340	

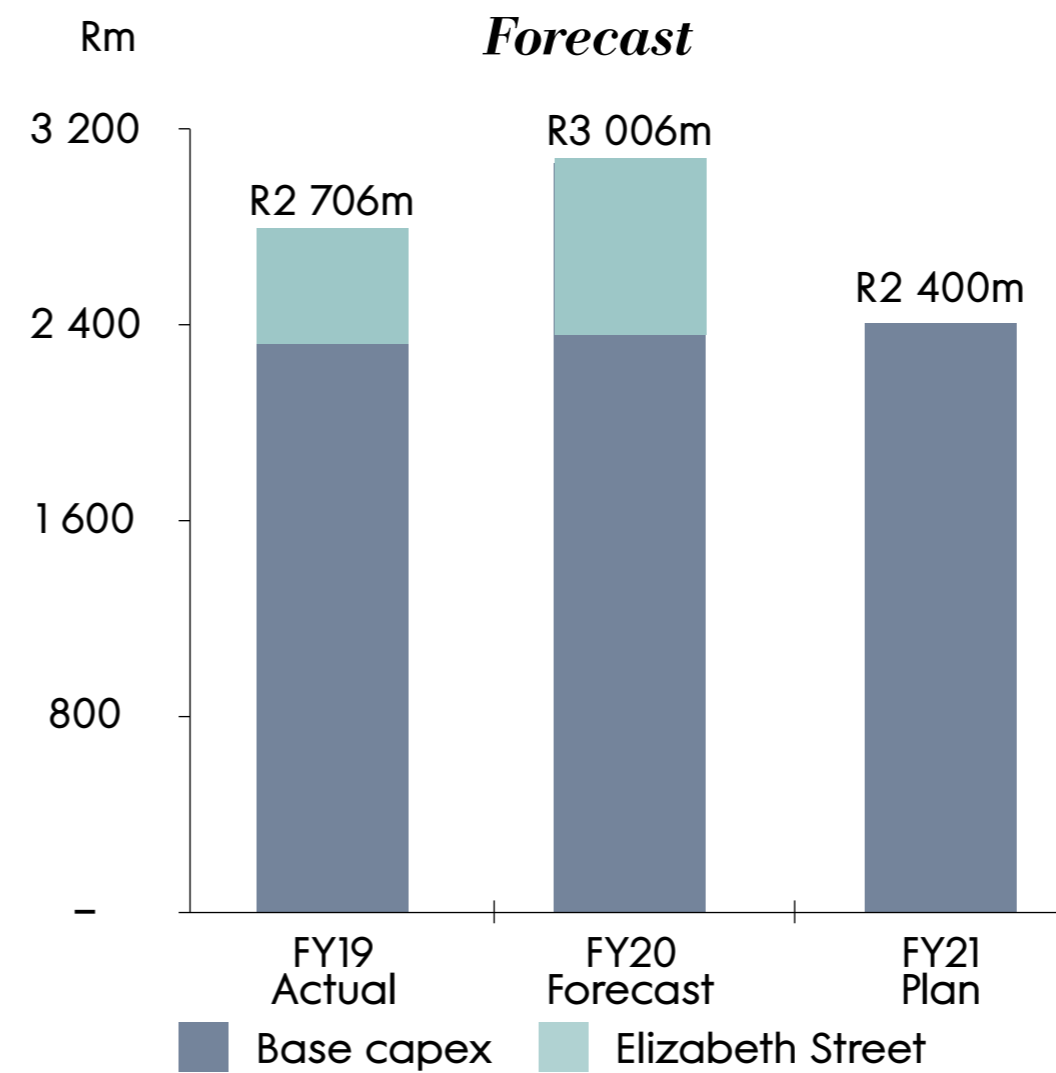
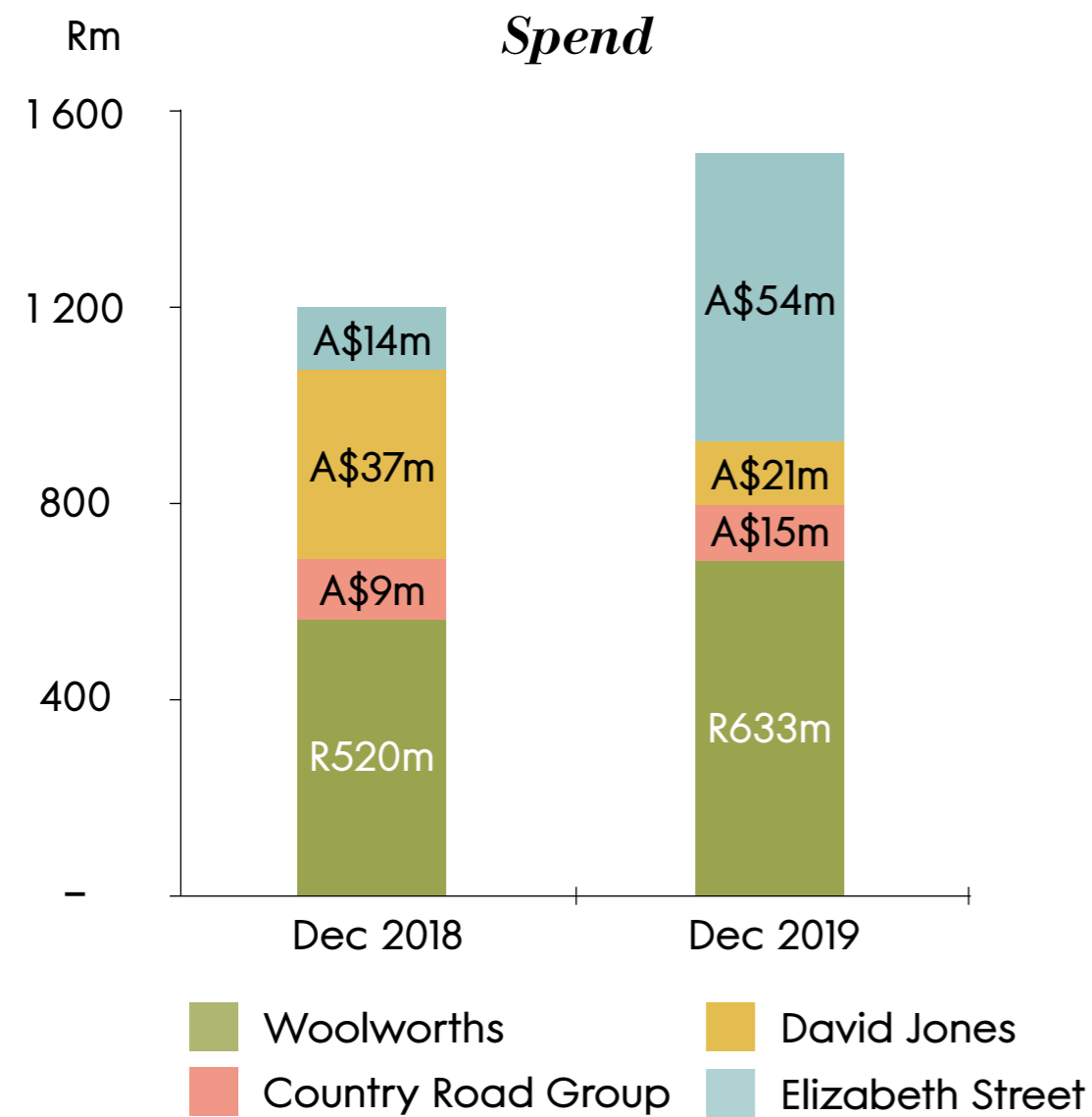
* Partially hedged all-in rate including amortisation of upfront costs

COVENANTS

	Dec 2019	Dec 2018	Bank limit	
SA Bank covenants				
Net debt to EBITDA (times)	1.7	1.5	<3.0	SA covenants well within bank limits
Interest cover (times)	6.0	6.3	>3.5	
Aus Bank covenants				
Net debt to EBITDA (times)	1.7	1.6	<3.0	Within bank limits; Aus covenants renegotiated during refinancing; Minimum Equity covenant removed
Fixed Charge Cover Ratio (times)	1.7	1.8	>1.5	

Note: Bank covenants exclude IFRS 16

CAPITAL EXPENDITURE



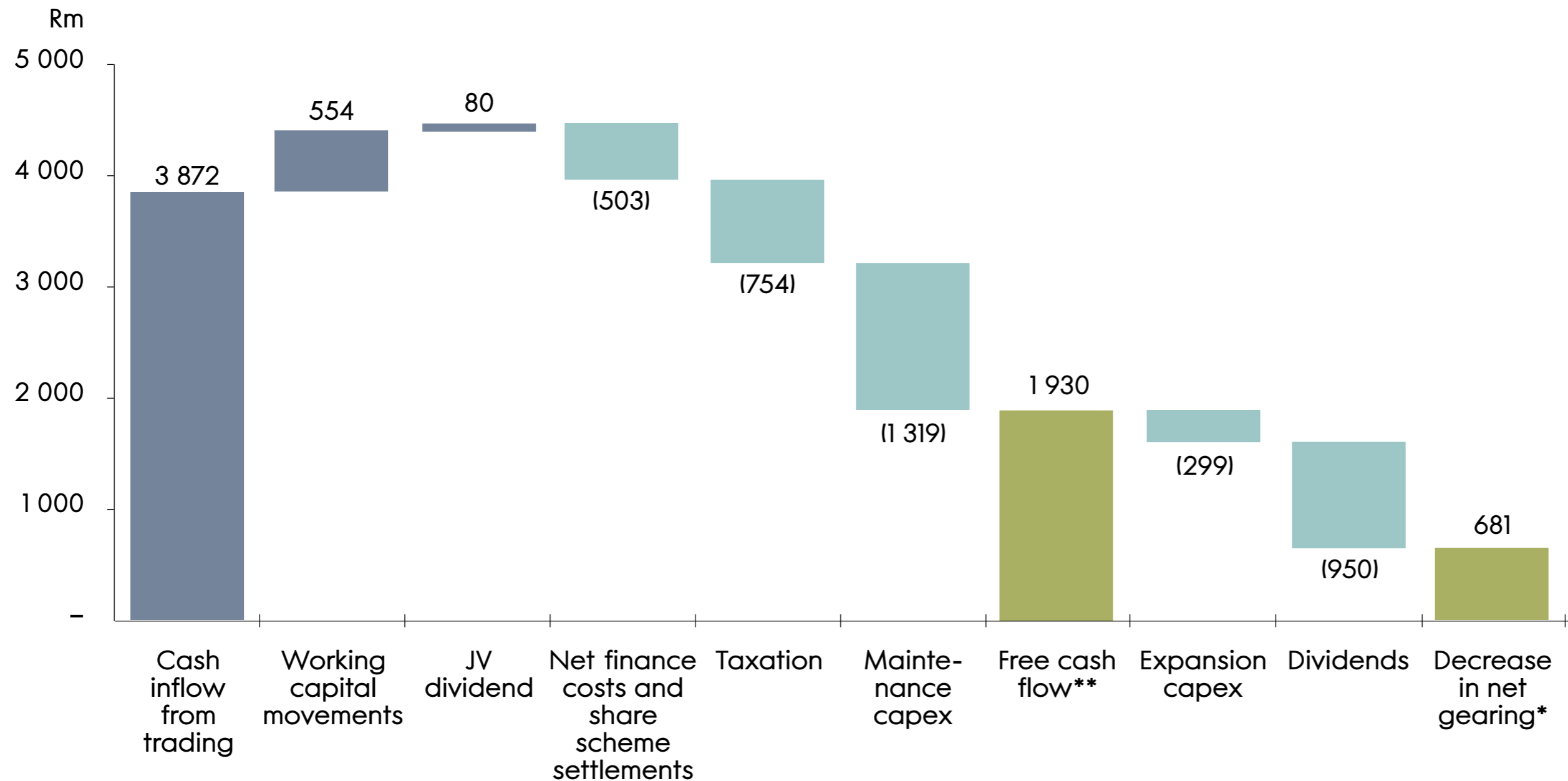
Depreciation and amortisation*

	Dec 2019	Dec 2018	% change
Woolworths (Rm)	474	495	(4)
David Jones (A\$m)	35	32	9
Country Road Group (A\$m)	19	19	-
Total Group (Rm)	1 023	1 020	-

Elizabeth Street

* Pre IFRS 16

CASH GENERATION FOR THE 26 WEEKS ENDED 29 DECEMBER 2019

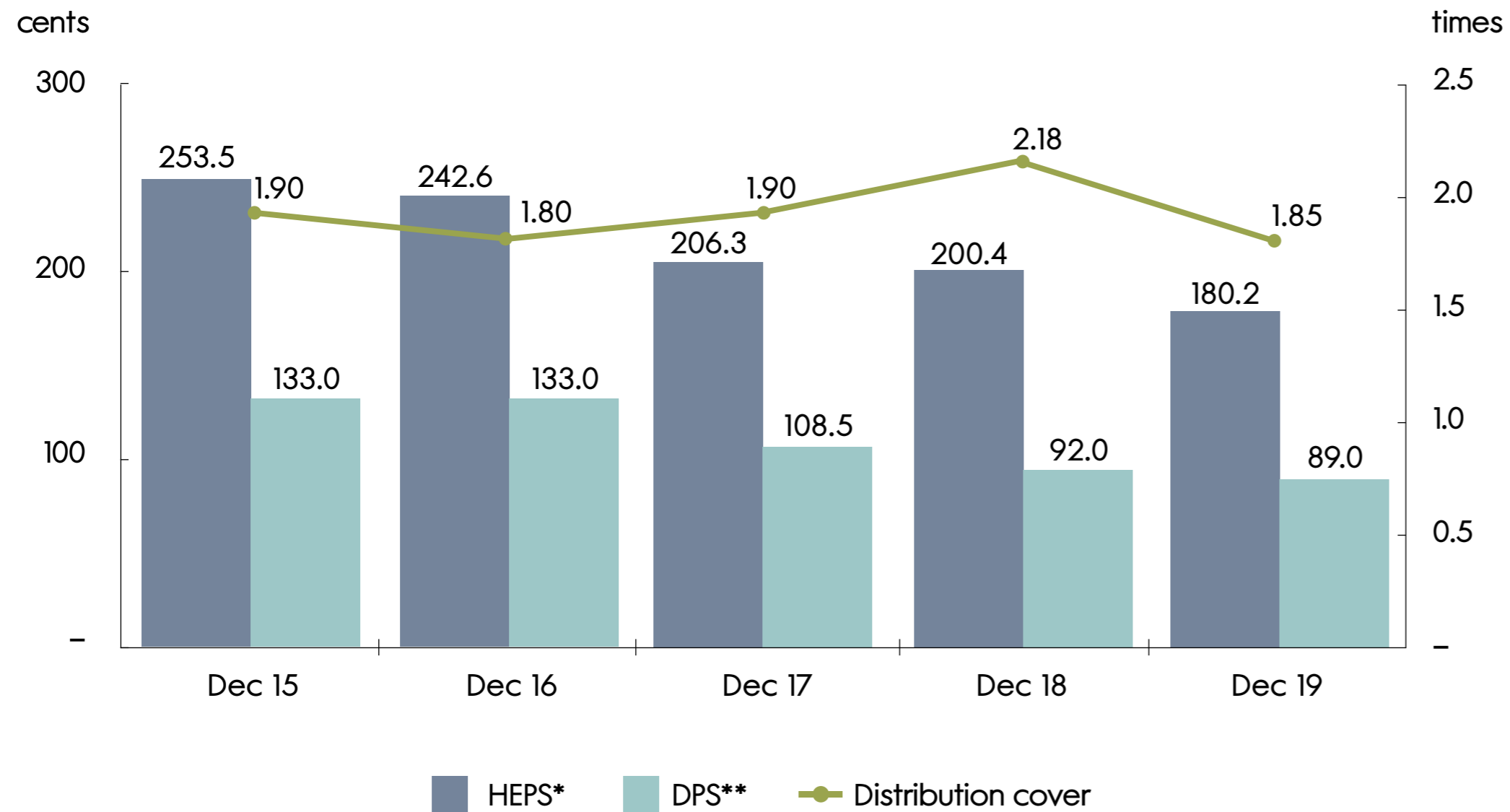


* Net gearing excludes R16 million currency translation impact

** Free cash flow per share (Free cash flow before Expansion capex and Dividends): 201.6 cps

Cash conversion ratio (Adjusted PAT and Free cash flow after Expansion capex and before Dividends): 94.2%

EARNINGS AND DISTRIBUTION



Group dividend based on 1.45x Woolworths SA headline earnings post IFRS 16; Aus gearing target of A\$200 million remains

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

03

**CURRENT
FOCUS AREAS**

Ian Moir



WOOLWORTHS FASHION, BEAUTY AND HOME

- Drive the **Fashion business turnaround**, specifically in Womenswear, with a **focus on design** to deliver better ranges and taste levels
- Entrench strong 'on the ground' **leadership, processes and disciplines**
- **Strengthen our value perception** by focusing on great price points, key value lines, more strategic promotions and leveraging our loyalty offer
- Position Woolworths as the **destination for key categories**, anchored in **beautiful basics** while also introducing **more newness** throughout the season
- **Edit and reinvent our private brands** to provide modern wearable fashion and timeless classics
- Leverage **supplier relationships** to **improve pricing** and **quality**
- Continue to **build Beauty** as a destination category
- Focus on **cost reduction**
- New Managing Director, **Manie Maritz**, to start in June 2020

WOOLWORTHS FOOD

- Absolute focus on maintaining market leading position in **product quality and innovation**
- Provide our customers with **easy and accessible convenience** through a variety of formats, channels and inspiring meal solutions
- Build and expand our presence in the **fast, fresh Food** offer
- **Strengthen the value perception** with ongoing price investment, everyday low prices, and promotional offers
- Become the destination for **sustainably and ethically sourced food**
- Strengthen and optimise our **strategic supplier partnerships** and support the **growth of our smaller suppliers**
- Continue to **improve availability while minimising waste**
- Focus on **cost reduction**



DAVID JONES

- Provide **accessible luxury** and **exclusive, differentiated products and brands**, amazing **experiences** and **great service** in our top stores
- Continue to focus on **brand exclusivity**
 - Country Road Group brands became exclusive to David Jones and trading well
 - Iconic Australian brand, Sportscraft, now also exclusive
 - Over 60 new exclusive Womenswear brands launched
 - Negotiations with other key brands underway
- Enable a **digital, data-driven business** with a **world-class online offering** and improved on-site experience (20% online sales by 2025)
- Improve **inventory management**
- Enhance **margin delivery** with better vendor trading terms, centralised supply chain efficiencies and an improved sales mix
- Continue to embed the **new loyalty programme** with new member reward benefits, a virtual card and exclusive offers

DAVID JONES

- **Complete refurbishment of Elizabeth Street** store to create world-class department store
 - Highly anticipated Ground Floor (Luxury Beauty and Accessories) opened at beginning of December 2019 to exceptional customer feedback
 - Sydney foot traffic has been impacted by bushfires but sales in Elizabeth Street store have been strong
 - Menswear to open in March 2020 and Food and Home floors in April 2020
- **Optimise our real estate footprint** with store closures and lease renewals/right-sizing as appropriate, reducing net space by 20% by 2025
- **Sale of Bourke Street** store in Melbourne on track – will have significantly less impact on trade and costs than Elizabeth Street
- **Build our Food business**
 - First three trial BP forecourt stores were launched to an overwhelmingly positive customer response and sales performance above expectations
 - Further BP sites planned to be opened during 2020
- Reduce the **cost of doing business**

DAVID JONES ELIZABETH STREET GROUND FLOOR



COUNTRY ROAD GROUP

- Continue to **drive the Country Road brand performance** with strong ranges and improved in-store experience
- **Improve Witchery's performance** with new ranges, price investment and revised breadth of offer
- Continue to drive **full-price sales** with targeted, loyalty-based promotions and less generic discounting
- Continue to deliver a **market-leading digital experience**
- Optimise our **real estate footprint**
- Drive **strong performance in the David Jones channel** with improved assortment and service
- Continue to **focus on cost management**



04 OUTLOOK

Ian Moir



OUTLOOK

South Africa

- Despite lower interest rates and muted inflation, consumer spending expected to remain constrained
- Price movement in H2 expected to be 4.2% for Food and 5.7% for FBH
- FBH to continue to focus on improving performance through better pricing and ranges, particularly in Womenswear
- Coronavirus expected to impact sourcing of FBH product
- Food expected to continue to trade ahead of market

OUTLOOK

Australia

- Consumer spending is likely to be muted in short-term due to stagnant wage growth and impact of bushfires but improve in the medium-term on the back of a stabilising housing market
- Coronavirus already significantly impacting tourism, footfall and sales and further impact on sourcing also expected. The Group is currently actively considering ways to mitigate the risks associated with the Coronavirus.
- Heightened levels of competition and promotional activity expected to continue
- David Jones expected to benefit from the completion of the Elizabeth Street store refurbishment, with trade normalising from Q4 and Market Street A\$16 million p.a. rent ceasing from FY2021
- Country Road Group expected to recover quicker from the Myer exit
- In both geographies, online is an increasingly important channel for the Group and we continue to invest in this growth driver

TRADE IN FIRST SIX WEEKS OF H2

	Sales growth
WOOLWORTHS FASHION, BEAUTY AND HOME	0.4%
WOOLWORTHS FOOD	7.1%
DAVID JONES	2.6%
COUNTRY ROAD GROUP	4.2%

**ADDITIONAL
INFO**

TRADING SPACE

	Dec 2019 000m ²	Dec 2018 000m ²	% change	Projected Jun 2020 000m ²	% change**	Projected Jun 2021 000m ²	% change	Projected Jun 2022 000m ²	% change
Woolworths Fashion, Beauty and Home	486	481	1.2	485	1.5	483	(0.4)	478	(1.0)
South Africa	441	436	1.2	440	1.1	436	(0.9)	430	(1.4)
Rest of Africa	45	45	–	45	4.7	47	4.4	48	2.1
Woolworths Food	262	252	4.0	261	2.4	266	1.9	270	1.5
South Africa	253	244	3.7	251	1.6	255	1.6	259	1.5
Engen	3	3	–	4	33.3	4	–	4	–
Rest of Africa	6	5	20.0	6	20.0	7	16.7	7	–
David Jones	486	480	1.2	475	–	468	(1.5)	455	(2.8)
Country Road Group*	116	126	(8.1)	114	(5.8)	112	(1.8)	110	(1.8)
Australasia	101	111	(8.1)	99	(5.8)	97	(1.8)	95	(1.8)
South Africa	15	15	–	15	–	15	–	15	–

* Includes 27 286m² Country Road Group brand concessions in David Jones stores

** From June 2019

PROJECTED TRADING SPACE ADDITIONS/REDUCTIONS

000m ²	Woolworths Fashion, Beauty and Home	Woolworths Food	David Jones	Country Road Group
Dec 2019	486	262	486	116
Additions	1	1	8	–
Reductions	(2)	(2)	(19)	(2)
Jun 2020	485	261	475	114
Additions	2	7	–	2
Reductions	(4)	(2)	(7)	(4)
Jun 2021	483	266	468	112
Additions	5	6	–	2
Reductions	(10)	(2)	(13)	(4)
Jun 2022	478	270	455	110

STORE LOCATIONS

	Dec 2019	Dec 2018	Growth	Projected Jun 2020	Growth***	Projected Jun 2021	Growth	Projected Jun 2022	Growth
Woolworths Fashion, Beauty and Home	282	282	–	280	1	278	(2)	272	(6)
South Africa	217	217	–	216	–	214	(2)	208	(6)
Rest of Africa	65	65	–	64	1	64	–	64	–
Woolworths Food	452	437	15	455	13	467	12	479	12
South Africa*	348	339	9	350	10	356	6	362	6
Engen	80	76	4	82	2	87	5	92	5
Rest of Africa	24	22	2	23	1	24	1	25	1
David Jones	49	46	3	48	1	47	(1)	47	–
Country Road Group**	723	810	(87)	713	(95)	712	(1)	696	(16)
Australasia	640	728	(88)	630	(96)	628	(2)	612	(16)
South Africa	83	82	1	83	1	84	1	84	–

* Of which 191 are standalone Food stores

** Includes 275 Country Road Group brand concessions in David Jones stores, which may extend over multiple pads

*** From June 2019

WOOLWORTHS FINANCIAL SERVICES

CONTRIBUTION TO SALES

% of retail sales purchased on Woolworths cards	Dec 2019	Dec 2018
Total Fashion, Beauty and Home	24.1%	23.9%
Total Food	11.4%	11.4%
Aggregate Woolworths card and credit contribution	15.3%	15.4%

Increase in FBH contribution driven by sustained credit card performance and improvement in store card

DAVID JONES

INCOME STATEMENT (IN RANDS)

	Dec 2019 Rm	Dec 2018 Rm	% change
Turnover and concession sales	11 812	11 485	2.8
Concession sales	(3 968)	(3 883)	2.2
Turnover – own buy	7 844	7 602	3.2
Cost of sales	4 714	4 260	10.7
Gross profit – own buy	3 130	3 342	(6.3)
Concession and other revenue	1 019	1 024	(0.5)
Gross profit	4 149	4 366	(5.0)
Expenses	4 073	4 010	1.6
Store costs	3 342	3 257	2.6
Other operating costs	731	753	(2.9)
Department store operating profit	76	356	(78.7)
Financial services operating profit	121	115	5.2
Adjusted operating profit	197	471	(58.2)

DAVID JONES

BALANCE SHEET

	Dec 2019 A\$m	Dec 2018 A\$m	% change
Assets			
Property, plant and equipment	926	859	7.8
Goodwill and brands	–	568	100.0
Intangible assets	93	92	1.1
Right-of-use assets	954	–	–
Inventories	331	355	(6.8)
Trade and other receivables, deferred tax and tax assets	261	140	86.4
Cash and cash equivalents	56	33	69.7
Total assets	2 621	2 047	28.0
Non-current and current non-interest bearing liabilities	(1 867)	(651)	>100
Capital employed	754	1 396	(46.0)
Period-end exchange rate (R/A\$)	9.8	10.3	

COUNTRY ROAD GROUP

INCOME STATEMENT (IN RANDBS)

	Dec 2019 Rm	Dec 2018 Rm	% change
Turnover	5 464	5 696	(4.1)
Cost of sales	2 064	2 054	0.5
Gross profit	3 400	3 642	(6.6)
Other revenue	20	13	53.8
Expenses	2 855	3 029	(5.7)
Store costs	2 032	2 171	(6.4)
Other operating costs	823	858	(4.1)
Adjusted operating profit	565	626	(9.7)

COUNTRY ROAD GROUP

BALANCE SHEET*

	Dec 2019 A\$m	Dec 2018 A\$m	% change
Assets			
Property, plant and equipment	134	136	(1.5)
Intangible assets	367	369	(0.5)
Right-of-use assets	437	–	–
Inventories	133	120	10.8
Trade and other receivables, deferred tax and tax assets	180	89	>100
Cash and cash equivalents	30	50	(40.0)
Total assets	1 281	764	67.7
Non-current and current non-interest bearing liabilities	(688)	(190)	>100
Capital employed	593	574	3.3
Period-end exchange rate (R/A\$)	9.8	10.3	

* Per reporting segment

IFRS 16

INTRODUCTION

- Effective beginning of 2020 financial year (1 July 2019)
- We have adopted the **modified retrospective approach**
- **Comparative amounts** are not restated. Opening retained earnings is adjusted on Day 1 (1 July 2019). Results for FY20 interims, excluding IFRS 16 adjustments, have been presented to enable comparability to FY19
- Significant impact on our financial reporting:
 - **Balance sheet:** Right-of-use (ROU) assets and Lease liabilities brought onto the balance sheet
 - **Income statement:** change in structure and categorisation of costs
 - Operating profit and margin increases: rental costs replaced with depreciation and finance costs
 - PBT and EPS decrease initially, as lease portfolio is, on average, in the earlier part of lease term
 - **Key ratio changes:** EBITDA, Operating margin, ROCE, ROA and debt ratios
- IFRS 16 does not impact our financial fundamentals, operations or cash flows. However, there has been an increased focus on reducing the tenure and increasing the flexibility and variability of our lease agreements

GROUP INCOME STATEMENT

	Pre IFRS 16 Dec 2019 Rm	Adjust- ment Rm	Post IFRS 16 Dec 2019 Rm	Dec 2018 Rm
Woolworths Fashion, Beauty and Home	834	135	969	915
Woolworths Food	1 157	86	1 243	1 071
WFS (50% of PAT)	159	–	159	157
Woolworths	2 150	221	2 371	2 143
David Jones	197	206	403	471
Country Road Group	565	90	655	626
Adjusted profit before interest and tax	2 912	517	3 429	3 240
Net finance and other costs	(537)	(754)	(1 291)	(533)
Adjusted profit before tax	2 375	(237)	2 138	2 707

WOOLWORTHS FASHION, BEAUTY AND HOME

INCOME STATEMENT

	Pre IFRS 16 Dec 2019 Rm	Adjust- ment Rm	Post IFRS 16 Dec 2019 Rm	Dec 2018 Rm
Turnover	7 236	–	7 236	7 078
Cost of sales	3 864	–	3 864	3 741
Gross profit	3 372	–	3 372	3 337
Other revenue	7	–	7	7
Expenses	2 545	(135)	2 410	2 429
Store costs	1 773	(131)	1 642	1 709
Other operating costs	772	(4)	768	720
Adjusted operating profit	834	135	969	915
Gross profit margin – on turnover	46.6%		46.6%	47.1%
Operating profit margin – on turnover	11.5%		13.4%	12.9%

WOOLWORTHS FOOD

INCOME STATEMENT

	Pre IFRS 16 Dec 2019 Rm	Adjust- ment Rm	Post IFRS 16 Dec 2019 Rm	Dec 2018 Rm
Turnover and concession sales	17 040	–	17 040	15 762
Concession sales	(392)	–	(392)	(366)
Turnover – own buy	16 648	–	16 648	15 396
Cost of sales	12 547	–	12 547	11 613
Gross profit – own buy	4 101	–	4 101	3 783
Concession and other revenue	69	–	69	66
Expenses	3 013	(86)	2 927	2 778
Store costs	2 212	(82)	2 130	2 060
Other operating costs	801	(4)	797	718
Adjusted operating profit	1 157	86	1 243	1 071
Gross profit margin – on turnover	24.6%		24.6%	24.6%
Operating profit margin – on turnover	6.9%		7.5%	7.0%

DAVID JONES

INCOME STATEMENT

	Pre IFRS 16 Dec 2019 A\$m	Adjust- ment A\$m	Post IFRS 16 Dec 2019 A\$m	Dec 2018 A\$m
Turnover and concession sales	1 176	–	1 176	1 121
Concession sales	(395)	–	(395)	(379)
Turnover – own buy	781	–	781	742
Cost of sales	469	–	469	416
Gross profit – own buy	312	–	312	326
Concession and other revenue	101	–	101	100
Gross profit	413	–	413	426
Expenses	405	(22)	383	390
Store costs	332	(21)	311	317
Other operating costs	73	(1)	72	73
Department store operating profit	8	22	30	36
Financial services operating profit	12	–	12	11
Adjusted operating profit	20	22	42	47
Gross profit margin – on turnover	35.1%		35.1%	38.0%
Operating profit margin – on turnover*	1.7%		3.6%	4.2%

* Adjusted operating profit as a percentage of turnover and concession sales

COUNTRY ROAD GROUP

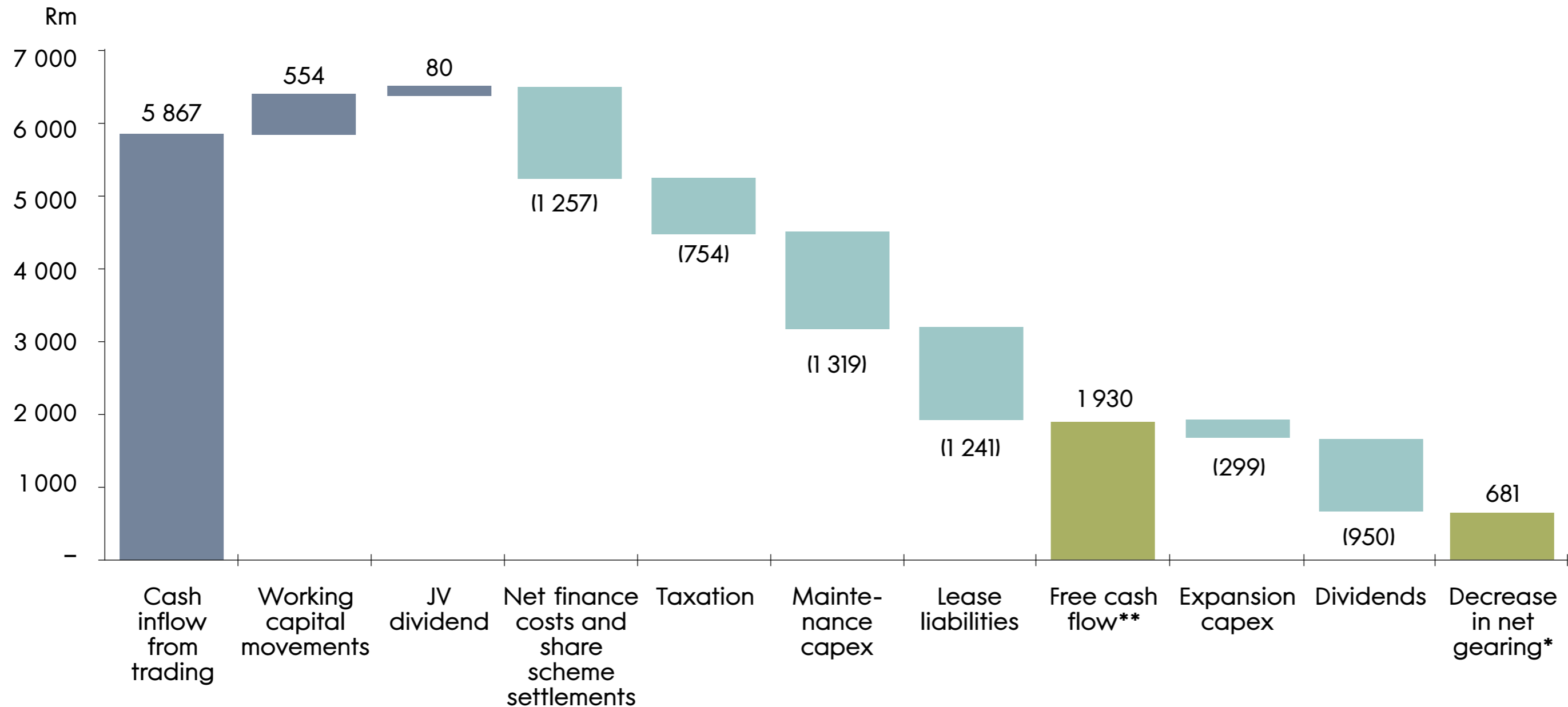
INCOME STATEMENT

	Pre IFRS 16 Dec 2019 A\$m	Adjust- ment A\$m	Post IFRS 16 Dec 2019 A\$m	Dec 2018 A\$m
Turnover	541	–	541	555
Cost of sales	204	–	204	200
Gross profit	337	–	337	355
Other revenue	2	–	2	1
Expenses	283	(9)	274	295
Store costs	201	(8)	193	211
Other operating costs	82	(1)	81	84
Adjusted operating profit	56	9	65	61
Gross profit margin – on turnover	62.3%		62.3%	64.0%
Operating profit margin – on turnover	10.4%		12.0%	11.0%

GROUP BALANCE SHEET

	Pre IFRS 16 Dec 2019 Rm	Adjust- ment Rm	Post IFRS 16 Dec 2019 Rm	Dec 2018 Rm
Assets				
Property, plant and equipment	14 636	(26)	14 610	14 360
Intangible assets	7 373	–	7 373	13 749
Right-of-use assets	–	19 321	19 321	–
Investments in joint ventures	890	–	890	793
Inventories	9 006	–	9 006	9 298
Trade and other receivables and loans	1 772	(61)	1 711	1 715
Derivative financial instruments	98	–	98	340
Deferred tax and tax assets	2 046	1 393	3 439	321
Cash and cash equivalents	2 214	–	2 214	2 420
Total assets	38 035	20 627	58 662	42 996
Equity and liabilities				
Shareholders' funds	10 040	(3 471)	6 569	13 898
Borrowings and overdrafts	13 997	–	13 997	14 093
Lease liabilities	–	26 190	26 190	–
Operating lease accrual and fair value lease adjustment	1 616	(1 616)	–	1 922
Other non-current liabilities	1 027	(336)	691	666
Derivative financial instruments	308	–	308	28
Deferred tax and tax liabilities	478	5	483	922
Trade and other payables and provisions	10 569	(145)	10 424	11 467
Total equity and liabilities	38 035	20 627	58 662	42 996
Net gearing	11 783	26 190	37 973	11 673
Period-end exchange rate (R/A\$)			9.8	10.3

CASH GENERATION FOR THE 26 WEEKS ENDED 29 DECEMBER 2019



* Net gearing excludes R16 million currency translation impact

** Free cash flow per share (Free cash flow before Expansion capex and Dividends): 201.6 cps
Cash conversion ratio (Adjusted PAT and Free cash flow after Expansion capex and before Dividends): 94.2%

IMPACT ON KEY METRICS

		Pre IFRS 16 Dec 2019	Change	Post IFRS 16 Dec 2019
INCOME STATEMENT				
Adjusted EBIT	Rbn	2.9	0.5	3.4
Operating margin	%	7.3	1.5	8.8
Adjusted profit after tax	Rbn	1.7	(0.2)	1.5
HEPS	cents	180.2	(8.5%)	164.9
Interest cover	times	7.0	(2.7)	4.3
BALANCE SHEET				
Net debt*	Rbn	11.8	18.8	30.6
Net debt to EBITDA*	times	1.6	1.2	2.8
ROCE* & **	%	12.2	(2.3)	9.9
CASH FLOW				
Adjusted EBITDA	Rbn	3.9	1.8	5.7
Operating cash flow	Rbn	4.4	2.0	6.4
Free cash flow	Rbn	1.9	–	1.9

* Post IFRS 16 based on lease liabilities net of deferred tax

** David Jones asset impairment added back

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.

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