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**WOOLWORTHS HOLDINGS LIMITED**

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**UNAUDITED INTERIM GROUP RESULTS FOR  
THE 26 WEEKS ENDED 24 DECEMBER 2017**



**WOOLWORTHS HOLDINGS LIMITED | INTERIM RESULTS 2018 ANALYST PRESENTATION**

# PRESENTATION OUTLINE

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**01 / *Review of the period***

**02 / *Financial review***

**03 / *Strategy update***

**04 / *Outlook***

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# 01

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# REVIEW OF THE PERIOD

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*Ian Moir*

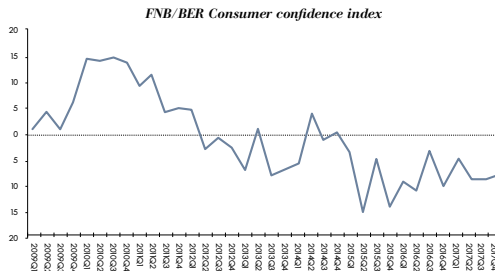
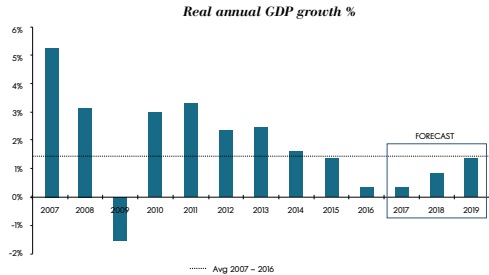


## GROUP PERFORMANCE

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- Turnover up **2.5%**, adjusted profit before tax down **8.8%**
  - Headline earnings per share declined by **15.0%**
  - Interim dividend declined to **108.5 cps**, in line with dividend cover policy
  - Continued strong and above market **Woolworths Food** sales growth
  - Strong performance from **Woolworths Financial Services**
  - Below market **Woolworths Fashion, Beauty and Home** sales growth due to poor performance in Womenswear
  - **David Jones** impacted by macro-economic environment and poor/delayed execution of certain key initiatives, although performance improved in Q2
  - Carrying value of David Jones assets reduced by **A\$712.5 million**
  - Above market performance from **Country Road Group**
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# SOUTH AFRICAN MACRO ENVIRONMENT



- A difficult half due to political uncertainty, credit rating downgrades, low growth in disposable income, high unemployment and low consumer confidence
- Consumer confidence buoyed by outcome of ANC elective conference

## WOOLWORTHS FASHION, BEAUTY & HOME

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- Sales **0.2%** lower, with comparable sales **3.4%** lower and **3.6%** net new space
  - Poor performance in Womenswear, particularly Edition
  - Lingerie, Kidswear, Home and Menswear performance in line with market
  - Strong sales growth in Beauty
- Gross profit margin **1.1%** lower due to higher markdowns and promotional activity
- Operating profit **13.1%** lower



## WOOLWORTHS FOOD

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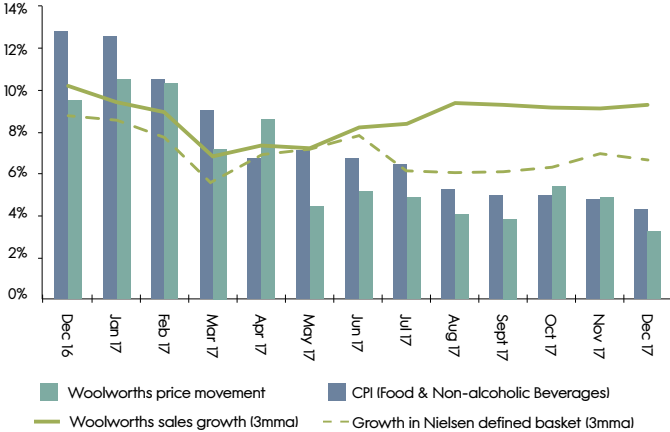
- Market-leading sales growth
- Sales up **9.4%**, with comparable sales up **5.3%** and **6.8%** net new space
- Positive volume growth of **0.9%** in comparable stores
- Gross profit margin maintained at **25.0%**, despite competitive pricing and increased promotional activity
- Operating profit up **15.9%**





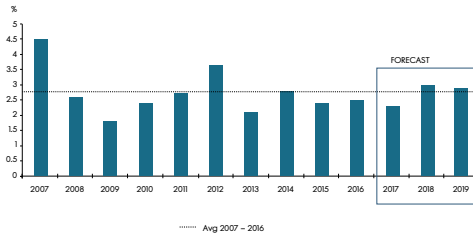
**WOOLWORTHS FOOD MARKET SHARE**

*Woolworths vs market growth (3mma)*

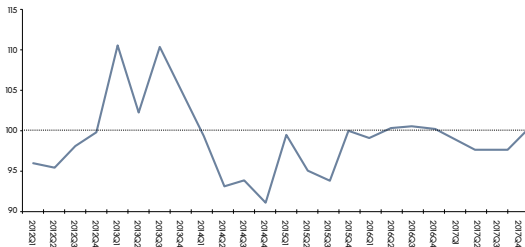


# AUSTRALIAN MACRO ENVIRONMENT

Real annual GDP growth %



Westpac-Melbourne Institute Consumer Sentiment Index



- Growth hampered by muted consumer sentiment, low wage growth, underemployment and high levels of indebtedness
- Apparel sector continued to be constrained, highly competitive and promotionally driven

## DAVID JONES

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- Total sales **3.8%** lower, with comparable sales **3.3%** lower
- Improvement in last 6 weeks of the period, with comparable sales up **0.6%**
  - Relevant **market share growth** in every month of Q2
- Strong online sales growth of **21%**, **c.6%** of total sales in Q2
- Gross profit margin increased by **1.2%** to **40.7%** due to reduced markdown and promotional activity
- Adjusted operating profit margin decreased by **2.7%** to **6.9%**
- Net space reduction of **2.2%**, reductions of **5.8%** from space optimisation
- Carrying value of David Jones assets reduced by **A\$712.5 million**
  - Economic downturn
  - Intense competition and promotional activity
  - Poor/delayed execution of certain key initiatives

## COUNTRY ROAD GROUP

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- Sales up **5.2%**, comparable sales **1.0%** lower (excluding Politix acquired in November 2016)
- Trading in line with market
- Gross profit margin up **3.1%**, due to more full priced sales and sourcing gains
- Continued strong online sales growth, up **28%**, now **>18%** of Australasian sales
- Net space reduction of **3.8%**, reductions of **3.9%** from space optimisation
- Operating profit up **15.7%**
- Operating profit margin up **1.0%** to **10.9%**



# 02

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# FINANCIAL REVIEW

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*Reeza Isaacs*



## FINANCIAL OVERVIEW

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*Turnover and  
concession sales*

**+2.5%**

*to R38.8 billion*

*Adjusted profit  
before tax*

**-8.8%**

*to R3.0 billion*

*HEPS –  
Adjusted diluted*

**-8.8%**

*to 223.4 cps*

*HEPS*

**-15.0%**

*to 206.3 cps*

*EPS at*

**-505.9** cps

*Interim dividend*

**-18.4%**

*to 108.5 cps*

*ROE\**

**20.1%**

*from 22.8%*

\* Impairment added back

# WOOLWORTHS HOLDINGS LIMITED INTERIM RESULTS 2018 ANALYST PRESENTATION

## GROUP INCOME STATEMENT

	Dec 2017 Rm	Dec 2016 Rm	% change
Woolworths Fashion, Beauty and Home	1 038	1 195	(13.1)
Woolworths Food	1 065	919	15.9
WFS (50% of PATI)	149	134	11.2
<b>Woolworths</b>	<b>2 252</b>	<b>2 248</b>	<b>0.2</b>
David Jones	672	1 092	(38.5)
Country Road Group	610	529	15.3
<b>Profit before interest and tax</b>	<b>3 534</b>	<b>3 869</b>	<b>(8.7)</b>
Net finance and other costs	(552)	(598)	7.7
<b>Adjusted profit before tax</b>	<b>2 982</b>	<b>3 271</b>	<b>(8.8)</b>
Adjustments	(7 173)	1 374	
<b>(Loss)/profit before tax</b>	<b>(4 191)</b>	<b>4 645</b>	<b>&gt;(100)</b>
Tax	(669)	(1 328)	(49.6)
<b>(Loss)/profit after tax</b>	<b>(4 860)</b>	<b>3 317</b>	<b>&gt;(100)</b>
Adjusted effective tax rate	28.1%	27.9%	

Strong performance in Food, underperformance in FBH

Tough trading environment exacerbated by disruption, transformation and execution of initiatives. Q2 an improvement on Q1

Focus on full priced sales; margin expansion and inclusion of Politix

Lower base rates and margins; strengthening of the rand

	Dec 2017 Rm	Dec 2016 Rm
<b>Adjustments</b>		
Impairment due to re-assessment of David Jones assets	(6 927)	-
Onerous leases	(147)	-
Transaction and swap close-out costs	-	(47)
Relocation costs	(80)	(5)
Forex (loss)/gain	(19)	6
Profit on sale of Market Street, net of impairment	-	1 420
<b>Total</b>	<b>(7 173)</b>	<b>1 374</b>

No tax shield on impairment; adjusted effective tax rate in line with last year

## DAVID JONES

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### IMPAIRMENT

- Purchase price A\$2.1 billion
- Slowdown in sales in FY2017 and H1 2018 – recognition of deterioration in trading environment, both cyclical and structural
- Based on a considered view of cash flows
  - Assumed no recovery in the retail sector in the short term
  - Poor or delayed execution of certain key initiatives
  - Increased execution risk
- Models and assumptions were subject to an independent review
- Resulted in asset write down of A\$712.5m; onerous leases of A\$15m
- No impact on debt covenants
- Impairment to be added back for ROCE calculations in respect of all current LTI schemes



# WOOLWORTHS HOLDINGS LIMITED INTERIM RESULTS 2018 ANALYST PRESENTATION

## WOOLWORTHS FASHION, BEAUTY AND HOME

### INCOME STATEMENT

	Dec 2017 Rm	Dec 2016 Rm	% change	
<b>Turnover</b>	<b>7 223</b>	<b>7 238</b>	<b>(0.2)</b>	• Comp store sales down 3.4%; declining volumes and low price movement at 0.7%
Cost of sales	3 856	3 784	1.9	
<b>Gross profit</b>	<b>3 367</b>	<b>3 454</b>	<b>(2.5)</b>	• 110 bps lower; higher levels of promotions and discounting
Other revenue	7	6	16.7	
Expenses	2 336	2 265	3.1	• Comp store cost growth of 2.3%; annualisation and new space
Store costs	1 639	1 537	6.6	
Other operating costs	697	728	(4.3)	• Head office and discretionary costs focus
<b>Adjusted operating profit</b>	<b>1 038</b>	<b>1 195</b>	<b>(13.1)</b>	
Gross profit margin				
– on turnover	46.6%	47.7%		
Operating profit margin				
– on turnover	14.4%	16.5%		

# WOOLWORTHS FOOD

## INCOME STATEMENT

	Dec 2017 Rm	Dec 2016 Rm	% change	
<b>Turnover and concession sales</b>	<b>14 824</b>	<b>13 548</b>	<b>9.4</b>	Strong volume growth; good availability; comp store sales of 5.3%, with price inflation of 4.4%
Concession sales	(336)	(292)	15.1	
<b>Turnover – own buy</b>	<b>14 488</b>	<b>13 256</b>	<b>9.3</b>	
Cost of sales	10 872	9 943	9.3	
<b>Gross profit – own buy</b>	<b>3 616</b>	<b>3 313</b>	<b>9.1</b>	Margin maintained, despite continued price investment and promotions
Concession and other revenue	68	58	17.2	
Expenses	2 619	2 452	6.8	Comp store cost growth of 4.1%; annualisation and space growth of 6.8%
Store costs	1 909	1 751	9.0	
Other operating costs	710	701	1.3	Strong focus and well controlled
<b>Adjusted operating profit</b>	<b>1 065</b>	<b>919</b>	<b>15.9</b>	
Gross profit margin – on turnover	25.0%	25.0%		
Operating profit margin – on turnover	7.4%	6.9%		

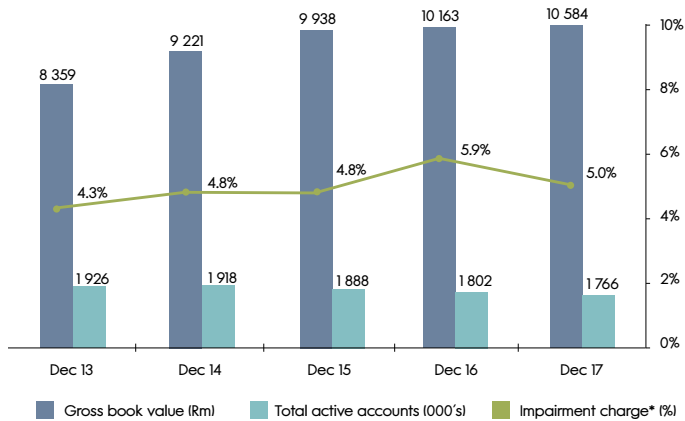
# WOOLWORTHS HOLDINGS LIMITED INTERIM RESULTS 2018 ANALYST PRESENTATION

## WOOLWORTHS FINANCIAL SERVICES

	Dec 2017 Rm		Dec 2016 Rm		% change	
Average financial services assets	10 345		10 056		2.9	Closing book up 4.1% (post NCAA impact on new business and credit limit increases)
<b>Income Statement</b>		% to book		% to book		
Interest income	1 086	21.0	1 063	21.1	2.2	
Interest paid	318	6.1	313	6.2	1.6	Growth in book (timing of rate adjustments)
<b>Net interest income</b>	<b>768</b>	<b>14.8</b>	<b>750</b>	<b>14.9</b>	<b>2.4</b>	Better book shape; good collections and post write-off recoveries performance
Impairment charge	262	5.0	298	5.9	(12.1)	
<b>Risk-adjusted margin</b>	<b>506</b>	<b>9.8</b>	<b>452</b>	<b>9.0</b>	<b>11.9</b>	Higher credit card spend
Non-interest revenue	400	7.7	379	7.5	5.5	
Operating costs	490	9.5	461	9.2	6.3	Costs in line with CPI despite higher commissions on collections and recoveries
<b>Profit before tax</b>	<b>416</b>	<b>8.0</b>	<b>370</b>	<b>7.4</b>	<b>12.4</b>	
Return on equity	29.5%		27.3%			

# WOOLWORTHS FINANCIAL SERVICES

## BOOK PERFORMANCE



\* Includes collection costs

# WOOLWORTHS HOLDINGS LIMITED INTERIM RESULTS 2018 ANALYST PRESENTATION

## DAVID JONES

### INCOME STATEMENT

	Dec 2017 A\$m	Dec 2016 A\$m	% Change	
<b>Turnover and concession sales</b>	<b>1 109</b>	<b>1 143</b>	<b>(3.0)</b>	Comp sales 3.3% lower; difficult trading conditions; timing of winter sale; reduced promotional activity; disruptions due to refurbis; improved run rate in last 6 weeks
Concession sales	(382)	(383)	(0.3)	
<b>Turnover – own buy</b>	<b>727</b>	<b>760</b>	<b>(4.3)</b>	Up 120 bps; lower levels of promotions and markdowns; pull forward of winter clearance into June
Cost of sales	374	404	(7.4)	
<b>Gross profit – own buy</b>	<b>353</b>	<b>356</b>	<b>(0.8)</b>	Higher number of serviced concessions and better rates
Concession and other revenue	98	95	3.2	
<b>Gross profit</b>	<b>451</b>	<b>451</b>	<b>–</b>	Annualisation and 1 new store; number of serviced concessions
Expenses	374	341	9.7	
Store costs	305	286	6.6	Impact of other transformation costs (annualisation of depreciation and investments in IT)
Other operating costs	69	55	25.5	
<b>Department store operating profit</b>	<b>77</b>	<b>110</b>	<b>(30.0)</b>	Cost of strategic initiatives
Financial services operating profit	7	9	(22.2)	
<b>Operating profit</b>	<b>84</b>	<b>119</b>	<b>(29.4)</b>	
Strategic initiatives	(18)	(13)		
Food and Value Chain	(9)	(6)		
Elizabeth Street refurbishment	(1)	–		
Market Street rental	(8)	(7)		
<b>Adjusted operating profit</b>	<b>66</b>	<b>106</b>	<b>(37.7)</b>	
Gross profit margin	40.7%	39.5%		
Operating profit margin*	6.9%	9.6%		

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

# COUNTRY ROAD GROUP

## INCOME STATEMENT

	Dec 2017 A\$m	Dec 2016 A\$m	% change	
<b>Turnover</b>	<b>542</b>	<b>515</b>	<b>5.2</b>	• Comp store sales down 1.0%; online up 28%; impact of non-comp Politix sales
Cost of sales	197	203	(3.0)	
<b>Gross profit</b>	<b>345</b>	<b>312</b>	<b>10.6</b>	• Up 310 bps; gains from higher full priced sales, reduced promotions; sourcing gains
Other revenue	1	1	-	
Expenses	287	262	9.5	• Includes non-comp Politix costs; comp store costs 2.7% up on LY
Store costs	203	186	9.1	
Other operating costs	84	76	10.5	
<b>Adjusted operating profit</b>	<b>59</b>	<b>51</b>	<b>15.7</b>	• Includes non-comp Politix contribution
Gross profit margin – on turnover	63.7%	60.6%		
Operating profit margin – on turnover	10.9%	9.9%		

# WOOLWORTHS HOLDINGS LIMITED INTERIM RESULTS 2018 ANALYST PRESENTATION

## NET FINANCE AND OTHER COSTS

	Capital	Rate*	Dec 2017 Rm	Dec 2016 Rm	
ZAR long-term debt	R9.65bn	9.03%	448	478	Reduction in gearing and decrease in SA base rates and margins
AUD long-term debt	A\$378m	3.75%	98	113	Lower due to strengthening of the rand; decrease in base rates and margins; partially offset by increased gearing
<b>Net finance costs</b>			<b>546</b>	<b>591</b>	
Other costs			6	7	
<b>Net finance and other costs</b>			<b>552</b>	<b>598</b>	
Interest cover (times)			6.5	7.9	

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

## GROUP BALANCE SHEET

	Dec 2017 Rm	Restated Dec 2016 Rm	% change	Constant currency % change	
<b>Assets</b>					
Property, plant and equipment and investment properties	13 556	13 892	(2.4)	-	
Intangible assets	13 046	19 895	(34.4)	(32.6)	Decrease due to re-assessment of DJ assets
Investments in JVs and associate	1 064	1 025	3.8	3.8	
Inventories	8 146	7 999	1.8	3.8	Overall well controlled; impact of space growth and inflation, and lower than expected sell through in FBH and DJ
Trade and other receivables and loans	1 700	1 788	(4.9)	(3.4)	
Tax and deferred tax assets	364	1 197	(69.6)	(69.4)	
Cash	2 172	2 725	(20.3)	(19.6)	
<b>Total assets</b>	<b>40 048</b>	<b>48 521</b>	<b>(17.5)</b>	<b>(15.6)</b>	
<b>Equity and liabilities</b>					
Shareholders' funds	12 186	18 959	(35.7)	(33.0)	
Borrowings	13 833	14 180	(2.4)	(1.5)	
Other non-current liabilities	2 408	2 640	(8.8)	(6.6)	
Tax and deferred tax liabilities	742	2 256	(67.1)	(66.2)	
Trade and other payables and provisions	10 879	10 486	3.7	5.5	
<b>Total equity and liabilities</b>	<b>40 048</b>	<b>48 521</b>	<b>(17.5)</b>	<b>(15.6)</b>	
Net gearing	11 661	11 455	1.8	2.8	
Period-end exchange rate (R/A\$)	9.7	10.1			



# WOOLWORTHS HOLDINGS LIMITED INTERIM RESULTS 2018 ANALYST PRESENTATION

## NET GEARING

	HI 2018	FY 2017
<b>WHL Net debt (Rm)</b>	<b>(11 661)</b>	<b>(11 538)</b>
Interest-bearing term debt	(13 326)	(13 325)
Net cash and cash equivalents	1 665	1 787
Unutilised committed facilities – Group	10 233	11 032
Net debt to EBITDA (times)	1.6	1.4
<b>SA Net debt (Rm)</b>	<b>(8 571)</b>	<b>(8 701)</b>
Interest-bearing term debt	(9 651)	(9 881)
Net cash and cash equivalents	1 080	1 180
Rate*	9.03%	9.29%
Unutilised committed facilities – SA	5 283	5 795
<b>Australia Net debt (A\$m)</b>	<b>(318)</b>	<b>(290)</b>
Interest-bearing term debt	(378)	(352)
Net cash and cash equivalents	60	62
Rate*	3.75%	3.78%
Unutilised committed facilities – AUS	509	535

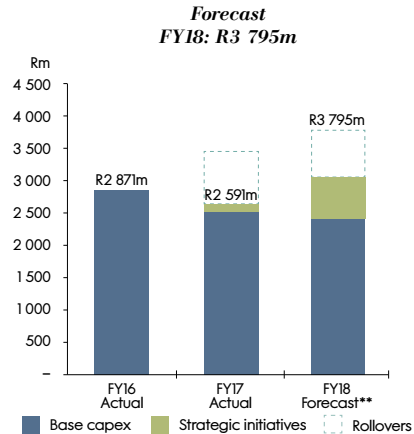
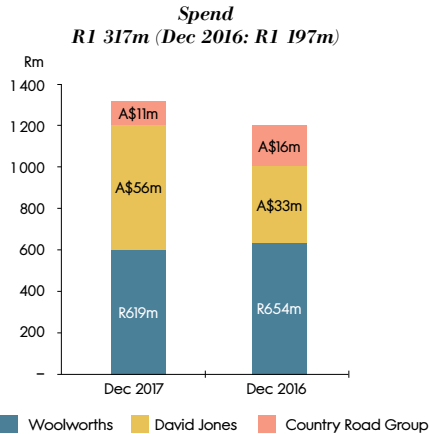
SA funding sources expanded throughout the period with the first issuance of R1 750m under the Domestic Medium-Term Note programme

Additional funders included in the Australian syndicate

Liquidity remains strong with significant unutilised committed facilities

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

# CAPITAL EXPENDITURE



Significant strategic capex in FY18 and FY19. Post FY20, normalised annual Group capex is expected to be in the region of R2.7bn

## Depreciation and Amortisation

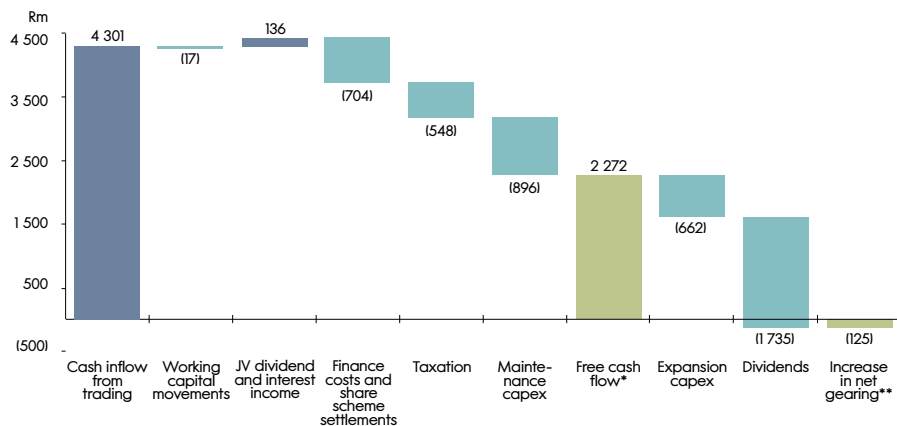
	Dec 2017	Dec 2016	% change
Woolworths (Rm)	483	439	10
David Jones (A\$m)	32	34	(6) *
Country Road Group (A\$m)	19	18	6
<b>Total Group (Rm)</b>	<b>1 016</b>	<b>991</b>	<b>3</b>

\* Lower depreciation in DJ due to asset impairment in prior period

\*\* FY18 includes R735 million rollovers from FY17

# WOOLWORTHS HOLDINGS LIMITED INTERIM RESULTS 2018 ANALYST PRESENTATION

## CASH GENERATION FOR THE 26 WEEKS ENDED 24 DECEMBER 2017



\* Free cash flow per share: 236.5 cps

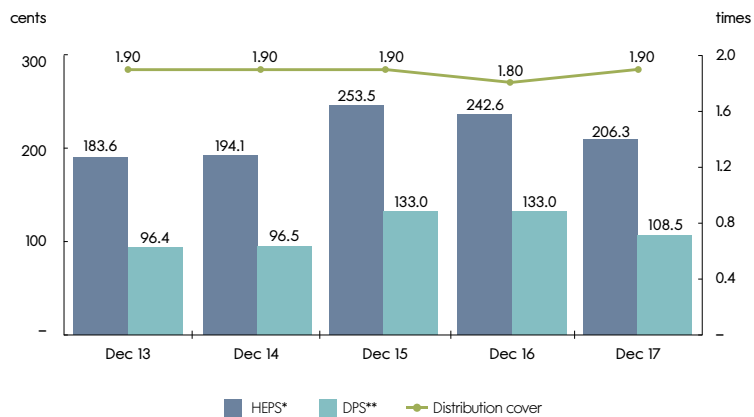
\*\* Net gearing excludes R2m currency translation impact

## FREE CASH FLOW AND DIVIDENDS

	FY 2016 Rm	FY 2017 Rm	HI 2018 Rm	
Free cash flow pre capital expenditure and working capital investment	6 276	5 356	3 199	
Working capital movements	(311)	(615)	(17)	
Cash generated by operations	5 965	4 741	3 182	
Capital expenditure	(2 849)	(2 413)	(1 451)	
Business acquisitions, strategic capex and property disposals	(65)	2 827	(107)	Impact of strategic capex excluded from normal free cash flow calculation
Sale of Market Street		3 677		
Acquisition of Politix		(711)		
Strategic capex	(65)	(139)	(107)	
Share-based payments and share scheme settlements	(15)	(33)	(114)	
Effect of currency translation	(907)	525	2	
Free cash flow	2 129	5 647	1 512	
Excluding business acquisitions, strategic capex and property disposals	65	(2 827)	107	Within cash flow and capital allocation targets set. Not adjusted for timing effects of finance charges, tax and dividends
Dividends	(2 295)	(2 792)	(1 635)	
<b>(Increase)/decrease in net gearing excluding strategic capex</b>	<b>(101)</b>	<b>28</b>	<b>(16)</b>	

# WOOLWORTHS HOLDINGS LIMITED INTERIM RESULTS 2018 ANALYST PRESENTATION

## EARNINGS AND DISTRIBUTION



\* HEPS based on weighted average number of shares

\*\* DPS based on closing number of shares

# 03

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# STRATEGY UPDATE

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*Ian Moir*



## WOOLWORTHS FASHION, BEAUTY & HOME

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- **Fix Womenswear**

- **Improve design and buying** with new design structure and new appointments
  - **Celebrate the Woolworths brand**
  - **Sub-brands** only where they add value and are customer relevant
  - Be a destination for the **35–55 year old modern customer** who does not want classic merchandise
  - **Focus on key items** across all ranges that represent the **best in fabric, fit, finish and value**
- Continue to **transform Beauty as a destination** category and enhance customer experience with leading international brands, a strong private label business and online offer







## DAVID JONES

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- **New merchandise and finance systems** (launched in July 2017), allowing better buying and planning decisions
- New and improved **David Jones private label** designed by CRG launching in February 2018
- Improve **WSA brands** performance through Australian-based edit
- Continue to roll-out **Politix** in David Jones stores



## DAVID JONES

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- **Enhance the digital experience** to deliver online sales of 10% by 2020
  - **Launch new website** on common, regional platform in April 2018
  - **Leverage Omni-channel Fulfilment Centre** and regional supply chain expertise
- **Refurbish Elizabeth Street store**, creating a world-class department store
- **Optimise our real estate footprint**, further space reduction of 13% by 2020
- Implement a **new tiered regional loyalty programme**, incorporating David Jones and Country Road Group brands in 2019
- Absolute focus on **cost control**
  - Drive **synergies and efficiencies** from our **new Australian head office** in Melbourne
  - **Reduce combined operating costs** of David Jones and CRG, unlocking efficiencies in supply chain, non-trade procurement, facilities management and discretionary costs

## DAVID JONES

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- Provide **market leading Food experience** by continuing to trial, evaluate and refine Food design formats and offers
  - Opened flagship **Foodhall in Bondi Junction** (August 2017) and **Food Market in Wollongong** (October 2017)
  - **Malvern Central new Food concept store** to open in March 2018
  - **First Food stand alone store** to open in South Yarra in March 2019
  - **Fresh and Prepared Food** performing above expectations, although **Food Services** performance has been slightly disappointing



## COUNTRY ROAD GROUP

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- **Customer-led strategies** and clear vision for each brand based on clear customer segmentation
- **Design-led approach**
  - Focus on delivering **fashionable ranges** with **quality, innovation** and **value**
  - Increase **speed-to-market** through new sourcing routes and more flexibility in buying decisions
- Assume responsibility for design of **David Jones private label**
- **Continue to drive full price sales** with targeted, loyalty-based promotions and less generic discounting
- Continue to **lead the market with digital experience** to deliver online sales of 20% by 2020
- **Optimise our real estate footprint**, further space reduction of 6% by 2020
- **Integrate Politix** into CRG, including a new loyalty programme for Politix, and continue to introduce into David Jones stores

# 04 OUTLOOK

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*Ian Moir*



## OUTLOOK

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### **South Africa**

- Positive political developments, moderating inflation, strong exchange rate and potentially lower interest rates to further boost confidence
- Offset by higher taxes, high unemployment and muted credit extension continuing to weigh on consumer spending
- Price movement in H2 expected to be c.6% for Food and c.3% 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

# WOOLWORTHS HOLDINGS LIMITED INTERIM RESULTS 2018 ANALYST PRESENTATION

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## MEDIUM-TERM TARGETS

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	FY2020
OPERATING PROFIT MARGIN	
<b>WOOLWORTHS</b> FASHION, BEAUTY & HOME	16% – 17%
<b>WOOLWORTHS</b> FOOD	7%
DAVID JONES*	6% – 8%
COUNTRY ROAD GROUP	12%
RETURN ON EQUITY	
<b>WOOLWORTHS</b> FINANCIAL SERVICES	27.5%

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

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# ADDITIONAL INFO

# WOOLWORTHS HOLDINGS LIMITED INTERIM RESULTS 2018 ANALYST PRESENTATION

## TRADING SPACE

	Dec 2017 000m <sup>2</sup>	Dec 2016 000m <sup>2</sup>	% change	Projected Jun 2018 000m <sup>2</sup>	% change*	Projected Jun 2019 000m <sup>2</sup>	% change	Projected Jun 2020 000m <sup>2</sup>	% change
<b>Woolworths Fashion, Beauty and Home</b>	<b>480</b>	<b>463</b>	<b>3.6</b>	<b>481</b>	<b>2.7</b>	<b>486</b>	<b>1.0</b>	<b>496</b>	<b>2.1</b>
South Africa	438	421	4.0	437	2.5	441	0.9	449	1.8
Rest of Africa	42	42	-	44	4.8	45	2.3	47	4.4
<b>Woolworths Food</b>	<b>249</b>	<b>233</b>	<b>6.8</b>	<b>250</b>	<b>3.7</b>	<b>259</b>	<b>3.6</b>	<b>268</b>	<b>3.5</b>
South Africa	241	225	7.0	242	3.8	250	3.3	258	3.2
Engen	3	3	-	3	-	3	-	4	33.3
Rest of Africa	5	5	-	5	-	6	20.0	6	-
<b>David Jones</b>	<b>467</b>	<b>478</b>	<b>(2.2)</b>	<b>476</b>	<b>0.7</b>	<b>491</b>	<b>3.1</b>	<b>491</b>	<b>-</b>
<b>Country Road Group**</b>	<b>121</b>	<b>126</b>	<b>(3.8)</b>	<b>121</b>	<b>(0.6)</b>	<b>120</b>	<b>(0.8)</b>	<b>121</b>	<b>0.8</b>
Australasia	100	104	(3.6)	99	(0.8)	97	(2.0)	97	-
South Africa	15	16	(6.3)	15	(6.3)	15	-	15	-
Politix	6	6	-	7	16.7	8	14.3	9	12.5

\* From June 2017

\*\* Includes 22 063 m<sup>2</sup> CRG brand concessions in David Jones stores

## PROJECTED TRADING SPACE ADDITIONS/REDUCTIONS

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000m <sup>2</sup>	WSA Fashion, Beauty and Home	WSA Food	David Jones	Country Road Group
<b>Dec 2017</b>	<b>480</b>	<b>249</b>	<b>467</b>	<b>121</b>
Additions	4	3	9	2
Reductions	(3)	(2)	-	(2)
<b>Jun 2018</b>	<b>481</b>	<b>250</b>	<b>476</b>	<b>121</b>
Additions	8	10	30	2
Reductions	(3)	(1)	(15)	(3)
<b>Jun 2019</b>	<b>486</b>	<b>259</b>	<b>491</b>	<b>120</b>
Additions	12	10	44	3
Reductions	(2)	(1)	(44)	(2)
<b>Jun 2020</b>	<b>496</b>	<b>268</b>	<b>491</b>	<b>121</b>

# WOOLWORTHS HOLDINGS LIMITED INTERIM RESULTS 2018 ANALYST PRESENTATION

## STORE LOCATIONS

	Dec 2017	Dec 2016	Growth	Projected Jun 2018	Growth*	Projected Jun 2019	Growth	Projected Jun 2020	Growth
<b>Woolworths Fashion, Beauty and Home</b>	<b>282</b>	<b>286</b>	(4)	<b>284</b>	<b>2</b>	<b>285</b>	<b>1</b>	<b>290</b>	<b>5</b>
South Africa	220	219	1	219	2	218	(1)	220	2
Rest of Africa	62	67	(5)	65	-	67	2	70	3
<b>Woolworths Food</b>	<b>426</b>	<b>416</b>	<b>10</b>	<b>432</b>	<b>11</b>	<b>445</b>	<b>13</b>	<b>457</b>	<b>12</b>
South Africa**	332	322	10	336	9	344	8	350	6
Engen	72	72	-	74	2	79	5	84	5
Rest of Africa	22	22	-	22	-	22	-	23	1
<b>David Jones</b>	<b>43</b>	<b>42</b>	<b>1</b>	<b>45</b>	<b>2</b>	<b>51</b>	<b>6</b>	<b>54</b>	<b>3</b>
<b>Country Road Group***</b>	<b>751</b>	<b>748</b>	<b>3</b>	<b>762</b>	<b>21</b>	<b>776</b>	<b>14</b>	<b>784</b>	<b>8</b>
Australasia	579	580	(1)	576	3	574	(2)	577	3
South Africa	88	92	(4)	82	(11)	82	-	82	-
Politix	84	76	8	104	29	120	16	125	5

\* From June 2017

\*\* Of which 175 are standalone Food stores

\*\*\* Includes 179 CRG brand concessions in David Jones stores. CRG brand concessions may extend over multiple pads

## WOOLWORTHS FINANCIAL SERVICES

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### CONTRIBUTION TO SALES

% of sales spent on Woolworths cards	Dec 2017	Dec 2016
Fashion Beauty and Home	21.7%	21.8%
Food	9.4%	10.2%
<b>Aggregate Woolworths card contribution</b>	<b>13.5%</b>	<b>14.4%</b>
Credit card	1.9%	1.8%
<b>Aggregate Woolworths card and credit card contribution</b>	<b>15.4%</b>	<b>16.2%</b>

# WOOLWORTHS HOLDINGS LIMITED INTERIM RESULTS 2018 ANALYST PRESENTATION

## DAVID JONES

### INCOME STATEMENT (IN RANDB)

	Dec 2017 Rm	Dec 2016 Rm	% change
<b>Turnover and concession sales</b>	<b>11 594</b>	<b>12 059</b>	<b>(3.9)</b>
Concession sales	(3 997)	(4 041)	(1.1)
<b>Turnover – own buy</b>	<b>7 597</b>	<b>8 018</b>	<b>(5.3)</b>
Cost of sales	3 913	4 269	(8.3)
<b>Gross profit – own buy</b>	<b>3 684</b>	<b>3 749</b>	<b>(1.7)</b>
Concession and other revenue	1 029	1 002	2.7
<b>Gross profit</b>	<b>4 713</b>	<b>4 751</b>	<b>(0.8)</b>
Expenses	4 118	3 754	9.7
Store costs	3 286	3 101	6.0
Other operating costs	832	653	27.4
<b>Department store operating profit</b>	<b>595</b>	<b>997</b>	<b>(40.3)</b>
Financial services operating profit	77	95	(18.9)
<b>Adjusted operating profit</b>	<b>672</b>	<b>1 092</b>	<b>(38.5)</b>

# DAVID JONES

## BALANCE SHEET

	Dec 2017 A\$m	Dec 2016 A\$m	% change
<b>Assets</b>			
Property, plant and equipment	821	838	(2.0)
Goodwill and brands	737	1 344	(45.2)
Intangible assets	81	43	88.4
Inventories	326	281	16.0
Accounts receivable, tax and deferred tax	130	204	(36.3)
Cash	26	41	(36.6)
<b>Total assets</b>	<b>2 121</b>	<b>2 751</b>	<b>(22.9)</b>
Non-current and current non-interest bearing liabilities	(635)	(646)	(1.7)
<b>Capital employed</b>	<b>1 486</b>	<b>2 105</b>	<b>(29.4)</b>
Period-end exchange rate (R/A\$)	9.7	10.1	



## COUNTRY ROAD GROUP

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### INCOME STATEMENT (IN RANDS)

	Dec 2017 Rm	Dec 2016 Rm	% change
<b>Turnover</b>	<b>5 657</b>	<b>5 430</b>	<b>4.2</b>
Cost of sales	2 058	2 143	(4.0)
<b>Gross profit</b>	<b>3 599</b>	<b>3 287</b>	<b>9.5</b>
Other revenue	11	15	(26.7)
Expenses	3 000	2 773	8.2
Store costs	2 120	1 966	7.8
Other operating costs	880	807	9.0
<b>Adjusted operating profit</b>	<b>610</b>	<b>529</b>	<b>15.3</b>

# COUNTRY ROAD GROUP

## BALANCE SHEET\*

	Dec 2017 A\$m	Dec 2016 A\$m	% change
<b>Assets</b>			
Property, plant and equipment	147	184	(20.1)
Intangible assets	251	197	27.4
Inventories	121	143	(15.4)
Accounts receivable, tax and deferred tax	54	75	(28.0)
Cash	34	42	(19.0)
<b>Total assets</b>	<b>607</b>	<b>641</b>	<b>(5.3)</b>
Non-current and current non-interest bearing liabilities	(188)	(178)	5.6
<b>Capital employed</b>	<b>419</b>	<b>463</b>	<b>(9.5)</b>
Period-end exchange rate (R/A\$)	9.7	10.1	

\* Per reporting segment

## DISCLAIMER

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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**

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**UNAUDITED INTERIM GROUP RESULTS FOR  
THE 26 WEEKS ENDED 24 DECEMBER 2017  
AND CASH DIVIDEND DECLARATION**

## COMMENTARY

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Group sales for the first 26 weeks of the 2018 financial year increased by 2.5% to R38.8 billion over the prior period.

Woolworths South Africa's overall performance was slightly ahead of last year, due to a strong result from Food and Financial Services.

### **Woolworths Fashion, Beauty and Home**

Woolworths Fashion, Beauty and Home was impacted by the underperformance of womenswear, whilst other categories performed in line with a difficult market. Overall sales decreased by 0.2%, with price movement of 0.7% and comparable store sales were 3.4% lower. Gross profit margin was impacted by higher womenswear markdowns, declining by 1.1% to 46.6%.

Store costs were well controlled, increasing by 6.6% in total (and by 2.3% in comparable stores) and other operating costs decreased by 4.3%. Adjusted operating profit declined by 13.1% to R1 038 million. Net retail space grew by 3.6%.

### **Woolworths Food**

Woolworths Food sales increased by a market-leading 9.4%, with comparable store sales up 5.3%. Price movement of 4.4% supported positive volume growth. Gross profit margin was maintained at 25.0%.

Store costs increased by 9.0%, as a result of new space, with comparable store cost growth of 4.1%. Other operating costs were 1.3% higher than last year. Adjusted operating profit increased by 15.9% to R1 065 million. Net retail space grew by 6.8%.

### **Woolworths Financial Services**

The Woolworths Financial Services debtors book reflected positive year-on-year growth of 4.1%, with strong growth in the credit card portfolio. The annualised impairment rate for the six months ended 31 December 2017 reduced to 5.0% from 5.9% in the prior period.

### **David Jones**

Sales for the 26 weeks were 3.3% lower on a comparable basis and 3.8% lower in total. Particularly difficult trading conditions were experienced in the first quarter, compounded by significant transformation to systems and structures through this period. Sales improved through the second quarter and particularly over the last six weeks of the period. Gross profit margin increased by 1.2% to 40.7%.

Net trading space reduced by 2.2%, in line with our strategy of improving space utilisation. The cost annualisation of new stores, as well as costs relating to the new merchandise system and other transformational initiatives, resulted in an increase in operating costs of 9.7%.

The very challenging first quarter, and the increase in the cost base ahead of expected benefits, resulted in adjusted operating profit declining by 37.7% to A\$66 million.

The re-assessment of the carrying value of the David Jones assets has resulted in the recognition of an impairment charge of A\$712.5 million (R6 927 million), reflecting the cyclical downturn and structural changes that have impacted performance across the Australian retail sector, as well as poor or delayed execution in certain of our key initiatives.

### **Country Road Group**

Country Road Group sales increased by 5.2%, including Politix, with sales in comparable stores 1.0% lower, in line with the market. Gross profit margin improved by 3.1% to 63.7%, as a result of higher full-priced merchandise sales and lower generic discounting, as well as from sourcing benefits. Trading space reduced by a net 3.8% with the closure of end of lease under-performing stores.

Operating costs increased by 9.5%, mainly as a result of Politix, with comparable store costs well controlled, increasing by 2.7%. Adjusted operating profit increased by 15.7% to A\$59 million.

### **Group earnings**

Headline earnings per share (HEPS) and adjusted diluted HEPS, which exclude the impairment, as well as last year's A\$172.6 million profit on disposal of the David Jones Market Street property, decreased by 15.0% and 8.8% respectively. Earnings per share, which includes both the impairment charge and last year's property disposal, decreased by 246.6%.

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## OUTLOOK

In South Africa, trading conditions are expected to remain challenging in the second half, but should then improve, as the impact of the new political leadership resonates through the economy and consumer sentiment. We are confident that our Food business will continue to grow ahead of the market, and that recent changes made to design and buying structures in Fashion, Beauty and Home are expected to improve the womenswear offering.

In Australia, growth and consumer sentiment is also expected to improve slowly on the back of improving economic indicators, including a strengthening labour market, although high levels of promotional activity will continue. We will underpin this with a cost and efficiency review, as we further consolidate our Australian operations.

The Board remains committed to the ongoing transformation of David Jones, and will continue to invest in the future of the business.

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.

**S N Susman**

Chairman  
Cape Town, 21 February 2018

**I Moir**

Group Chief Executive Officer

## DIVIDEND DECLARATION

Notice is hereby given that the Board of Directors has declared an interim gross cash dividend per ordinary share ('dividend') of 108.5 cents (86.8 cents net of dividend withholding tax) for the 26 weeks ended 24 December 2017, a 18.4% decrease on the prior period's 133.0 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 1 048 048 817 ordinary shares.

The salient dates for the dividend will be as follows:

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Last day of trade to receive a dividend	Tuesday, 13 March 2018
Shares commence trading 'ex' dividend	Wednesday, 14 March 2018
Record date	Friday, 16 March 2018
Payment date	Monday, 19 March 2018

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Share certificates may not be dematerialised or rematerialised between Wednesday, 14 March 2018 and Friday, 16 March 2018, both days inclusive. Ordinary shareholders who hold dematerialised shares will have their accounts at their CSDP or broker credited or updated on Monday, 19 March 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.

## Chantel Reddiar

Group Company Secretary  
Cape Town, 21 February 2018

# INTERIM GROUP STATEMENT OF COMPREHENSIVE INCOME

52 weeks to 25 Jun 2017 Rm	Notes	26 weeks to 24 Dec 2017 Rm	26 weeks to 25 Dec 2016 Rm	% change
69 451	<b>Revenue</b>	36 270	35 262	2.9
74 273	<b>Turnover and concession sales</b>	38 768	37 819	2.5
(6 862)	Concession sales	(3 471)	(3 586)	(3.2)
67 411	<b>Turnover</b>	35 297	34 233	3.1
40 739	Cost of sales	20 914	20 329	2.9
26 672	<b>Gross profit</b>	14 383	13 904	3.4
1 944	Other revenue	931	988	(5.8)
22 410	Expenses	12 181	11 182	8.9
16 233	Store costs	8 688	8 167	6.4
6 177	Other operating costs	3 493	3 015	15.9
6 206	<b>Operating profit</b>	3 133	3 710	(15.6)
1 420	Profit on sale of property in Sydney, net of impairment	-	1 420	(100.0)
1 762	Profit on sale of property	-	1 762	(100.0)
342	Impairment due to sale of property	-	342	(100.0)
-	Impairment due to re-assessment of David Jones assets	3 6 927	-	
96	Investment income	42	41	2.4
1 256	Finance costs	588	660	(10.9)
6 466	<b>(Loss)/profit before earnings from joint ventures and associate</b>	(4 340)	4 511	>(100)
260	Earnings from joint ventures	149	134	11.2
6 726	<b>(Loss)/profit before tax</b>	(4 191)	4 645	>(100)
1 278	Tax	669	1 328	(49.6)
5 448	<b>(Loss)/profit for the period</b>	(4 860)	3 317	>(100)
	Other comprehensive income:			
	<b>Amounts that may be reclassified to profit or loss</b>			
(123)	Fair value adjustments on financial instruments, after tax	(121)	(140)	
(3 087)	Exchange differences on translation of foreign subsidiaries	(102)	(2 363)	
	<b>Amounts that may not be reclassified to profit or loss</b>			
15	Post-retirement medical benefit liability-actuarial gain, after tax	-	-	
(3 195)	<b>Other comprehensive income for the period</b>	(223)	(2 503)	
2 253	<b>Total comprehensive (loss)/income for the period</b>	(5 083)	814	
5 448	<b>(Loss)/profit attributable to:</b>	(4 860)	3 317	
5 446	Shareholders of the parent	(4 861)	3 315	
2	Non-controlling interests	1	2	
2 253	<b>Total comprehensive (loss)/income attributable to:</b>	(5 083)	814	
2 251	Shareholders of the parent	(5 084)	813	
2	Non-controlling interests	1	1	
	<b>Reconciliation of headline earnings</b>			
5 446	Basic (loss)/earnings attributable to shareholders of the parent	(4 861)	3 315	>(100)
	Net loss/(profit) on disposal of property, plant and equipment and			
(1 752)	intangible assets	20	(1 758)	
382	Impairment of property, plant and equipment and intangible assets	6 927	350	
(31)	Tax impact of adjustments	(104)	423	
4 045	<b>Headline earnings</b>	1 982	2 330	(14.9)
(11)	Unrealised foreign exchange losses/(gains)	19	(6)	
226	Relocation, onerous leases, transaction and swap close-out costs	227	52	
(60)	Tax impact of adjustments	(69)	(11)	
(164)	Tax base adjustments on David Jones assets at acquisition	-	-	
4 036	<b>Adjusted headline earnings</b>	2 159	2 365	(8.7)
566.7	(Loss)/earnings per share (cents)	2 (505.9)	345.1	>(100)
420.9	Headline earnings per share (cents)	206.3	242.6	(15.0)
420.0	Adjusted headline earnings per share (cents)	224.7	246.2	(8.7)
563.7	Diluted (loss)/earnings per share (cents)	2 (503.1)	343.3	>(100)
418.7	Diluted headline earnings per share (cents)	205.1	241.3	(15.0)
417.7	Adjusted diluted headline earnings per share (cents)	223.4	244.9	(8.8)
961.7	Number of shares in issue (millions)	960.6	961.1	(0.1)
961.0	Weighted average number of shares in issue (millions)	960.9	960.5	0.0

# INTERIM GROUP STATEMENT OF FINANCIAL POSITION

At 25 Jun 2017 Rm		Notes	At 24 Dec 2017 Rm	Restated** At 25 Dec 2016 Rm
<b>34 706</b>	<b>ASSETS</b>			
<b>13 846</b>	<b>Non-current assets</b>		<b>27 901</b>	<b>35 208</b>
-	Property, plant and equipment	3	13 556	13 814
-	Investment properties		-	78
<b>19 595</b>	Intangible assets	3	13 046	19 895
<b>1 015</b>	Investment in joint ventures		1 064	1 025
-	Participation in export partnerships		-	6
<b>65</b>	Fair value lease adjustment		62	71
<b>42</b>	Other loans		50	38
<b>3</b>	Derivative financial instruments	6	-	21
<b>140</b>	Deferred tax		123	260
<b>10 287</b>	<b>Current assets</b>		<b>12 147</b>	<b>13 313</b>
<b>6 990</b>	Inventories		8 146	7 999
<b>1 218</b>	Trade and other receivables		1 553	1 552
<b>40</b>	Derivative financial instruments	6	35	100
<b>252</b>	Tax		241	937
<b>1 787</b>	Cash and cash equivalents		2 172	2 725
<b>44 993</b>	<b>TOTAL ASSETS</b>		<b>40 048</b>	<b>48 521</b>
	<b>EQUITY AND LIABILITIES</b>			
<b>19 066</b>	<b>TOTAL EQUITY</b>		<b>12 186</b>	<b>18 959</b>
<b>19 038</b>	Equity attributable to shareholders of the parent		12 172	18 931
<b>28</b>	Non-controlling interests		14	28
<b>15 336</b>	<b>Non-current liabilities</b>		<b>15 298</b>	<b>15 087</b>
<b>12 137</b>	Interest-bearing borrowings		12 323	11 578
<b>1 980</b>	Operating lease accrual and fair value lease adjustment		1 731	2 052
<b>386</b>	Post-retirement medical benefit liability		394	398
<b>156</b>	Provisions		275	190
<b>19</b>	Derivative financial instruments	6	8	-
<b>658</b>	Deferred tax		567	869
<b>10 591</b>	<b>Current liabilities</b>		<b>12 564</b>	<b>14 475</b>
<b>8 262</b>	Trade and other payables		9 457	9 473
<b>825</b>	Provisions		1 002	801
<b>114</b>	Operating lease accrual and fair value lease adjustment		114	64
<b>176</b>	Derivative financial instruments	6	306	148
<b>26</b>	Tax		175	1 387
<b>1 188</b>	Overdrafts and interest-bearing borrowings		1 510	2 602
<b>25 927</b>	<b>TOTAL LIABILITIES</b>		<b>27 862</b>	<b>29 562</b>
<b>44 993</b>	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>40 048</b>	<b>48 521</b>
<b>1 980</b>	<b>Net asset book value – per share (cents)</b>		<b>1 267</b>	<b>1 970</b>
	<b>GROUP ANALYSIS</b>			
<b>44 993</b>	<b>Total assets</b>		<b>40 048</b>	<b>48 521</b>
<b>12 680</b>	Woolworths*		13 682	14 265
<b>24 217</b>	David Jones		18 617	25 556
<b>7 044</b>	Country Road Group		6 647	7 660
<b>1 007</b>	Woolworths Financial Services		1 056	1 018
<b>45</b>	Treasury		46	22
<b>6 990</b>	<b>Inventories</b>		<b>8 146</b>	<b>7 999</b>
<b>3 550</b>	Woolworths*		3 802	3 728
<b>2 191</b>	David Jones		3 166	2 831
<b>1 249</b>	Country Road Group		1 178	1 440
<b>25 927</b>	<b>Total liabilities</b>		<b>27 862</b>	<b>29 562</b>
<b>5 893</b>	Woolworths*		7 313	7 023
<b>6 703</b>	David Jones		5 964	6 573
<b>1 586</b>	Country Road Group		1 297	1 786
<b>11 745</b>	Treasury		13 288	14 180
<b>4 697</b>	<b>Approved capital commitments</b>		<b>3 176</b>	<b>2 023</b>
<b>2 035</b>	Woolworths*		1 285	1 008
<b>2 157</b>	David Jones		1 511	728
<b>505</b>	Country Road Group		380	287

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

\*\* Certain comparative amounts shown do not correspond to the 2016 interim results and reflect adjustments made. Refer to note 5.1.



# INTERIM GROUP STATEMENT OF CASH FLOWS

52 weeks to 25 Jun 2017 Rm	Notes	26 weeks to 24 Dec 2017 Rm	26 weeks to 25 Dec 2016 Rm
<b>Cash flow from operating activities</b>			
8 177	Cash inflow from trading	4 301	4 803
(615)	Working capital movements	(17)	(926)
7 562	<b>Cash generated by operating activities</b>	4 284	3 877
96	Investment income received	42	41
(1 216)	Finance costs paid	(596)	(655)
(1 701)	Tax paid	(548)	(1 073)
4 741	<b>Cash generated by operations</b>	3 182	2 190
223	Dividends received from joint ventures	100	87
(3 015)	Dividends paid to ordinary shareholders	(1 735)	(1 733)
1 949	<b>Net cash inflow from operating activities</b>	1 547	544
<b>Cash flow from investing activities</b>			
(2 552)	Net investment in property, plant and equipment and intangible assets	(1 558)	(1 228)
3 677	Proceeds on disposal of property in Sydney	-	3 677
(711)	Acquisition of subsidiary, net of cash acquired	-	(703)
8	Other	(6)	4
422	<b>Net cash (outflow)/inflow from investing activities</b>	(1 564)	1 750
<b>Cash flow from financing activities</b>			
(39)	Settlement of share-based payments through share purchase	4 (107)	(37)
(2)	Share purchase costs	(1)	-
(14)	Finance lease payments	(8)	(5)
1 900	Borrowings raised*	2 042	900
(3 852)	Borrowings repaid*	(2 000)	(1 951)
(2 007)	<b>Net cash outflow from financing activities</b>	(74)	(1 093)
364	<b>(Decrease)/increase in cash and cash equivalents</b>	(91)	1 201
1 497	<b>Net cash and cash equivalents at the beginning of the period</b>	1 761	1 497
(100)	<b>Effect of foreign exchange rate changes</b>	(5)	27
1 761	<b>Net cash and cash equivalents at the end of the period</b>	1 665	2 725
<b>GROUP ANALYSIS</b>			
7 562	<b>Cash generated by operating activities</b>	4 284	3 877
5 050	Woolworths	2 932	2 542
1 075	David Jones	480	857
1 437	Country Road Group	872	478
3 344	<b>Additions to property, plant and equipment and intangible assets</b>	1 317	1 900
1 244	Woolworths	619	654
996	David Jones	587	345
336	Country Road Group	111	206
768	Country Road Group - Politix acquisition	-	695

\* Comparative information has been restated to reflect the reclassification of R3 364 million between Borrowings raised and Borrowings repaid, as a result of the revolving credit facility now being disclosed on a net basis.

## INTERIM GROUP STATEMENT OF CHANGES IN EQUITY

Total 52 weeks to 25 Jun 2017 Rm	Notes	Share- holders of the parent Rm	Non- controlling interests Rm	Total 26 weeks to 24 Dec 2017 Rm	Share- holders of the parent Rm	Non- controlling interests Rm	Total 26 weeks to 25 Dec 2016 Rm
19 853		19 038	28	19 066	19 826	27	19 853
5 448	(Loss)/profit for the period	(4 861)	1	(4 860)	3 315	2	3 317
(3 195)	Other comprehensive income	(223)	–	(223)	(2 502)	(1)	(2 503)
2 253	Total comprehensive (loss)/ income for the period	(5 084)	1	(5 083)	813	1	814
138	Shares issued, net of costs	12	–	12	104	–	104
(163)	Share-based payments, including settlements and costs	(74)	–	(74)	(79)	–	(79)
–	Transfer of reserves	15	(15)	–	–	–	–
(3 015)	Dividends to ordinary shareholders	(1 735)	–	(1 735)	(1 733)	–	(1 733)
19 066	<b>Shareholders' interest at the end of the period</b>	12 172	14	12 186	18 931	28	18 959
313.0	Dividend per ordinary share (cents)			108.5			133.0
1.34	Dividend cover (based on headline earnings)			1.90			1.80

# INTERIM SEGMENTAL ANALYSIS

52 weeks to 25 Jun 2017 Rm		Notes	26 weeks to 24 Dec 2017 Rm	26 weeks to 25 Dec 2016 Rm	% change
<b>REVENUE</b>					
67 411	<b>Turnover</b>		35 297	34 233	3.1
13 894	Woolworths Fashion, Beauty and Home		7 223	7 238	(0.2)
27 075	Woolworths Food		14 488	13 256	9.3
597	Woolworths Logistics		332	291	14.1
15 030	David Jones		7 597	8 018	(5.3)
10 815	Country Road Group		5 657	5 430	4.2
2 040	<b>Other revenue and investment income</b>		973	1 029	(5.4)
19	Woolworths Fashion, Beauty and Home		7	6	16.7
124	Woolworths Food		68	58	17.2
2 139	David Jones		1 116	1 110	0.5
52	Country Road Group		19	19	0.0
69	Treasury		29	24	20.8
(363)	Intragroup	9	(266)	(188)	41.5
69 451	<b>Total Group</b>		36 270	35 262	2.9
<b>GROSS PROFIT</b>					
6 650	Woolworths Fashion, Beauty and Home		3 367	3 454	(2.5)
6 794	Woolworths Food		3 616	3 313	9.1
6 506	David Jones		3 684	3 749	(1.7)
6 520	Country Road Group		3 599	3 287	9.5
202	Intragroup	9	117	101	15.8
26 672	<b>Total Group</b>		14 383	13 904	3.4
<b>PROFIT/(LOSS) BEFORE TAX</b>					
2 168	Woolworths Fashion, Beauty and Home		1 038	1 195	(13.1)
1 977	Woolworths Food		1 065	919	15.9
259	Woolworths Financial Services		149	134	11.2
1 279	David Jones		663	1 078	(38.5)
958	Country Road Group		602	517	16.4
(1 096)	Treasury		(535)	(572)	(6.5)
5 545	<b>Total Group-adjusted</b>		2 982	3 271	(8.8)
1 181	<b>Adjustments</b>		(7 173)	1 374	
-	Impairment due to re-assessment of David Jones assets	3	(6 927)	-	
(250)	Relocation, onerous leases, transaction and swap close-out costs		(227)	(52)	
11	Unrealised foreign exchange losses/gains		(19)	6	
1 762	Profit on sale of property in Sydney		-	1 762	
(342)	Impairment due to sale of property		-	(342)	
6 726	<b>Total Group</b>		(4 191)	4 645	>(100)
2 177	Woolworths Fashion, Beauty and Home		1 021	1 200	(14.9)
1 979	Woolworths Food		1 063	920	15.5
259	Woolworths Financial Services		149	134	11.2
2 502	David Jones		(6 491)	2 493	>(100)
939	Country Road Group		602	498	20.9
(1 130)	Treasury		(535)	(600)	(10.8)

# NOTES

## 1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The interim Group financial statements have been prepared in accordance with 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.

The interim Group 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.

Accounting policies applied in the preparation of these interim Group financial statements are consistent with those applied in the preparation of the Group Annual Financial Statements for the 52-week period ended 25 June 2017, and are consistent with the prior period, except for the changes in accounting policy disclosed in note 5. The interim Group financial statements have been prepared on the historical cost and going concern bases, except where otherwise indicated. The presentation and functional currency is the South African rand, rounded to the nearest million, except where otherwise indicated.

## 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 4).

## 3. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The Group acquired property, plant and equipment at a fair value of R759 million (2016: R976 million) and acquired intangible assets at a fair value of R558 million (2016: R924 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 period. Consequently, an impairment charge of R6 927 million (A\$712.5 million) relating to goodwill and other assets was recognised.

## 4. ISSUE AND PURCHASE OF SHARES

519 502 (2016: 103 152) previously purchased ordinary shares totalling R34 million (2016: R7 million) were allocated to employees in terms of the Group's Restricted Share Plan. 201 023 (2016: 1 328 464) ordinary shares totalling R12 million (2016: R104 million) were issued and allocated to employees in terms of the Group's other share incentive schemes.

1 776 791 (2016: 432 469) ordinary shares totalling R107 million (2016: R37 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.

## 5. CHANGE IN ACCOUNTING POLICY

### 5.1 IFRS Interpretations Committee (IFRIC) restatement

The following IFRIC restatement was applied to the audited annual financial statements for the year ending 25 June 2017. Historically, the Group has assessed deferred tax on indefinite life intangible assets using the assumption that the value will be recovered through sale, rather than use, as these assets are not amortised.

In November 2016, the IFRS Interpretations Committee (IFRIC) issued a final agenda decision, clarifying that an intangible asset with an indefinite useful life is subject to consumption and therefore not a non-depreciable asset in terms of paragraph 51B of IAS 12: Income Taxes. IFRIC therefore concluded that the assumption of sale could not be presumed in calculating the deferred tax liability on an intangible asset.

As a consequence of this decision, the Group has amended its accounting policy to comply with the revised guidance. The impact of the restatement is to increase goodwill by R2 004 million (A\$199 million) as at 25 December 2016, with a corresponding credit to deferred tax, split as follows:

	Dec 2016		
	Goodwill Rm	Deferred tax assets Rm	Deferred tax liabilities Rm
David Jones	1 764	993	771
Country Road Group	240	149	91
<b>Total</b>	<b>2 004</b>	<b>1 142</b>	<b>862</b>

## NOTES (CONTINUED)

### 5. CHANGE IN ACCOUNTING POLICY (CONTINUED)

#### 5.2 New standards

The adoption of certain new standards, which became effective in the current period, 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.

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 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. The Group continues to assess the potential impact on its financial statements in respect of the application of IFRS 9.

IFRS 15: The standard is effective for financial periods beginning on or after 1 January 2018. There will be a change in the classification of statement of comprehensive income disclosure; however it is anticipated that any reclassification will not have a material impact on operating profit. The Group continues to assess the potential impact on its financial statements in respect of the application of IFRS 15.

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 Group continues to assess the impact on its financial statements in respect of the application of IFRS 16.

### 6. 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 two 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.

### 7. 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.

### 8. BORROWING FACILITIES

Unutilised banking and debt facilities amount to R11 033 million (2016: R13 089 million) as follows:

	2017 Rm	2016 Rm
Committed	10 233	12 289
Uncommitted	800	800
<b>Total</b>	<b>11 033</b>	<b>13 089</b>

R1 750 million bonds were issued under the DMTN programme, which is a further source of funding to the Group. The DMTN programme that was approved by the JSE on 17 March 2017 is guaranteed by Woolworths Proprietary Limited and will be used to raise debt on an ongoing basis.

## NOTES

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### 9. RELATED-PARTY TRANSACTIONS

The Group entered into related-party transactions, the substance of which is disclosed in the Group's 2017 Annual Financial Statements. Intragroup adjustments relate to the sale of concession goods between segments and supply chain distribution adjustments.

### 10. EVENTS SUBSEQUENT TO THE REPORTING DATE

No event material to the understanding of these interim Group financial statements has occurred between the end of the financial period and the date of approval.

### 11. APPROVAL OF INTERIM GROUP FINANCIAL STATEMENTS

The interim Group financial statements were approved by the Board of Directors on 21 February 2018.

### 12. AUDIT OPINION

These interim Group financial statements have not been reviewed or audited.

## DIRECTORATE AND STATUTORY INFORMATION

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### NON-EXECUTIVE DIRECTORS

Simon Susman (Chairman), Patrick Allaway (Australian), Zarina Bassa, Tom Boardman (Lead Independent Director), Hubert Brody, Andrew Higginson (British), Gail Kelly (Australian), Nombulelo Moholi, Lord Rose (British)

### EXECUTIVE DIRECTORS

Ian Moir (Group Chief Executive Officer) (Australian), John Dixon (British), 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

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*Turnover and  
concession sales*

**+2.5%**

*to R38.8 billion*

*Adjusted diluted headline  
earnings per share*

**-8.8%**

*to 223.4 cps*

*Headline earnings  
per share*

**-15.0%**

*to 206.3 cps*

*Earnings per share*

**-246.6%**

*to -505.9 cps*

*Interim dividend  
per share*

**-18.4%**

*to 108.5 cps*

*Return on equity\**

**20.1%**

*from 22.8%*

\* Impairment added back