

## **Woolworths Holdings Ltd announces strong results; David Jones transformation ahead of expectations**

### **Press Release 27 August 2015**

Woolworths Holdings Ltd (WHL) announces results for the year ended 28 June 2015, including David Jones for the first time.

Group sales (including concession sales) increased by 54.9%, and by 12.0% excluding David Jones. This was a strong result with good market share gains in both South Africa and Australia. Adjusted profit before tax increased by 20.5% and adjusted headline earnings increased by 24.3%. Adjusted headline earnings per share grew by 10.4%.

Commenting on the results, WHL Group CEO Ian Moir said:

“This year has been transformational for our Group with the acquisition of David Jones and the full ownership of Country Road Group enabling us to make a step change in the scale of our operations: transforming it into a quality retailer with significant scale across sub-Saharan Africa and Australasia.”

“This is a strong set of results, particularly considering the amount of change the Group has undergone due to our new investment in Australia and the tough trading conditions that prevailed in both our major markets.”

Woolworths Clothing and General Merchandise sales grew 9.6% and 4.0% in comparable stores (including Country Road Group sales in South Africa). Sales were impacted by a late winter, but importantly we saw an improvement in our kidswear and women’s footwear and

accessories divisions that had underperformed earlier in the year. Total Clothing and General Merchandise sales grew 8.6% (excluding Country Road Group sales in South Africa).

Woolworths Food sales grew by 13.5%, with price movement of 7.7%. Sales in comparable stores grew by 6.6%. The Food business, which is differentiated on quality, freshness and innovation, delivered a strong performance well ahead of the market, and continued to gain market share through a strategy of building larger format stores and extending the catalogue to offer a complete shop at competitive prices.

Woolworths Financial Services grew net interest income by 15.5% resulting in a 21.9% increase in profit before tax. The debtor's book grew 10.7% and the impairment rate was kept at an industry-leading level of 5.4%.

This year also saw the Woolworths BEE Employee Share Ownership Scheme create R2.4 billion in value for over 7500 participants. The scheme has also paid out R332 million in dividends since 2007.

The transformation and integration of David Jones is progressing ahead of expectations. Whilst the Australian consumer has remained under pressure, David Jones had an exceptional second half of the year with double-digit sales growth of 10.7% and materially outperformed the department store sector. Sales of A\$1,885 million were 6.4% ahead of the same period prior to our acquisition and ahead of both the department store segment and the overall Australian clothing market. Operating profit of A\$161 million was 28.8% higher than in the comparative 11-month prior period.

Over 300 Country Road, Trenery, Witchery and Mimco

merchandise pads have been rolled out across David Jones' 38 department stores and the South African fashion brands Studio.W, RE:, JTOne and Distraction have also recently been introduced into a number of stores.

During the year WHL acquired the remaining 12% interest in Country Road Group (CRG). Full ownership was a logical step towards unlocking regional synergy opportunities between David Jones and CRG. In Australasia, sales grew by 11.5% and by 4.7% in comparable stores, trading well ahead of the Australian market.

Looking forward, Moir concluded:

"We believe that economic conditions in South Africa and Australia will remain constrained, although the upper income segments in which we operate continue to show some resilience. We continue to trade ahead of the market and trading for the first eight weeks of the new financial year have been positive."