

WHL'16

WOOLWORTHS HOLDINGS LIMITED / 2016 INTERIM RESULTS



PRESENTATION

OUTLINE

OVERVIEW OF THE PERIOD
FINANCIAL REVIEW
STRATEGIC FOCUS
OUTLOOK



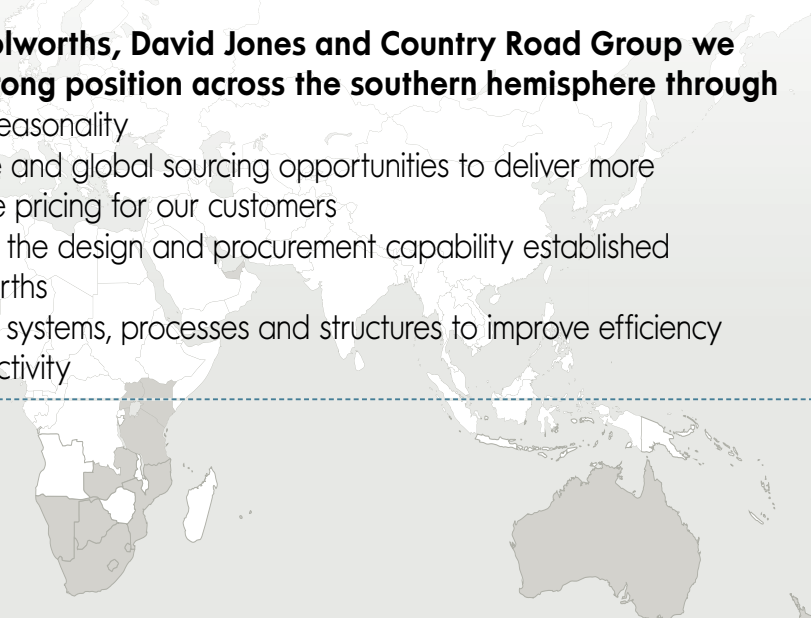
REVIEW

OF THE PERIOD
IAN MOIR

BUILDING A LEADING SOUTHERN HEMISPHERE RETAILER

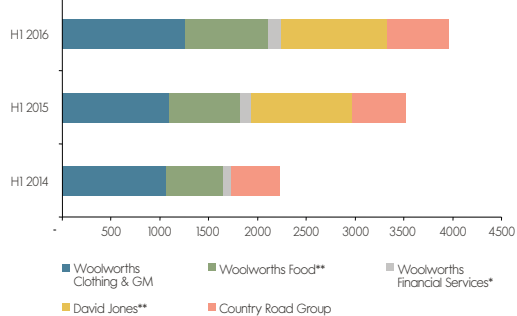
With Woolworths, David Jones and Country Road Group we have a strong position across the southern hemisphere through

- Common seasonality
- Using scale and global sourcing opportunities to deliver more competitive pricing for our customers
- Building on the design and procurement capability established in Woolworths
- Leveraging systems, processes and structures to improve efficiency and productivity

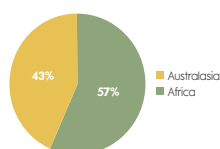


DIVERSIFIED EARNINGS BASE

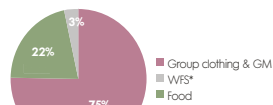
OPERATING PROFIT BY SEGMENT (RM)



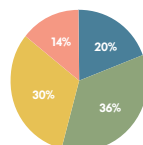
OPERATING PROFIT BY GEOGRAPHY



OPERATING PROFIT BY CATEGORY



TURNOVER BY SEGMENT



* 50% of PAT
** Turnover and concession sales

GROUP PERFORMANCE

- Much improved performance in **Clothing**
- Another above market performance from **Food**
- Good performance from **WFS** continues
- **David Jones** delivering well ahead of expectations
- **Country Road Group** ahead of market despite underperformance of Country Road womenswear
- Turnover and concession sales up 17.1%
 - up **12.3%** excluding David Jones
- Adjusted profit before tax up **16.5%**



WOOLWORTHS CLOTHING & GM

- Clothing sales in South Africa (including Country Road Group brands) up **11.7%**, with comparable sales up **8.0%**
 - Very good performance by womenswear business including WHL brands
 - Good turnaround in kidswear due to improved value and design
- Grew market share in highly competitive market
- Gross profit margin increased from 47.3% to **48.1%**
- Operating margin of **17.9%** (vs 17.6% in H1 2015 and 15.9% in H2 2015)
- Operating profit up **14.6%**

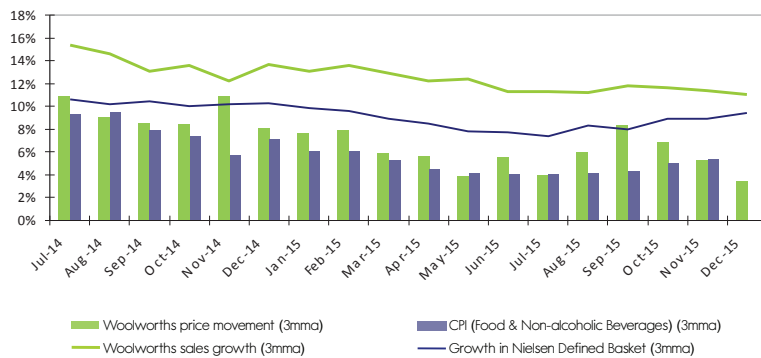
WOOLWORTHS FOOD

- Strong performance well ahead of the market, with total sales up **12.1%** (up 11.7% excluding concession sales) and comparable sales up **5.8%**
- Growth ahead of the market continues
- Gross profit margin increased from 25.2% to **25.4%** due to more profitable promotions
- Operating margin increased from 6.7% to **7.1%** and operating profit up **17.6%**



WOOLWORTHS FOOD

Woolworths vs market growth (3mma)



DAVID JONES

- Total sales up **11.2%***, including concession sales, with comparable sales increasing **9.7%***
 - Growth well ahead of the market
 - Online sales up **48%** to **3.5%** of sales
- Gross profit margin down from 42.1% to **41.6%****
 - Impacted by weaker A\$ and lower intake margin
 - Very competitive market
- Operating margin increased from 9.5% to **10.3%*****, with operating profit up **18.5%****
- Business turnaround well advanced
- New CEO from January 2016

* On a full vertical comparative basis (6 months vs 6 months), including 100% of David Jones private label

** On a full vertical comparative basis (6 months vs 6 months), including 50% of David Jones private label

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

COUNTRY ROAD GROUP

- Total turnover up **11.9%**, well above market growth [of 8.3%*]
 - Strong, profitable growth in David Jones concession business
 - 16.0% increase in space
 - Comparable sales in Australasia up **0.1%**
 - Underperformance of core Country Road womenswear business
 - Online sales up **28%** to **11.6%** of sales
- Gross profit margin down from 62.3% to **61.0%**
 - Higher markdowns from Country Road womenswear
 - Impact of depreciating A\$ on cost of goods
- Operating margin down from 12.6% to **11.8%**
- Operating profit up **5.2%**

[* 12mma per Quantum]



STILL SOME COMPLEXITY IN THE NUMBERS

- **David Jones** in current year for 12 months vs 11 months last year; July traditionally a clearance month
- **David Jones acquisition debt** in place for 11 months last year, but higher interest charge due to the equity bridge in place for 2 months
- **CRG minority interest** for 2 months last year
- Significant **adjusting items** last year
- **Rights offer** completed end September 2014; 9 months weighted WANOS and 24m shares issued for BEEESOS; impact on EPS and HEPS
- **BEEESOS** preference interest and dividend last year (marginally anti-dilutive)

WOOLWORTHS HOLDINGS LIMITED INTERIM RESULTS 2016 ANALYST PRESENTATION

GROUP INCOME STATEMENT

	Dec 2015 Rm	Dec 2014 Rm	% change
Woolworths Clothing & GM	1 255	1 095	14.6
Woolworths Food	855	728	17.4
WFS (50% of PAT)	129	119	8.4
Woolworths	2 239	1 942	15.3
David Jones	1 090	1 022	6.7
Country Road Group	632	555	13.9
Profit before interest and tax	3 961	3 519	12.6
Treasury	(606)	(639)	(5.2)
Adjusted profit before tax	3 355	2 880	16.5
Adjustments	13	(549)	>100
Profit before tax	3 368	2 331	44.5
Tax	(939)	(684)	37.3
Profit after tax	2 429	1 647	47.5
Effective tax rate	27.9%	29.3%	

	Dec 2015	Dec 2014
Unrealised foreign exchange gains	21	36
DI and CRG minorities transactions	(9)	(585)
Transaction costs	-	(260)
Integration and restructuring costs	(8)	(47)
Non-recurring finance costs	-	(64)
Impairment of PPE	-	(114)
Adjustments	13	(549)

Effective tax rate has normalised. Prior year impacted by non-deductible costs relating to the DI and CRG minorities transactions

WOOLWORTHS CLOTHING & GM INCOME STATEMENT

	Dec 2015 Rm	Dec 2014 Rm	% change
Turnover	6 994	6 218	12.5
Cost of sales	3 632	3 278	10.8
Gross profit	3 362	2 940	14.4
Other revenue	11	9	22.2
Expenses	2 119	1 855	14.2
Store costs	1 401	1 237	13.3
Other operating costs	718	618	16.2
Operating profit	1 254	1 094	14.6
Gross profit margin - on turnover	48.1%	47.3%	
Operating profit margin - on turnover	17.9%	17.6%	

	Total	Comp	Price
			stores move
Clothing (incl CRG SA)	11.7%	8.0%	4.6%
Clothing	12.4%	8.7%	7.2%
GM	5.8%	2.5%	3.7%
C&GM	12.5%	7.9%	6.9%

Benefiting from better promotions and an improved markdown performance

Impacted by private label in David Jones and new space see Woolworths expenses slide

WOOLWORTHS FOOD INCOME STATEMENT

	Dec 2015 Rm	Dec 2014 Rm	% change	
Turnover and concession sales	12 376	11 041	12.1	Total
Concession sales	(274)	(205)	33.7	Food 12.1%
Turnover – own buy	12 102	10 836	11.7	Comp stores
Cost of sales	9 031	8 102	11.5	5.8%
Gross profit – own buy	3 071	2 734	12.3	Price move
Concession and other revenue	56	42	33.3	5.7%
Expenses	2 272	2 049	10.9	More profitable promotions and supply chain efficiencies, partially impacted by reduced higher-margin sweet sales
Store costs	1 588	1 417	12.1	Impacted by new space (see Woolworths expenses slide)
Other operating costs	684	632	8.2	
Operating profit	855	727	17.6	
Gross profit margin - on turnover	25.4%	25.2%		
Operating profit margin - on turnover	7.1%	6.7%		

WOOLWORTHS EXPENSES

	Dec 2015 Rm	Dec 2014 Rm	% change	
Store costs	2 989	2 654	12.6	
South Africa – base	1 944	1 877	3.6	Good cost control, with comparable store costs at 3.5%
South Africa – new stores	864	624		
South Africa	2 808	2 501	12.3	Higher employment costs with vacancies filled. Positive 'jaws' achieved.
Rest of Africa	181	153	18.3	
Other operating costs	1 402	1 250	12.2	Impacted by costs of introducing private label into David Jones
Total expenses	4 391	3 904	12.5	

WOOLWORTHS FINANCIAL SERVICES INCOME STATEMENT

Consolidated pro-forma income statement	Dec 2015 Rm	% to book	Dec 2014 Rm	% to book	% change
Interest income	958	19.4	838	18.7	14.3
Interest paid	274	5.5	243	5.4	12.8
Net interest income	684	13.8	595	13.3	15.0
Impairment charge	241	4.8	214	4.8	12.6
Risk-adjusted margin	443	9.0	381	8.5	16.3
Non-interest revenue	374	7.6	332	7.4	12.7
Operating costs	461	9.3	383	8.6	20.4
Profit before tax	356	7.2	330	7.4	7.9
Average financial services assets	9 893		8 950		10.5
Return on equity	28.4%		29.4%		

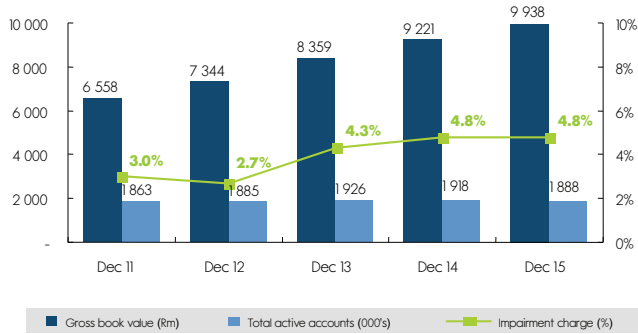
Increase due to portfolio growth (closing book up 7.8%) and margin gains from two rate increases (July and November 2015)

Within expectations. Improvements in portfolio book shape offset by increase in debt counseling inflows.

Impacted by investment in Wirewards programme, offset by continued focus on operational efficiencies

Strong growth in credit card portfolio, but overall slow down from October due to impact of new NCA affordability regulations

WOOLWORTHS FINANCIAL SERVICES BOOK PERFORMANCE



DAVID JONES INCOME STATEMENT

Reported basis	6 months Dec 2015 A\$m	6 months* Dec 2014 A\$m	% change
Turnover and concession sales	1 149	1 041	10.4
Concession sales	(391)	(322)	21.4
Turnover – own buy	758	719	5.4
Cost of sales	404	369	9.5
Gross profit – own buy	354	350	1.1
Concession and other revenue	91	73	24.7
Gross profit	445	423	5.2
Expenses	347	332	4.5
Store costs	286	272	5.1
Other operating costs	61	60	1.7
Department store operating profit	98	91	7.7
Financial services operating profit	9	9	-
Operating profit	107	100	7.0
Gross profit margin – on turnover (own buy)	38.7%	40.6%	
Operating profit margin**	8.5%	8.7%	

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

DAVID JONES INCOME STATEMENT

Full vertical basis	6 months Dec 2015 A\$m	6 months* Dec 2014 A\$m	% change	
Turnover and concession sales	1 155	1 041	11.0	Comparable sales growth of 9.7%
Concession sales	(320)	(286)	11.9	
Turnover – own buy	835	755	10.6	
Cost of sales	430	381	12.9	
Gross profit – own buy	405	374	8.3	Impacted by weaker A\$ and lower intake margin
Concession and other revenue	75	64	17.2	
Gross profit	480	438	9.6	
Expenses	361	339	6.5	Well controlled, despite 15% new space
Store costs	299	279	7.2	
Other operating costs	62	60	3.3	
Department store operating profit	119	99	20.2	
Financial services operating profit	9	9	-	
Operating profit	128	108	18.5	
Gross profit margin – on turnover (own buy)	41.6%	42.1%		
Operating profit margin**	10.3%	9.5%		

* Includes pre-acquisition period July 2014

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

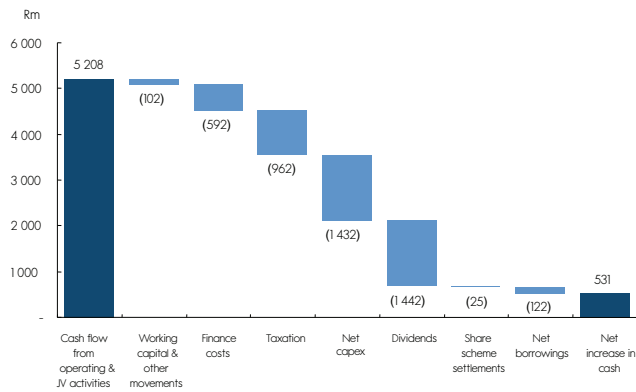
COUNTRY ROAD GROUP INCOME STATEMENT

	Dec 2015 A\$m	Dec 2014 A\$m	% change	
Turnover	516	461	11.9	Comparable sales growth of 0.1% in Australasia
Cost of sales	201	174	15.5	
Gross profit	315	287	9.8	Increased markdowns in Country Road womenswear
Other revenue	2	1	100.0	
Expenses	256	230	11.3	Good store costs control despite 16.0% new space
Store costs	184	164	12.2	
Other operating costs	72	66	9.1	Good cost control despite material costs for initiatives launched during the period
Operating profit	61	58	5.2	
Gross profit margin - on turnover	61.0%	62.3%		
Operating profit margin - on turnover	11.8%	12.6%		

GROUP BALANCE SHEET

	Dec 2015 Rm	Dec 2014 Rm	% change	Constant currency % change	
Assets					
Property, plant and equipment and investment properties	16 986	13 758	23.5	7.7	Store development plans
Intangible assets	18 505	16 562	11.7	(3.2)	
Investment in JVs and associate	957	866	10.5	10.5	
Inventories	7 299	5 676	28.6	17.3	Investment in C&GM availability and long-life catalogue additions in Food
Accounts receivable, tax, deferred tax and loans	4 837	4 311	12.2	3.8	
Cash	1 525	2 765	(44.8)	(49.1)	
	50 109	43 938	14.0	0.9	
Equity and liabilities					
Shareholders' funds	19 078	14 027	36.0	4.8	
Borrowings	15 950	16 840	(5.3)	(5.8)	See Treasury slide
Other non-current liabilities and deferred tax	3 186	3 284	(3.0)	(13.0)	
Accounts payable, provisions and tax	11 895	9 787	21.5	11.5	
	50 109	43 938	14.0	0.9	

GROUP CASH GENERATION FOR SIX MONTHS FROM JUNE 2015

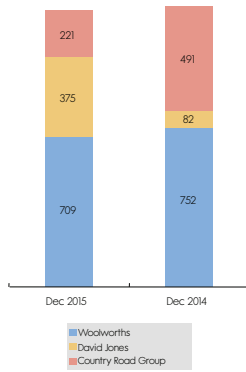


CAPITAL EXPENDITURE DEPRECIATION

Capital expenditure

Capex (Rm)

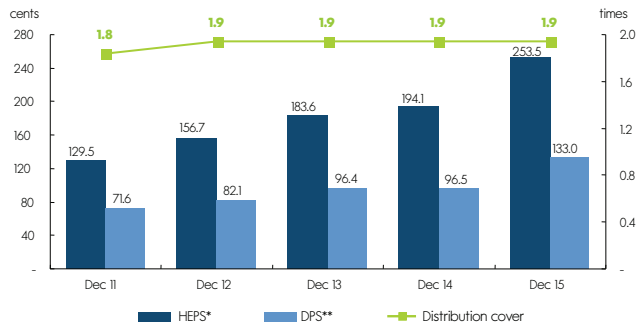
R1 305m (Dec 2014: R1 325m)



Depreciation

	Dec 2015 Rm	Dec 2014 Rm	% change
Woolworths	410	366	12.0
David Jones	292	234	24.8
Country Road Group	143	110	30.0
Total group	845	710	19.0

EARNINGS AND DISTRIBUTION



* HEPS based on weighted average number of shares

** DPS based on closing number of shares



GROUP

- [Costs..]
- Taxation - effective tax rate of 28% in SA and 30% in Australia
- Capex – R2.0bn in South Africa, A\$X.Xm in David Jones and A\$X.Xm in Country Road Group

WOOLWORTHS

- Clothing & GM price movement expected to be c8% for H2
- Food price movement expected to be c7% for H2
- Full year space growth: 5.0% in Clothing & GM; 9.8% in Food
- Gross profit margins to be broadly maintained in Clothing; will be some price investment in Food
- [Store cost growth ...]
- WFS book growth to be further impacted by NCA affordability requirements

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

STRATEGY UPDATE

- **Group Focus**

- Stronger, more profitable customer relationships
- Towards total retail
- Drive synergies and efficiencies
- Embed sustainability throughout the business

- **Woolworths**

- **David Jones**

- **Country Road Group**



GROUP FOCUS



Stronger, more profitable customer relationships

- **Customer insights** and data will drive and inform all our business decisions which will shift us from being a customer centric business to a customer driven group

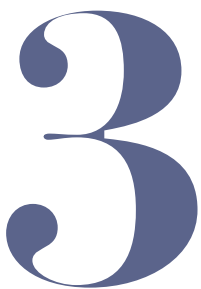
GROUP FOCUS



Towards total retail

- Increased focus on the customer and integrated, customer-focused technology to move from a channel to **total retail experience**
- Building **single view of customer**, enabling customers to be recognised and rewarded in real time, with delivery of personalised, seamless service across channels
- **Digitally transform stores**, improving connectivity to enable staff and customers to engage differently
- Increased focus on **mobile commerce**
- Investigate potential for **single E-commerce platform** across the group

GROUP FOCUS



Drive synergies and efficiencies

- Drive **scale benefits** across the southern hemisphere
- Improved **distribution capacity**
- Leverage **real estate** in Australia

GROUP FOCUS

4

Embed sustainability throughout the business

- Driving a consistent, group-wide **Good Business Journey** strategy with the objective of being the most sustainable retailer in the southern hemisphere

WOOLWORTHS

• Be a leading fashion retailer in the southern hemisphere

- Attract younger, more modern, black customers while maintaining our older, very loyal, more classic customer
- Lead the market in quality and range
- Strengthen value perceptions
- Continue to build fashion credibility



WOOLWORTHS

- **Become a big food business with a difference**

- Continue to complete the shop
- Improve our value perception by investing in price
- Maintain our food authority credentials

- **Continue to expand into Africa**

- **Transform the WFS customer experience**

- Enhanced by alignment with WRewards programme in October 2015



DAVID JONES

- **Build stronger more profitable customer relationships**

- Introduction of Customer Relationship Management (CRM) programme

- **Be a leading fashion retailer in the southern hemisphere**

- Focus on our brand and customer
- Improvement in merchandise
- Optimise store portfolio with new stores and formats e.g. Pacific Fair, Wellington, Barangaroo

DAVID JONES

- **Enhance the food offer** and in-store experience
 - **Stabilise the current business** by reviewing range, shopkeeping and hygiene standards, and visual presentation and service
 - **Build for scale** by driving simplification, leverage group skill and David Jones real estate
 - **Gear to deliver** by structuring for enterprise-wide integration and a phased roll out
- **Continue to enhance the online performance** to > 10% sales of total sales and transform profitability
- Consolidation of David Jones **CBD flagship stores**, focusing on Sydney in 2016
- **Rental benefits** from regional bargaining power

COUNTRY ROAD GROUP

- **Be a leading fashion retailer** in the southern hemisphere
- Drive and grow **four clearly differentiated brands**
- Increased focus on **design**
- Refocus on **core business**, specifically Country Road womenswear
 - Refine product to reflect customer feedback with strong seasonal direction
 - Define and standardise planning processes across divisions

COUNTRY ROAD GROUP

- Further refinement of the **customer experience**
- **Optimise channel mix** by reviewing our store network and optimising the online fulfilment model
- **Drive efficiencies** from the transition to the new Melbourne-based **omni-channel fulfilment centre**



OUTLOOK

- South African economy likely to become more constrained
- Australian economy and retail environment to remain tough in the short term
- Both economies are commodity-based and therefore reliant on China
- Expect the upper income consumer in both regions to remain relatively resilient
- First 6 weeks of sales are strong in both South Africa and Australia

	Medium-term target FY2018
Operating profit margin	
Woolworths Clothing & GM	19%
Woolworths Food	7%
David Jones*	>10%
Country Road Group	14%
ROE	
Woolworths Financial Services	22%

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

QUESTIONS?

THANK YOU

STORE LOCATIONS

	Dec 2015	Dec 2014	Growth	Projected Jun 2016	Growth*	Projected Jun 2017	Growth	Projected Jun 2018	Growth
Woolworths Clothing & GM	282	267	15	285	6	291	6	302	11
South Africa	217	205	12	219	5	221	2	229	8
Rest of Africa	65	62	3	66	1	70	4	73	3
Woolworths Food	409	387	22	415	18	441	26	454	13
South Africa**	317	302	15	319	8	330	11	341	11
Engen	67	60	7	71	9	85	14	85	-
Rest of Africa	25	25	-	25	1	26	1	28	2
David Jones	39	38	1	40	2	42	2	44	2
Country Road Group***	636	566	70	658	49	672	14	682	10
Australasia	559	492	67	576	45	582	6	588	6
South Africa	77	74	3	82	4	90	8	94	4

* From June 2015

** Of which 163 are standalone Food stores

*** Includes 157 CRG brand concessions in David Jones stores. CRG brand concessions may extend over multiple pads.

WOOLWORTHS FINANCIAL SERVICES CONTRIBUTION TO SALES

% of sales spent on Woolworths cards	Dec 2015	Dec 2014
Clothing & GM	23.5%	24.7%
Food	10.6%	11.5%
Aggregate Woolworths card contribution	15.4%	16.5%
Credit card	1.4%	1.3%
Aggregate Woolworths and credit card contribution	16.8%	17.8%

DAVID JONES INCOME STATEMENT (IN RANDS)

Reported basis	6 months Dec 2015 Rm	Comparative 6 months Dec 2014 Rm	% change
Turnover and concession sales	11 427	10 202	12.0
Concession sales	(3 877)	(3 156)	22.8
Turnover – own buy	7 550	7 046	7.2
Cost of sales	4 006	3 616	10.8
Gross profit – own buy	3 544	3 430	3.3
Concession and other revenue	895	715	25.2
Gross profit	4 439	4 145	7.1
Expenses	3 432	3 254	5.5
Store costs	2 806	2 666	5.3
Other operating costs	626	588	6.5
Department store operating profit	1 007	891	13.0
Financial services operating profit	83	88	(5.7)
Operating profit	1 090	979	11.3

DAVID JONES BALANCE SHEET

	Dec 2015 A\$m	Dec 2014 A\$m	% change
Assets			
Property, plant and equipment	1 028	994	3.4
Goodwill and brands	1 344	1 407	(4.5)
Intangible assets	21	28	(25.0)
Inventories	229	185	23.8
Accounts receivable, tax and deferred tax	152	174	(12.6)
Cash	47	94	(50.0)
Total assets	2 821	2 882	(2.1)
Non-current and current non-interest bearing liabilities	(618)	(591)	4.6
Capital employed	2 203	2 291	(3.8)
Period-end exchange rate (R/A\$)	11.1	9.4	

COUNTRY ROAD GROUP INCOME STATEMENT (IN RANDS)

	Dec 2015 Rm	Dec 2014 Rm	% change
Turnover	5 117	4 487	14.0
Cost of sales	1 991	1 698	17.3
Gross profit	3 126	2 789	12.1
Other revenue	17	14	21.4
Expenses	2 511	2 248	11.7
Store costs	1 803	1 601	12.6
Other operating costs	708	647	9.4
Operating profit	632	555	13.9

COUNTRY ROAD GROUP BALANCE SHEET

	Dec 2015 A\$m	Dec 2014 A\$m	% change
Assets			
Property, plant and equipment	174	130	33.8
Intangible assets	136	136	-
Inventories	133	113	17.7
Accounts receivable, tax and deferred tax	68	55	23.6
Cash	19	39	(51.3)
Total assets	530	473	12.1
Non-current and current interest bearing liabilities	(152)	(138)	10.1
Capital employed	378	335	12.8
Period-end exchange rate (R/A\$)	11.1	9.4	

