



WOOLWORTHS LIMITED

Company
Results
HY ended
2 Jan 2011



Michael Luscombe
Chief Executive Officer

Tom Pockett
Finance Director

Highlights for Financial Half Year 2011

- A sound result overall for our shareholders and customers in a period of challenging macro economic and market conditions
- Continued focus on delivering value to customers and shareholders
- Food and Liquor (Australia and New Zealand) - solid sales and EBIT growth, increased customer numbers and market share in a competitive environment
- Ongoing investment in retail offer - adding new stores, improving existing stores, adding services, delivering value, evolving the range to meet changing customer needs, lowering prices and developing our online offers
- 115 new stores, 139 refurbishments
- Home Improvement strategy on track - assisted by bolt on acquisitions
- Over a \$1b of capital return to shareholders with the \$325m on-market buy-back in the half to June 2010 and the \$704m off-market buy-back in October 2010

Highlights – Half Year 2011

	HY11	Growth
Sales – Group	\$28.3b	↑ 4.0%
– ex Petrol	\$25.4b	↑ 3.8%
EBITDA	\$2,227.3m	↑ 6.6%
EBIT	\$1,787.0m	↑ 6.2%
NPAT	\$1,161.7m	↑ 6.0%
EPS	95.2¢	↑ 6.9%
DPS	57¢	↑ 7.5%
ROFE	16.7%	↓ 108 bps¹

1. The decrease in ROFE reflects lower earnings in our general merchandise businesses, strategic investment in development properties to grow new store pipeline and slightly higher inventory levels at December, which will be reduced by June 2011

Highlights for the half year

Food and Liquor - best customer offer evolving to meet customers changing needs



- Grown market share overall, particularly in Fresh and Liquor
- Enhanced fresh offer to customers building on our credentials as the "Fresh Food People"
- Continue to lead on service metrics from mystery shopper store visits
- Australian Supermarkets: 50% 2010 format; 5% in 2015 format
- Outstanding customer response to the 2015 format
- We will continue to maintain real price leadership

Best customer offer - 1st to reduce over 5,000 products and move to national pricing



We're cutting Aussie

SHELF PRICES REDUCED

We've reduced the standard shelf prices on a range of Australia's favourite beef. And they're staying down!

WAS 29⁹⁹ NOW 26¹¹ kg

Australian Beef
Jumbo Ribeye Steak

Woolworths 
the fresh food people

BREAD PRICES REDUCED

WAS 3⁹⁹ ea NOW 3⁷⁹ ea

Wonder White
Wonder White Bread
Varieties 700g

liquor
woolworths

WAS 46⁹⁹ NOW 36⁹⁹
Carlton Dry 2 Litre

WAS 49⁹⁹ NOW 42⁹⁹
VB 2 Litre

WAS 15⁹⁹ NOW 14⁹⁹
Bottle of Wine

WAS 42⁹⁹ NOW 40⁹⁹
Jim Beam Black 500ml

WAS 36⁹⁹ NOW 33⁹⁹
Teacher's 500ml

WAS 45⁹⁹ NOW 40⁹⁹
Liquor 500ml

WAS 14⁹⁹ NOW 13⁹⁹
Bottle of Wine

Healthy News
"We have now reduced the shelf price on hundreds of vitamins and supplements."

SHELF PRICES REDUCED

WAS 21⁹⁹ NOW 19⁹⁹
Swisse Men's Multivitamin 120 Capsules

WAS 20⁹⁹ NOW 19⁹⁹
Caltrate Plus 120 Tablets

WAS 15⁹⁹ NOW 10⁹⁹
Herron's Vitamins 120 Tablets

Best customer offer — exclusive brands

Certified Organic Lamb & Beef



Certified Organic Produce



- Continued exclusive brand expansion
- Focus on quality and value for money offer
- "Food that is good for you" is a major customer initiative underpinned by the Macro range
- Strong customer acceptance
- Many new products launched

New Zealand Supermarkets



- Business transformation complete showing significant EBIT improvement (up 13.1% on the prior half - NZD)
- Achieved volume and market share growth
- Reducing price differential against equivalent offerings
- Re-investment in price - gross profit margins improved following benefits of merchandising, front of store and replenishment (Stocksmart and AutostockR) systems
- Significant improvements in shelf stock availability and reductions in shrinkage

BIG W delivers value to customers every day, with lowest prices on quality and branded products



- The destination for our customers, their home and family
- Strong growth in units sold and customer numbers
- Launch of new innovative brands eg, Mambo and Man & Woman by Peter Morrissey
- First discount department store to sell Apple iPad. Major reseller of Apple accessories
- Enhanced range of toys has been very popular with customers
- 33 optical sites
- Newly launched online business, market leading offer, over 9,000 items available
- 65% of stores refreshed to give a new "look and feel"
- Potential to open up to 20 new stores in the next 3 years

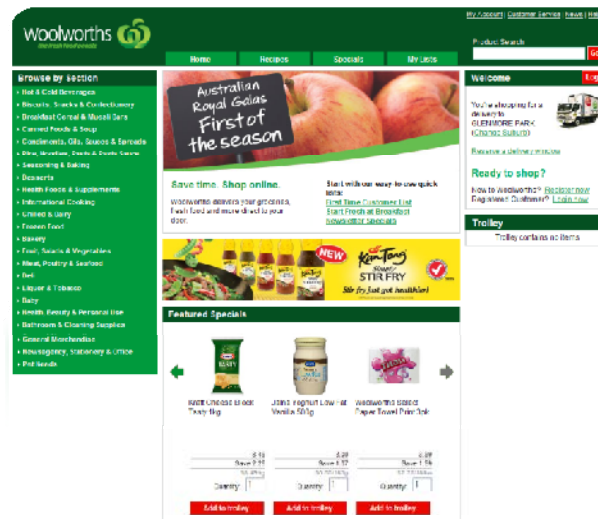
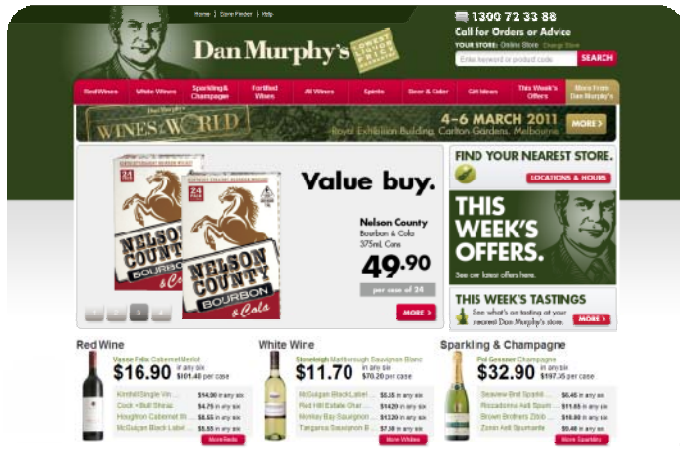


Dick Smith — enhanced range, best price and the right techxpert advice



- Significantly increased range of computers and accessories with improved store presentation and pricing
- Improved gaming offer, enhanced customer experience and market share growth particularly through the launch of new gaming consoles
- Introduction of latest technology in TV panel market, internet TV and 3D TV
- Strong mobile phone growth
- Techxperts – delivery and installation services gaining traction
- Online – refreshed website resulting in strong customer engagement and significant growth
- Rollout of new format across Aus & NZ – 205 stores converted to date; 250 stores by end of FY11, 55% of Australian stores completed

Best customer offer — Online



- Online sales up 75% in the half - high levels of customer traffic
- New online site for BIG W launched
- Revamped Dick Smith site
- New and expanded product ranges will continue to be added
- Dan Murphy's online transaction site to launch in March 2011
- New Zealand online continues to grow strongly

Engaging our customers with rewards and offers every time they shop



- 5.6m Everyday Rewards cards registered
- 3.2m holders linked to QFF
- A compelling customer proposition of fuel savings and QFF points
- Our focus is on understanding customers' needs and providing targeted exclusive and compelling offers
- In New Zealand Onecard now has 1.9m members

Engaging our customers with rewards and offers every time they shop

Credit Cards



Additional QFF points for Everyday Rewards members. Low priced platinum card \$89 annual fee



Gift Card Shopping Rewards. The award winning credit card



Innovation Excellence

Debit Cards



Reloadable debit card acts as an alternative to a bank account for general purchases, travel, online



Single load pre-paid debit cards for travel, online shopping, music downloads etc

Quantum — following in the tradition of Project Refresh

- **Through Project Refresh and other major initiatives Woolworths has delivered over a decade of disciplined cost management and world class supply chain capabilities**
- **Quantum will continue to deliver reduced costs and improve efficiencies across all Woolworths businesses over the next 5 years**
- **This project will focus on all aspects of our business including**
 - End-to-end supply chain — move to the next level
 - Procurement (not for resale) — lowering our costs
 - Operational work practices — improving service, efficiency and lowering costs
 - Global direct sourcing — enhancing capability and lowering costs
 - Support structures — significantly improving efficiency
- **Several key initiatives have commenced**
- **Benefits will be realised in both Gross Margin and CODB, to be delivered over next 5 years and shared between customers and shareholders**

End-to-end supply chain — moving to the next level



- Next Generation replenishment capabilities now being deployed will be completed mid-2012
- Continued development of international logistics capabilities - rationalisation of consolidation processes and an improved flow of merchandise
- Global sourcing business continued strongly - direct buying volumes up by more than 50%
- Successful commissioning of Liquor DCs in Brisbane, Melbourne and Sydney
- Development of Bunbury (WA) Meat processing and distribution operation planned to be completed in FY12 – improved efficiency and service to stores
- Commissioning of Home Improvement DC in Hoppers Crossing, Victoria
- New BIG W, Consumer Electronics and Home Improvement facilities are being built at Hoxton Park, Sydney. Expected completion in FY12
- Investment in Melbourne NDC substantially completed - increased capacity; improved pick rate efficiency and immediate cost reduction
- Construction of Tasmanian Regional Distribution Centre underway and planned to be completed first half of next year

Home Improvement — very good progress



- Well underway to achieve our target of 150 sites secured within five years. First store on track to open second half of calendar year 2011
- Approximately 15-20 stores will open in the first 18 months
- Development of supply chain strategy well progressed with a new DC in Hoppers Crossing, having commenced operation
- Establishment of IT systems, training programs and recruitment for our first stores are underway
- Store layout and merchandising complete. Completion of supply and trading terms on track
- A strong experienced Home Improvement team has been established leveraging Lowe's training facilities and capabilities
- Acquired Magnet Mart, Flatman's and Becks - good progress on integration

Cellarmasters expanding our liquor portfolio and capability

- Woolworths has today announced it will acquire The Cellarmasters Group (Cellarmasters) for \$340m
- Cellarmasters represents a logical strategic bolt-on acquisition for our liquor portfolio and adds complementary new direct marketing channels and expertise as well as new wine production capabilities which will accelerate growth in our liquor business, including private label
- The acquisition is expected to be EPS accretive in the first full year (FY12) on a standalone basis without any synergy contribution
- The acquisition will be fully funded from existing undrawn debt facilities
- The transaction is expected to close no later than May 2011, subject to closing conditions, including no regulatory intervention

Cellarmasters overview

- Cellarmasters is one of the largest direct-to-home wine retailers and providers of contract bottling and wine services with operations in Australia and New Zealand
- The Wine Retail business caters to a broad range of wine customers through direct marketing to its large and proprietary database
- Cellarmasters' winemaking operation, Dorrien, produces a range of wines which are distributed through the Cellarmasters direct channel
- The Wine Services business provides a range of services to the winemaking community and is an outsourcing partner for Australian wineries

Wine Retail

Wine	 
Fine Wine	 
Value Wine	
Operations and Delivery	 

Wine Services

Bottling and Related Product Services	
Wine Packaging Sales and Distribution	 
Winemaking (including sparkling) and Lab Services	
Finished Goods Storage and Logistics Management	

Financial results

Report Card

In comparison with our regularly expressed goals

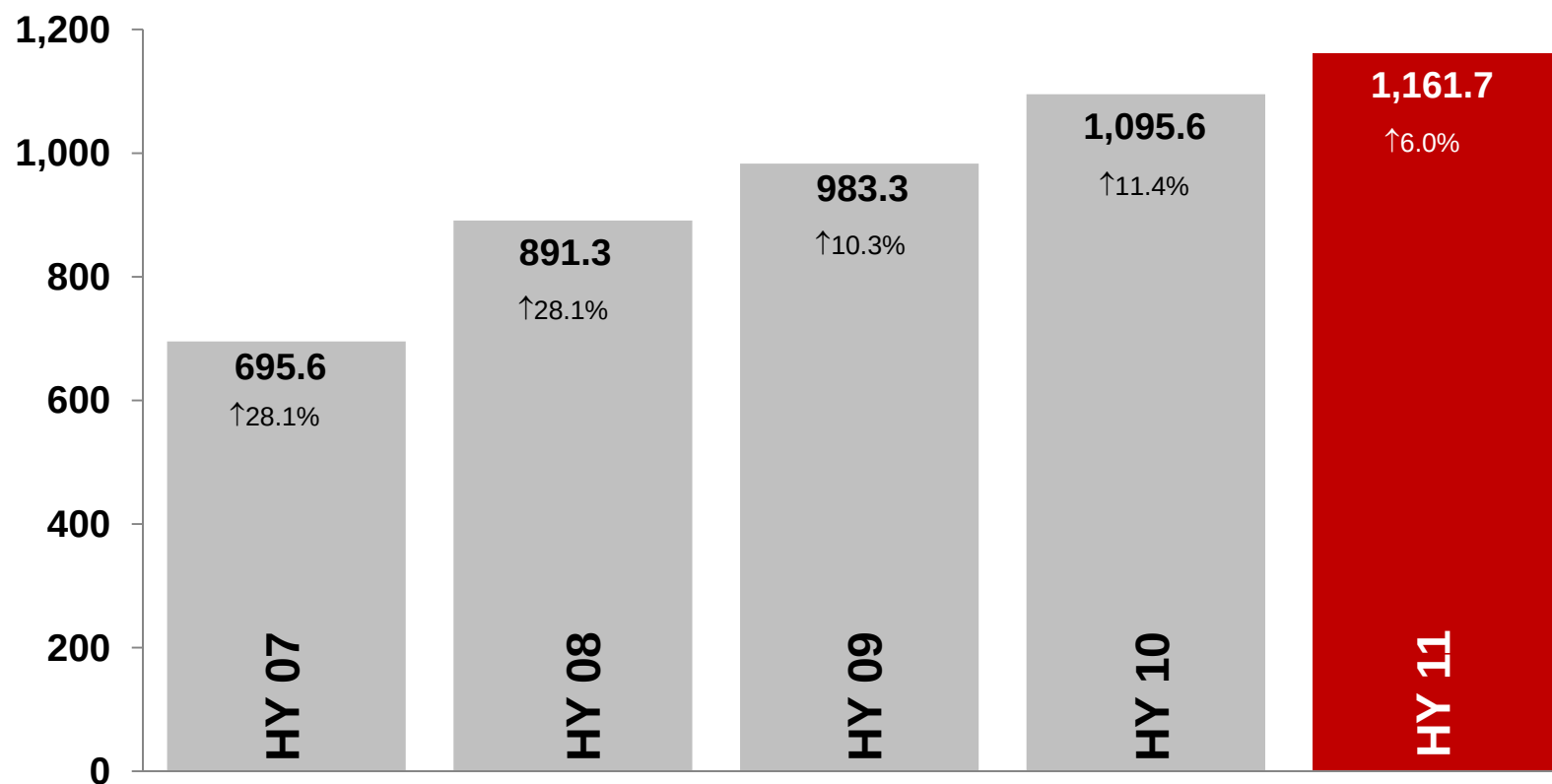
	HY07	HY08	HY09	HY10	HY11
Sales will grow in the upper single digits assisted by bolt-on acquisitions	15.9%	8.6%	8.8%	4.2%	4.0%
- Group					
- <i>Excluding Petrol</i>	16.2%	8.9%	8.1%	6.0%	3.8%
EBIT will outperform sales growth assisted by cost savings	27.0%	20.0%	10.2%	11.1%	6.2%
EPS will outperform EBIT growth assisted by capital management	16.6%	25.9%	9.3% ¹	10.0% ¹	6.9%
CODB will reduce by 20 bps ²	✓	✓	✓	X	X

x Not achieved due to the significant decline in inflation

1. Reflects the dilutive effect of shares issued under employment share plans and DRP
2. Excludes Hotels and Petrol (and one-off profit on sale of certain properties in HY08 of \$9.2m)

Profit after tax – up 6.0%

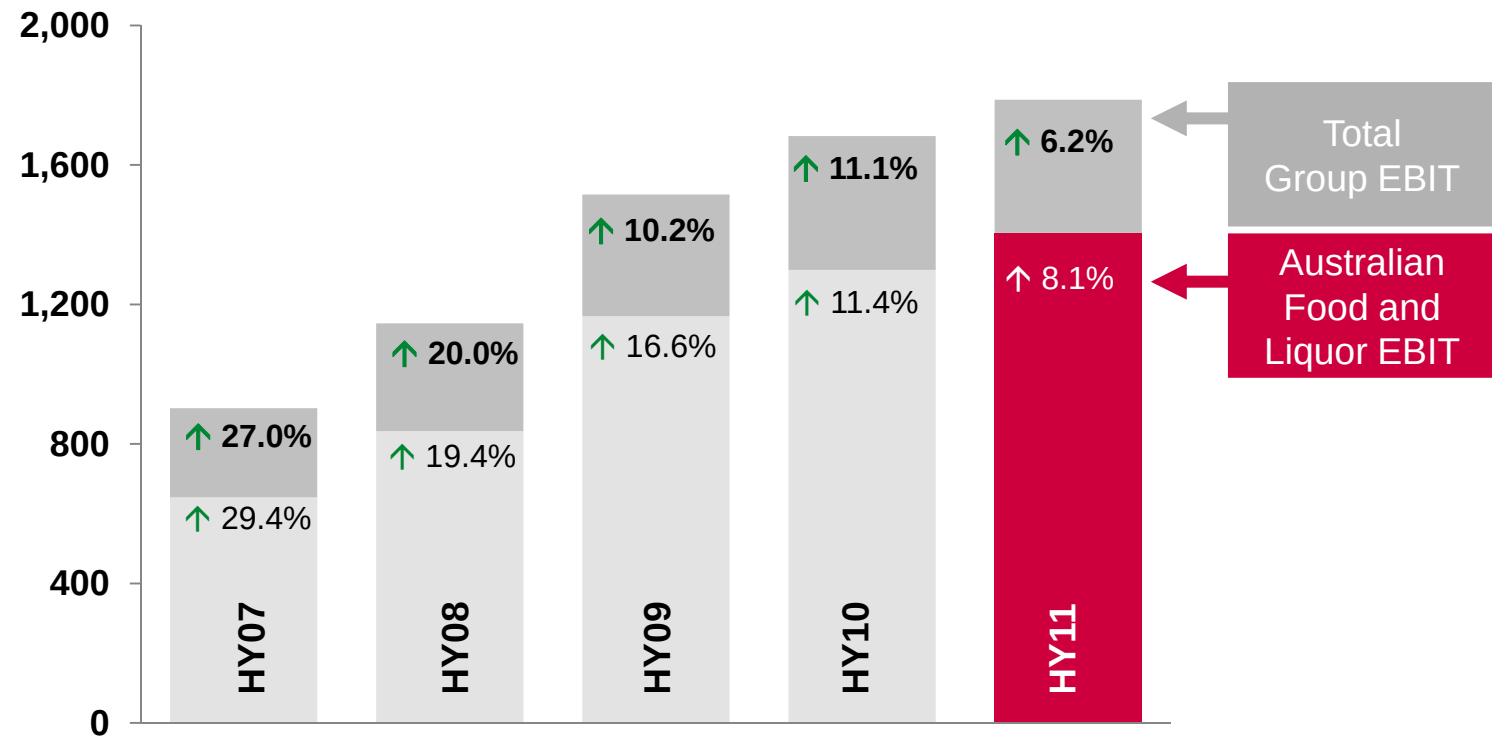
\$ million



EBIT – up 6.2%

\$ million

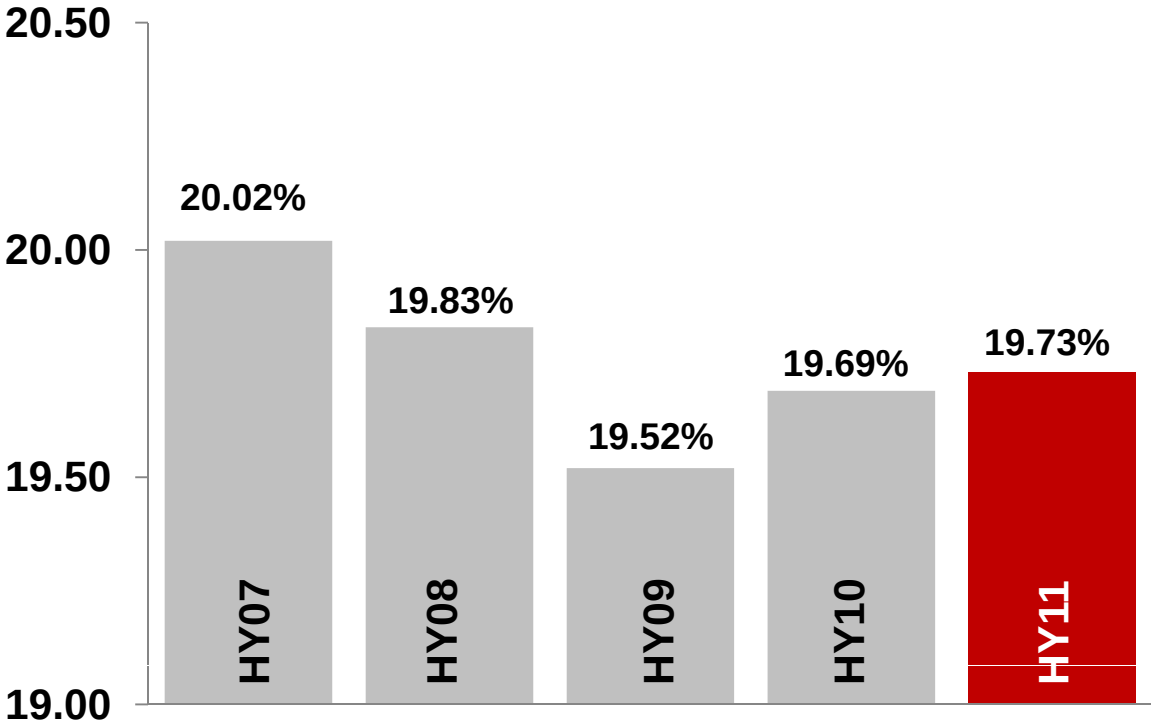
EBIT growth underpinned by solid growth in Australian Food and Liquor



CODB / Sales

In a deflationary environment
CODB was well
controlled

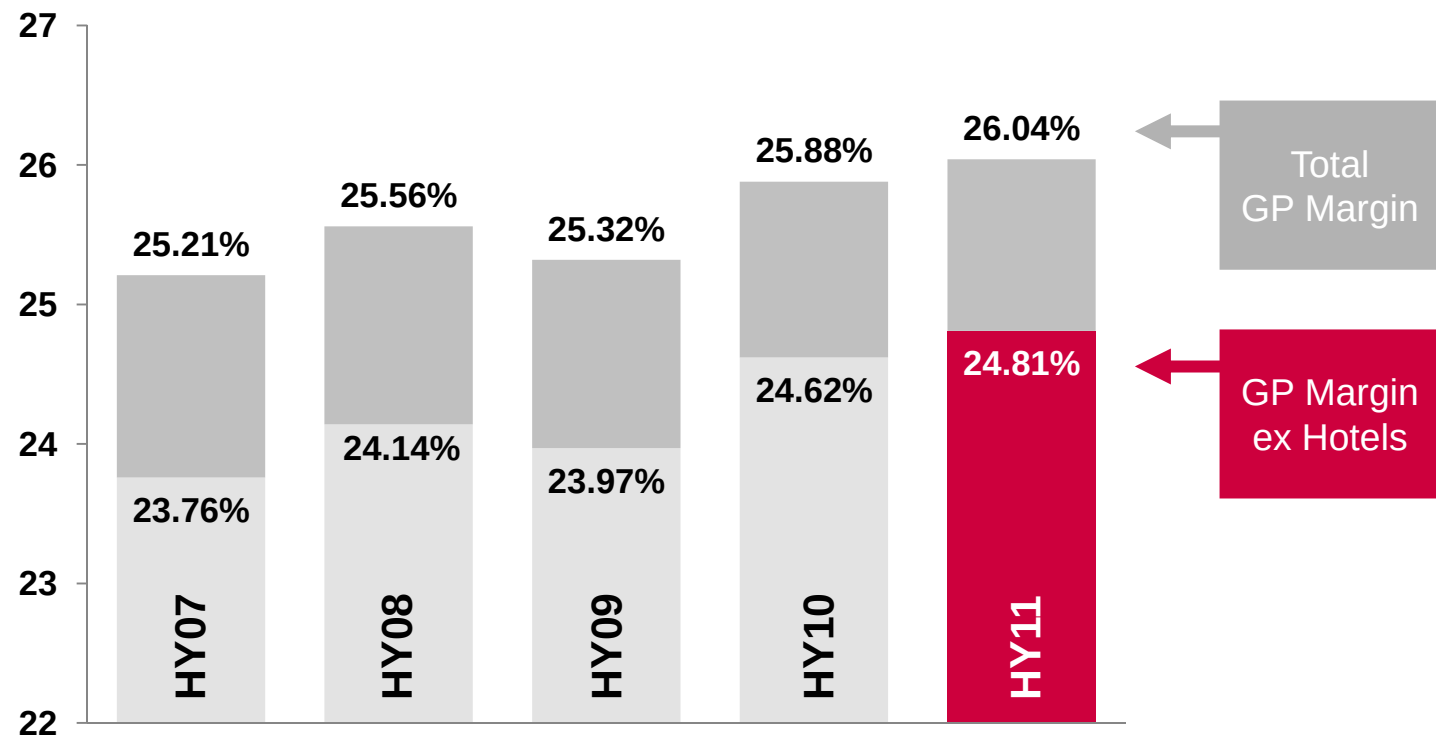
Percentage



Gross Profit Margin

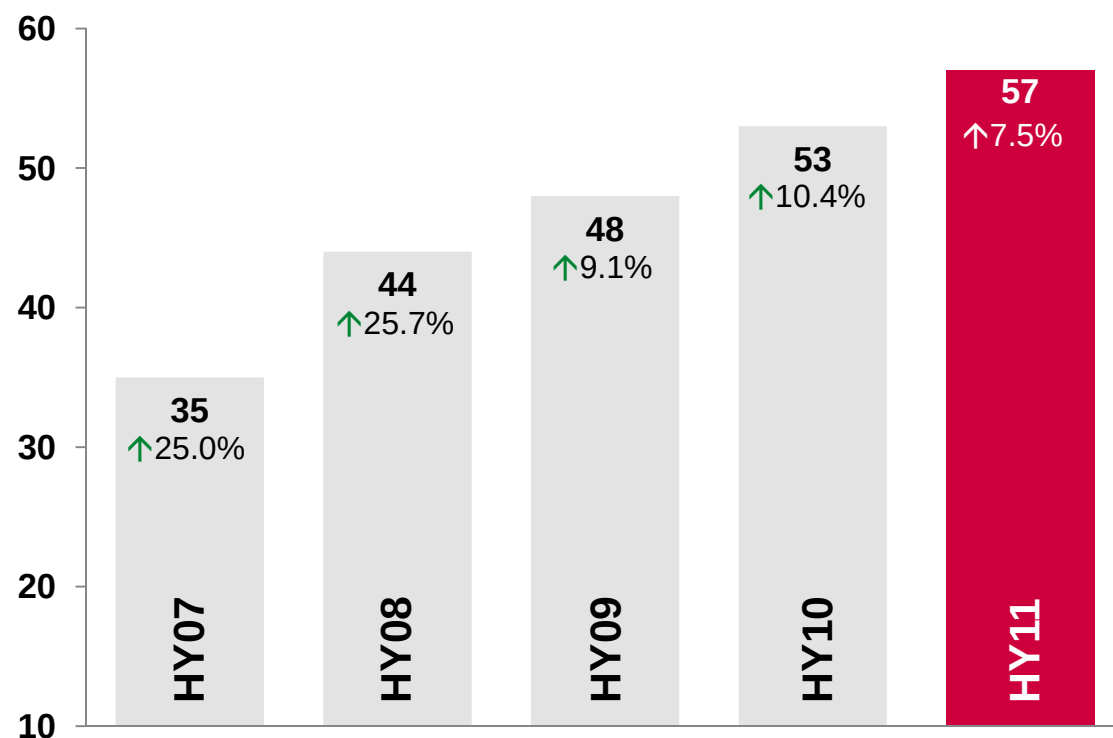
Gross margins for the group have increased 16bps reflecting the benefits of global buying, improved shrinkage rates, increasing sales of exclusive brand products and the success of the mix of sales in the new store formats whilst delivering significant price investment

Percentage



Dividends per share — Interim

Cents



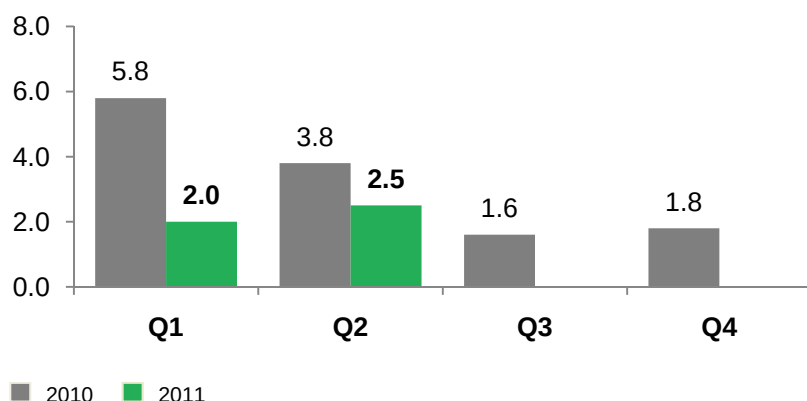
Dividend pay-out ratio of 60% is in line with the previous half year

Australian Supermarket Division



	HY10	HY11	Change
Sales – Food & Liquor (\$m)	18,143	18,772	3.5%
– Petrol (\$m)	2,781	2,945	5.9%
– Total (\$m)	20,924	21,717	3.8%
Gross margin (%)	24.41	24.80	39bps
CODB (%)	17.96	18.04	8bps
EBIT to sales (%)	6.45	6.76	31bps
EBIT (\$m)	1,350.6	1,468.2	8.7%
Funds Employed (\$m)	3,293.9	3,509.8	6.6%

Comparable Sales – Australian F&L – H1 2.2%



Continued positive momentum and growth in market share and customer numbers

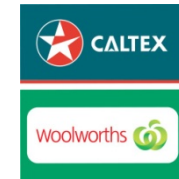
- Comparable Food and Liquor sales up 2.2%
- Standard shelf price index was 2.2% (HY 2010 1.6%). Average prices index (volume weighted including specials) was in deflation of 3.8%
- Grown market shares overall particularly in fresh and liquor
- Investment in lower shelf prices
- Food and Liquor CODB \$ were well controlled
- New format market stores are delivering an improved shopping experience for our customers
- 12 new supermarkets opened. A further 10 new stores are planned to open in the second half

Liquor



- Group Liquor sales \$3.2 billion; (HY10: \$3.1 billion)
- The Liquor group continued to grow sales, profit and market share, despite challenging market conditions including low inflation and subdued consumption
- Category expansion of exclusive brands into RTDs, Champagne Cider and Light Beer
- Brisbane Liquor Distribution commissioned in the final quarter of FY10 resulting in an improved service, profit and cost outcome for stores
- Opened 12 Dan Murphy's and 29 BWS stores giving us a total of 1,249 outlets at the end of the half

Petrol



Price promise,
match the lowest price
in the site's market



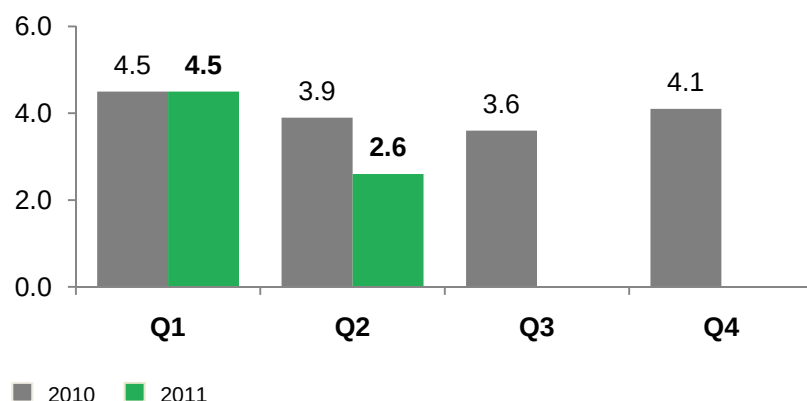
- Sales of \$2.9 billion, up 5.9%
- Comparable sales increased by 3.5% reflecting higher fuel prices (HY11:\$1.24 / litre; HY10:\$1.22 / litre)
- Volumes increased 2.3% for the half
- Both fuel and non-fuel (merchandise) market share has increased
- EBIT increased by 23.8% to \$63.4 million reflecting buying benefits achieved together with our supply partner Caltex, well managed costs and improved non-fuel trading
- EBIT margins were 2.1% (HY10: 1.8%). EBIT equates to 2.5 cents / litre sold (HY10: 2.1 cents / litre)
- ePump facility available at 438 Caltex / Woolworths petrol outlets. 9 new canopies opened during the period

New Zealand Supermarkets



NZ\$	HY10	HY11	Change
Sales (\$m)	2,686	2,795	4.1%
Gross margin (%)	22.10	22.41	31bps
CODB (%)	17.53	17.44	(9)bps
EBIT to sales (%)	4.57	4.97	40bps
Trading EBIT (\$m)	122.8	138.9	13.1%
Less intercompany charges (\$m)	(6.2)	(4.6)	25.8%
Reported EBIT (\$m)	116.6	134.3	15.2%
Funds Employed (\$m)	2,989.6	3,211.8	7.4%

Comparable Sales – H1 3.5%

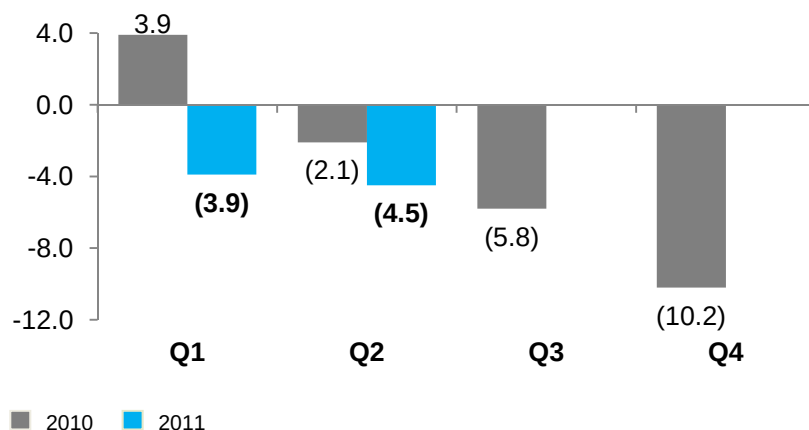


Pleasing result, good progress

- Solid sales performance
- Comparable sales were 3.5% with food inflation 0.6% (HY10: 2.7%). Real growth of 2.9% reflecting volume and market share growth
- Gross Profit margin has improved while still improving price competitive position
- National Distribution Centre on target to be complete during the FY11 year
- Rebranding in progress with 80% (128 stores) now trading as Countdown. By 30 June 2011, ~138 Countdown (87%)
- Eight new Countdown stores opened in the half
- GST rate increase during the half

	HY10	HY11	Change
Sales (\$m)	2,462	2,392	(2.8)%
Gross margin (%)	29.07	29.52	45bps
CODB (%)	22.94	24.29	135bps
EBIT to sales (%)	6.13	5.23	(90)bps
EBIT (\$m)	150.8	125.0	(17.1)%
Funds Employed (\$m) ¹	600.4	717.8	19.6%

Comparable Sales – H1 (4.2)%



1. Increase reflects the store openings and accelerated refurbishment activity

Well positioned discount department store which continues to offer its customers great value with low prices on the widest range of quality and branded products, every day

- Reasonable results in a difficult market with tightened consumer spending, deflation and the impact of cold and wet weather
- Strong customer acceptance of the BIG W offer. Solid increase in customer numbers and units sold – however, offset by deflation of 6-10%
- Comparable store sales for the half of (4.2)%
- CODB \$ were well controlled
- Three new stores opened. Total stores 164
- Potential to open up to 20 new stores in the next 3 years
- Investing in developing best practice supply chain

Consumer Electronics – Australia

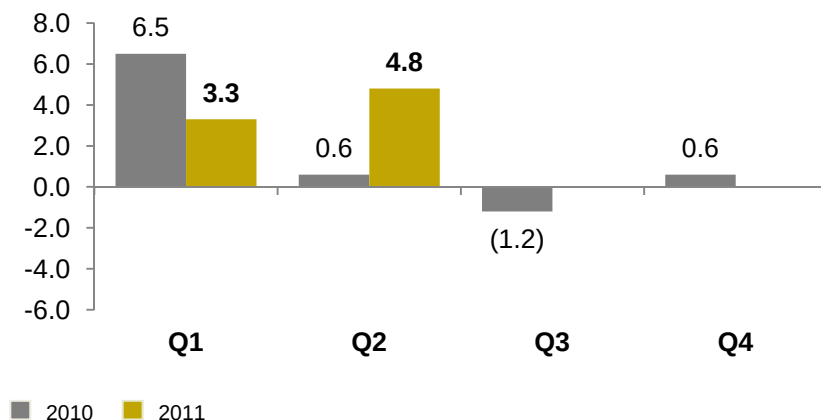


A\$	HY10	HY11	Change
Sales (\$m)	710	726	2.3%
Gross margin (%)	27.50	26.35	(115)bps
CODB (%)	23.63	23.93	30bps
EBIT to sales (%)	3.87	2.42	(145)bps
EBIT (\$m)	27.5	17.6	(36.0)%

Australia - Repositioning underway

- Comparable sales growth for Australia 4.1%
 - Excluding Tandy and ex-Powerhouse stores, comparable sales up 6.5%. Sales in new format stores up 16%
 - Consumer spending tightened in the half together with significant price deflation in key products
- Whilst EBIT is below prior period it has improved over second half EBIT last year
- Result reflects a repositioning of this business in
 - **New formats:** 186 stores currently (55% of network) - with sales in excess of network, reflecting strong customer acceptance. Well advanced transitioning out of Tandy
 - **Branding, price and range:** offer more compelling to customers
 - **Techxperts:** strong coverage and gaining traction
 - **Online:** Refreshed website resulting in strong customer engagement and significant growth

Comparable Sales – H1 4.1%



Consumer Electronics – NZ and India

NZ\$	HY10	HY11	Change
Sales (\$m)	187	179	(4.3)%
Gross margin (%)	26.42	24.41	(201)bps
CODB (%)	21.61	22.68	107bps
EBIT to sales (%)	4.81	1.73	(308)bps
EBIT (\$m)	9.0	3.1	(65.6)%



New Zealand – Weak economy

- Consumer Electronics in New Zealand continues to face a challenging macroeconomic environment, significant price deflation in key categories and intense competition
- Business to be repositioned similar to Australia
- 19 new format stores (26% of network)
- GST rate increase during the half

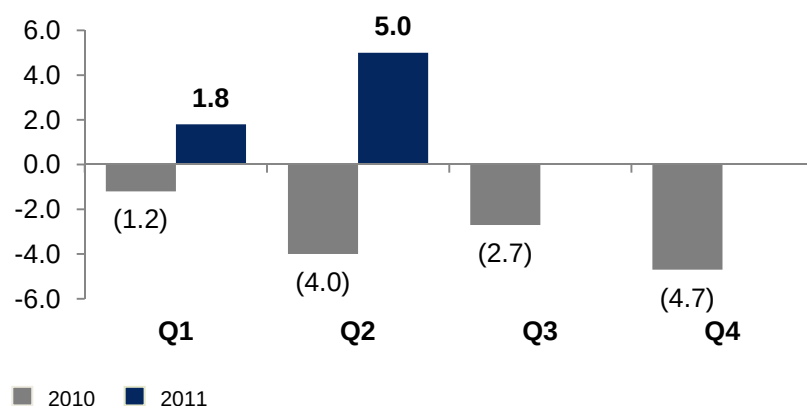
India – Good growth

- Business venture with TATA now services 61 'Croma' retail stores with 12 new stores opened during the half
- Woolworths Limited provides buying, wholesale, supply chain and general consulting services to TATA
- Wholesale operations are meeting expectations with sales of A\$177m during the half year - operating profit of \$2.3m (HY10: \$0.2m profit)

Hotels

	HY10	HY11	Change
Sales (\$m)	591	612	3.6%
Gross margin (%)	82.39	81.60	(79)bps
CODB (%)	63.00	63.32	32bps
EBIT to sales (%)	19.39	18.28	(111)bps
EBIT (\$m)	114.6	111.9	(2.4)%

Comparable Sales – H1 3.4%



Proving resilient

- Sales increased 3.6% with gaming comparable sales up 2.3%
- EBIT slightly below last year but ahead of our expectations
- The Hotel business provides us with a platform to continue successful growth in our liquor business. During the half our 50th Dan Murphy's on a hotel site was opened
- Cycling of recent regulatory impacts and the 2012 changes to Victorian gaming will be beneficial
- Two properties were added to the portfolio in the half. Total hotels 284

Balance Sheet

\$m	FY10	HY10	HY11
Inventory	3,438.8	3,718.9	3,989.6
Trade Payables	(4,211.2)	(4,836.1)	(4,917.8)
Net investment in inventory	(772.4)	(1,117.2)	(928.2)
Receivables	930.1	964.1	1,106.8
Other creditors	(2,455.9)	(2,527.5)	(2,567.5)
Working Capital	(2,298.2)	(2,680.6)	(2,388.9)
Fixed assets and investments	7,802.9	7,304.3	8,296.8
Intangibles	5,071.0	5,029.6	4,975.0
Total Funds Employed	10,575.7	9,653.3	10,882.9
Net Tax Balances	233.6	182.4	238.6
Net Assets Employed	10,809.3	9,835.7	11,121.5
Borrowings current	(871.7)	(136.0)	(869.6)
Borrowings non-current	(2,670.4)	(2,806.4)	(3,199.5)
Cash and deposits	713.4	1,069.0	1,139.5
Other financial assets and liabilities	(162.9)	(221.6)	(698.0)
Net Repayable Debt	(2,991.6)	(2,095.0)	(3,627.6)
Net Assets	7,817.7	7,740.7	7,493.9
Shareholders equity	7,570.4	7,487.9	7,237.1
Minority interest	247.3	252.8	256.8
Total Equity	7,817.7	7,740.7	7,493.9

• Inventory growth of 7.3% in December reflects the impact of lower than expected December trading and will be reduced by June 2011

• Receivables increase reflects the Home Improvement Retail store acquisitions, growth in the Consumer Electronics Indian Wholesale business and the additional property development funding

• Fixed asset increase reflects increased capital expenditure and property development, offset by depreciation

• Hedge position relates to the restatement of foreign denominated borrowings and has been impacted by strength of Australian dollar

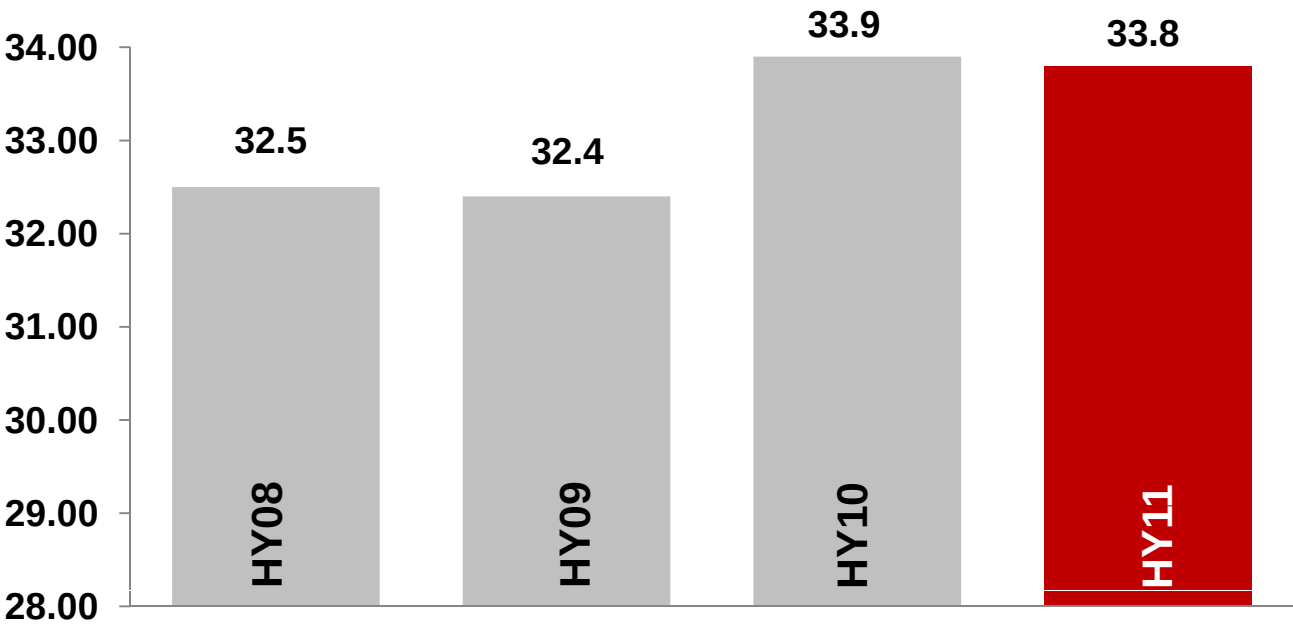
• Net repayable debt has increased reflecting the increased borrowings to fund capital expenditure, property development and two share buy-backs

• Shareholders equity has reduced reflecting the on-market and off-market share buy-backs offset by the profit for the period

Average Inventory Days

Inventory days decreased 0.1 days. When we exclude the impact of incremental imported inventory, additional inventory associated with our liquor DCs and petrol, inventory days decreased by 0.5 days

Number of Days



Our target is to reduce inventory holdings by 1 day per year (excluding petrol and indent)

Note: Average inventory based on 13 months rolling average

Cash Flow

\$m	HY10	HY11	Change
EBITDA	2,089.2	2,227.3	6.6%
Net (decrease) / increase in creditors	712.2	741.7	
Net decrease / (increase) in inventory ¹	(388.0)	(553.0)	
Net change in other working capital and non cash ²	18.4	24.4	
Cash from Operating Activities before interest and tax	2,431.8	2,440.4	0.4%
Net interest paid (incl. costs of income notes) ³	(125.9)	(151.5)	
Tax paid ⁴	(462.6)	(423.1)	
Total cash provided by operating activities	1,843.3	1,865.8	1.2%
Payments for the purchase of business – other	(148.7)	(113.4)	
Payments for capital expenditure – property development	(288.8)	(411.4)	
Payments for capital expenditure – excl property development	(584.3)	(628.8)	
Proceeds on disposal of property, plant & equipment	30.8	68.4	
Dividends received	6.4	5.3	
Total cash used in investing activities	(984.6)	(1,079.9)	
Free Cash Flow	858.7	785.9	
Dividend	598.2	662.4	
Free Cash after dividend	260.5	123.5	
Share buy-back	-	737.9	
Free Cash Flow as a % of NPAT	77%	67%	

1. Higher growth in inventory results from lower than expected December trading. Inventory levels are on target to return to normal levels by June 2011

2. Non-cash items include amongst other things share based payments expense and gain/loss of sale on sale of fixed assets

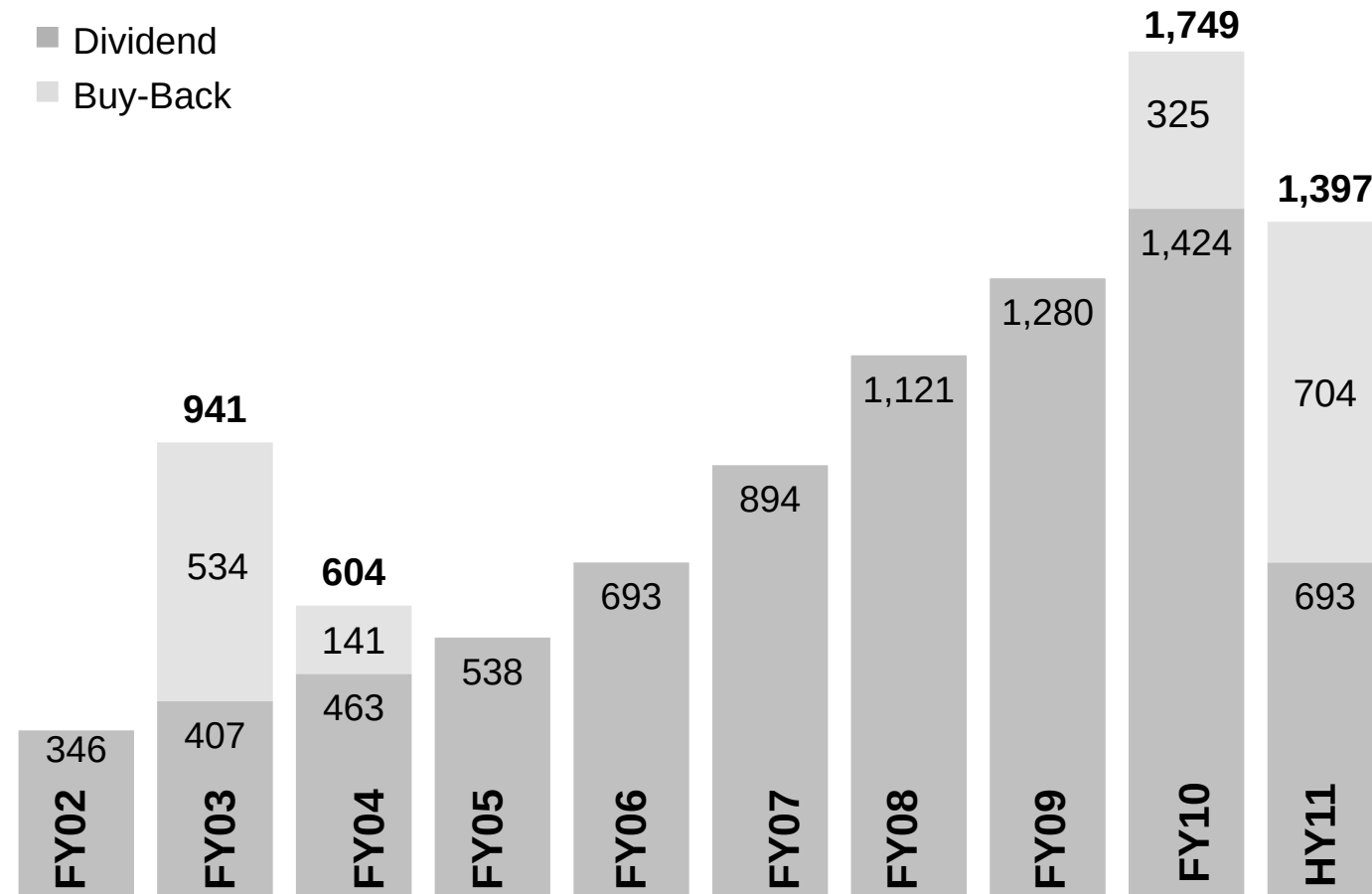
3. Interest paid reflects higher average debt levels funding share buy backs in April and October 2010 and capital expenditure program including acquisitions and property development

4. Tax payments are down reflecting the lower final tax adjustment required following relatively higher instalments paid during the tax year

Shareholder Payouts

Franking credits available for distribution (after the final dividend) = \$1,263m

\$ million



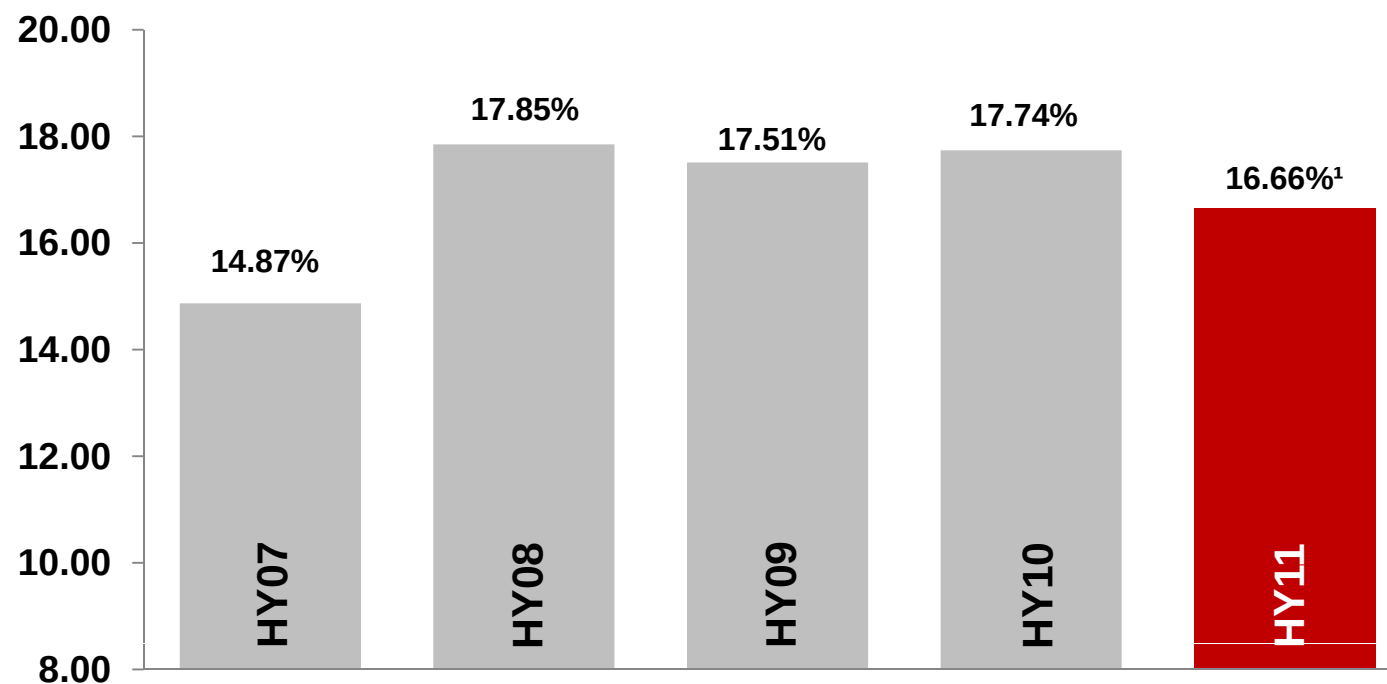
Profit growth, coupled with balance sheet management, will have delivered over \$9.5 billion payout to shareholders since July 2001

Capital Management

- Capital structure objective to enhance shareholder value through optimising weighted average cost of capital whilst retaining flexibility to pursue growth and capital management opportunities
- Completed a \$704m off-market share buy-back in October 2010. The off-market share buy-back was value enhancing, improving key metrics such as EPS and ROE
- In September 2010, Woolworths issued US\$1.25b of notes into the US 144A market, comprising 2 maturity tranches of 5 years (US\$500m) and 10 years (US\$750m). The currency exposure was fully hedged at A\$1.32b
- Proceeds of the US debt raising were issued to fund the above share buy-backs exceeding \$1b and to pre-fund an A\$350m medium term note maturing in March 2011
- Refinancing requirements immediately following this includes an A\$600m hybrid note (a perpetual instrument whose non-call period ends in September 2011, followed by US\$300m in US 144A notes (hedged at A\$410m) maturing in November 2011. In April and May 2012, two syndicated bank loan facilities totalling \$1.7b will mature. Of this, approximately \$546m is currently drawn, with a refinancing plan for these maturities in the process of being implemented
- Future capital management initiatives will be assessed in light of growth opportunities, capital markets, environment and our focus on maintaining strong credit ratings

Return on funds employed¹

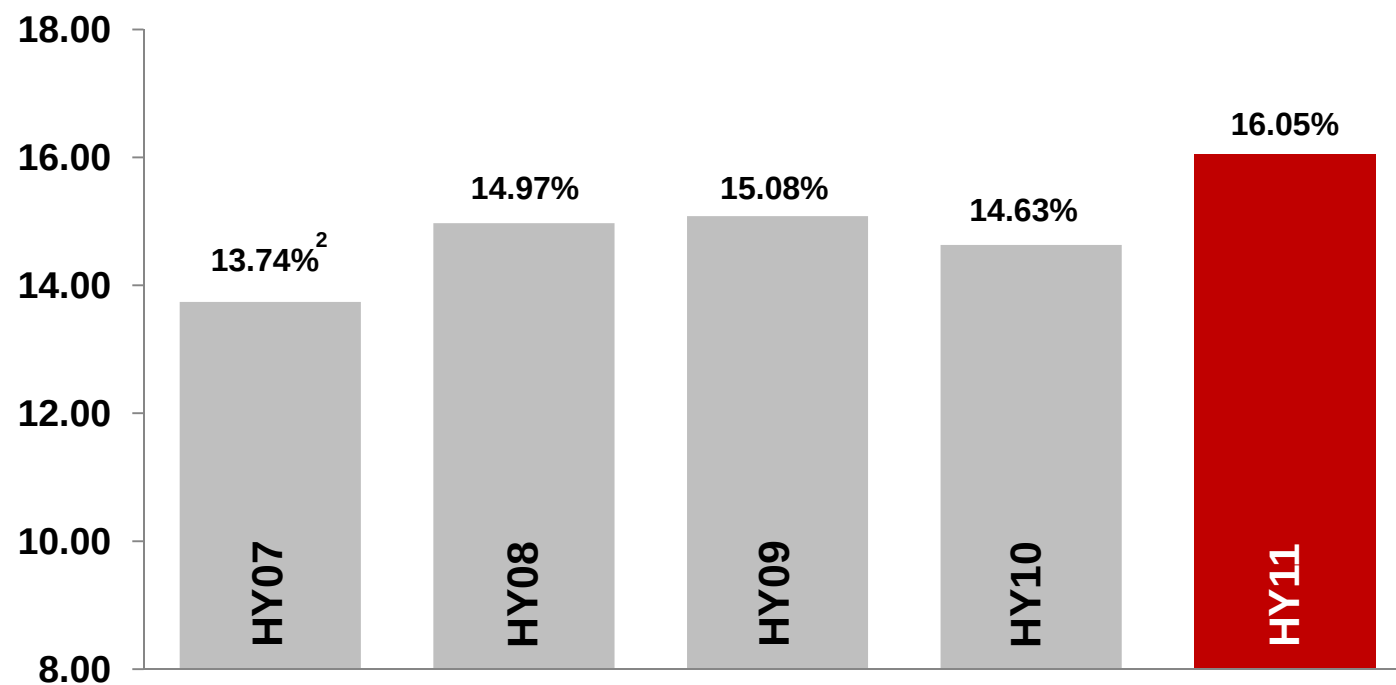
Percentage



1. Based on average of opening and closing funds employed. The decrease in ROFE reflects lower earnings in our general merchandise businesses, strategic investment in development properties to grow new store pipeline and slightly higher inventory levels at December, which will be reduced by June 2011

Return on equity¹

Percentage



1. Based on closing Shareholders Funds

2. Lower ROE due to impact of 81.6 million shares issued to acquire Foodland, equity issued with the Dividend Reinvestment Plan and the impact of shares issued under the Employee Share Option Plans

Strategy and Growth

Strategy and growth

Consistent and clear strategies that leverage our core strengths

Clearly stated long term performance targets

Woolworths targets the following key areas of performance measurement in the long term, namely

- Sales (excluding Petrol Sales) to grow in the upper single digits assisted by bolt-on acquisitions
- EBIT growth outperforming sales growth assisted by cost savings
- EPS growth outperforming EBIT growth assisted by capital management
- CODB reduction of at least 20 bps per annum (Petrol and Hotels excluded)

Clear Capital Management objectives

- Our objective is to maintain a capital structure that enhances shareholder value and preserves our capital strength which gives us the flexibility to pursue capital investment and growth opportunities
- Maintenance of targeted credit ratings (S&P A-, Moody's A3)
- Disciplined investment methodology and approach

Key growth initiatives

Continuing to drive our core business focusing on our customers

Continuing to re-invigorate our offer through investment in price, range, merchandise and quality

Leveraging our supply chain capabilities

Expansion of Exclusive brands

Expansion of Global Sourcing activities

Developing our customer engagement strategy

Financial Services capabilities

Significant opportunity to grow market share

Home Improvement

Continued reinvestment in all our businesses

Defined plans for space growth

MEASURED AND DISCIPLINED APPROACH TO GROWTH OPTIONS

FOCUS ON BUILDING LONG TERM SUSTAINABLE BUSINESS
AND ENHANCED SHAREHOLDER VALUE

Sales and Earnings Guidance FY11

- As advised on 24 January 2011, whilst Woolworths has continued to experience growth in the first 6 months of the trading year, the extent of the negative impact of consumer confidence levels, inflation, interest rates and global economic conditions has been greater than expected particularly on discretionary spending
- Given the experience of the recent 6 months a degree of uncertainty exists over the next 6 months trading. The market is expected to remain competitive with a less confident consumer who is spending less whilst having a greater propensity to save. This combined with the uncertainty around the level of inflation going forward, the risks of future interest rate rises, and a continuing strong dollar provides a platform for a potentially subdued trading environment particularly in the discretionary sectors
- This uncertainty, together with incurring costs, not covered by insurance, associated with the NZ earthquakes and the Australian floods, resulted in Woolworths amending its full year guidance for Net Profit After Tax Growth for the full year which is now expected to be in the range of 5% to 8% and EPS growth for the full year of 6% to 9%



WOOLWORTHS LIMITED

Company
Results
HY ended
2 Jan 2011



Michael Luscombe
Chief Executive Officer

Tom Pockett
Finance Director

Appendices

Half Year Sales of \$28.3b – up 4.0%

– up 3.8% excl Petrol

\$m	HY10	HY11	Increase	Half Year Comp Sales
Australian Food and Liquor	18,143	18,772	3.5%	2.2%
<i>New Zealand Supermarkets (NZD)</i>	<i>2,686</i>	<i>2,795</i>	<i>4.1%</i>	<i>3.5%</i>
New Zealand Supermarkets (AUD)	2,162	2,183	1.0%	3.5%
Petrol (dollars)	2,781	2,945	5.9%	3.5%
<i>Petrol (litres)</i>	<i>2,486</i>	<i>2,542</i>	<i>2.3%</i>	<i>0.1%</i>
Supermarket Division	23,086	23,900	3.5%	-
BIG W	2,462	2,392	(2.8)%	(4.2)%
Consumer Electronics - Aust	710	726	2.3%	4.1%
<i>Consumer Electronics – NZ (NZD)</i>	<i>187</i>	<i>179</i>	<i>(4.3)%</i>	<i>(5.0)%</i>
Consumer Electronics – NZ (AUD)	150	142	(5.3)%	(5.0)%
Consumer Electronics – India	124	177	42.7%	-
Consumer Electronics - Total	984	1,045	6.2%	-
General Merchandise Division	3,446	3,437	(0.3)%	-
Hotels	591	612	3.6%	3.4%
Home Improvement ¹	80	354	n.m	-
Total First Half Sales	27,203	28,303	4.0%	-
Total First Half Sales (excluding Petrol)	24,422	25,358	3.8%	-

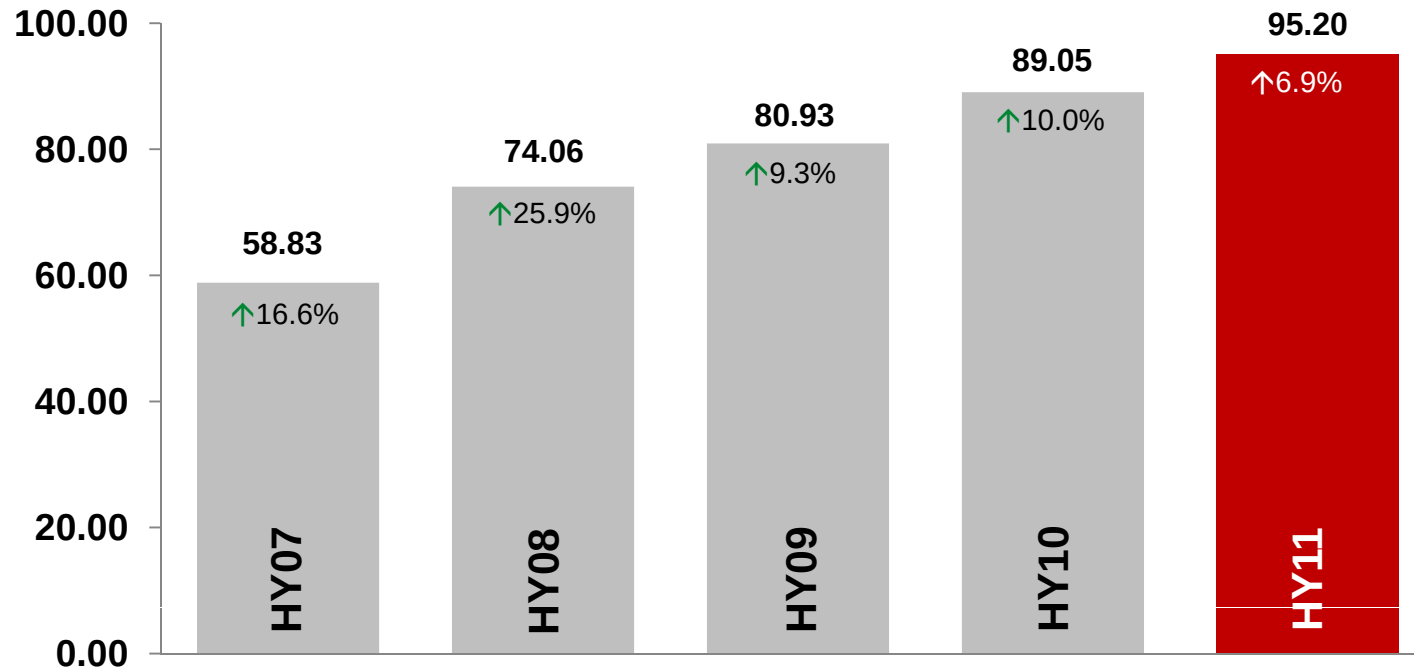
1. Includes Danks Wholesale and Retail sales for 8 weeks from 11 November 2009

EBIT – up 6.2% growing faster than sales

\$m	HY10	HY11	Change
Australian Food and Liquor	1,299.4	1,404.8	8.1%
<i>New Zealand Supermarkets (NZD)</i>	<i>116.6</i>	<i>134.3</i>	<i>15.2%</i>
New Zealand Supermarkets (AUD)	96.9	108.6	12.1%
Petrol	51.2	63.4	23.8%
Supermarkets Division	1,447.5	1,576.8	8.9%
BIG W	150.8	125.0	(17.1)%
Consumer Electronics - Aust / NZ	34.6	20.0	(42.2)%
Consumer Electronics - India	0.2	2.3	N/A
Consumer Electronics - Total	34.8	22.3	(35.9)%
General Merchandise - Total	185.6	147.3	(20.6)%
Hotels	114.6	111.9	(2.4)%
Total Trading Result	1,747.7	1,836.0	5.1%
Property Income / (Expense)	0.7	6.7	N/A
Central Overheads	(65.2)	(55.7)	14.6%
Group EBIT	1,683.2	1,787.0	6.2%

Earnings per share – up 6.9%

Cents



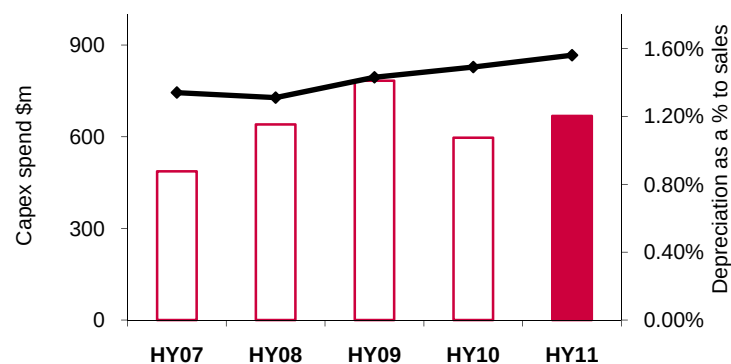
Capital Expenditure – Half Year

\$m	HY10 Actual	HY11 Actual
New Stores	118	164
Refurbishments	327	309
Growth Capex	445	473
Stay in Business	111	106
Supply chain and Data Centre	41	74
Home Improvement		13
Normal and Ongoing Capex	597	666
Property Developments (net of sales)	258	343
Net Capex	855	1,009
Included above is		
New Zealand Supermarkets	94	131

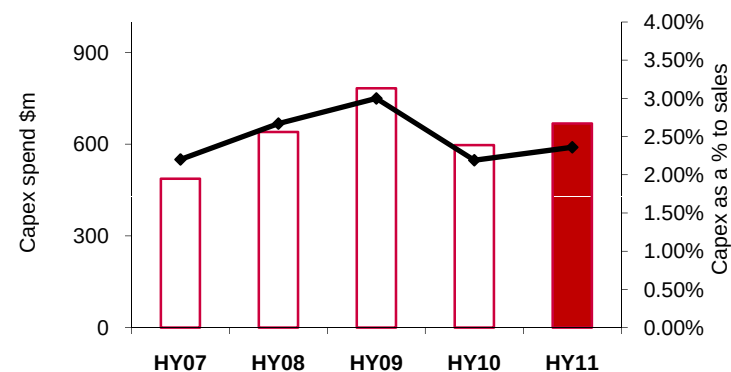
Store numbers	New Stores ¹		Refurbs	
	2011	2010	2011	2010
Australian Supermarkets ²	12	21	41	42
Liquor	41	34	31	35
PEL - NZ Supermarkets	8	2	13	19
Petrol	9	10	-	-
BIG W	3	3	9	9
Consumer Electronics – Australia & New Zealand	31	13	17	24
Hotels	2	6	28	25
Danks	9	-	-	-
Group	115	89	139	154

1. Gross store openings
2. Includes attached liquor

Normal and Ongoing Capex \$m, Depreciation % to Sales



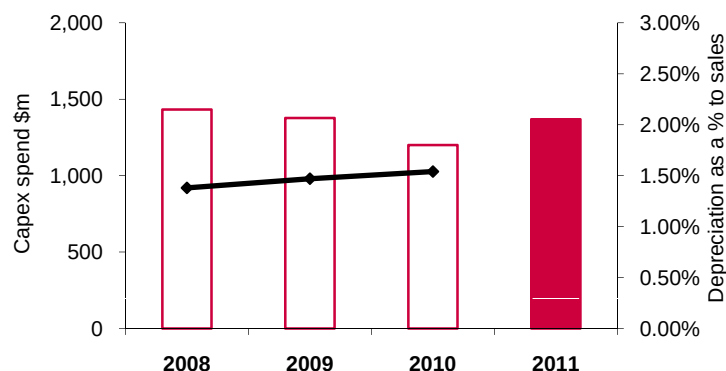
Normal and Ongoing Capex \$m, Capex % to Sales



Capital Expenditure – Full Year

\$m – 2011	Current Fcst	Previous Fcst	Var
New Stores	307	231	76
Refurbishments	542	666	(124)
Growth Capex	849	897	(48)
Stay in Business	266	290	(24)
Supply chain & Data Centre	189	176	13
Home Improvement	65	84	(19)
Normal and Ongoing Capex	1,369	1,447	(78)

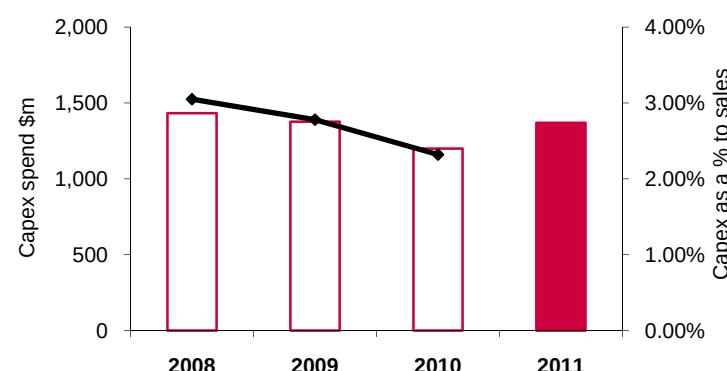
Normal and Ongoing Capex \$m, Depreciation % to Sales



\$m – Full Year	Current Fcst	Previous Fcst	Var
Property Developments (net of sales)	612 ¹	554 ²	58
Net Capex	1,981	2,001	(20)
Included above is			
Supermarkets New Zealand	241	241	-

\$m – Full Year	2009 Actual	2010 Actual	2011 Fcst
New Stores	254	225	307
Refurbishments	652	622	542
Growth Capex	906	847	849
Stay in Business	326	229	266
Supply chain & Data Centre	145	119	189
Home Improvement		5	65
Normal and Ongoing Capex	1,377	1,200	1,369

Normal and Ongoing Capex \$m, Capex % to Sales



\$m – Full Year	2009 Actual	2010 Actual	2011 Fcst
Property Developments (net of sales)	340	620 ³	612 ¹
Net Capex	1,717	1,820	1,981
Included above is			
Supermarkets New Zealand	205	198	241

1. Includes capital for Home Improvement for the first half (not for the second half) and excludes the property sale program expected this year

2. Excludes capital for Home Improvement and excludes the property sale program expected this year

3. Includes capital for Home Improvement

Capital Expenditure – Notes

New Stores	Reflects the continued rollout of new stores across all our brands. Capital spend increased in HY11 as a result of more new stores being completed (115: HY11 vs 89: HY10). The full year forecast increase is mainly driven by a continuation of this trend into the second half
Refurbishment	Reflects the continuation of refurbishment activity across our brands. Capital spend reduced in HY11 mainly as a result of less stores being refurbished (139: HY11 vs 154: HY10). For FY11 the total number of stores being refurbished is in line with our original forecast, with savings obtained through improved procurement and less expensive refurbishments being completed
Stay In Business	Includes expenditure on a variety of IT projects including enhancement of our data analytics capabilities; merchandising systems upgrade and other equipment. While capital in HY11 is in line with the amount spent in HY10, the full year forecast reduction is the result of a re-prioritisation of non-critical IT projects
Supply Chain	Includes investment in a new National Distribution centre in Auckland, BIG W and Consumer Electronics / Home Improvement Distribution centres in Hoxton Park, Re-engineering of the Melbourne National Distribution centre, a new Meat processing plant in Western Australia and the purchase of trailers for our national metro transport network. The increase in the half and the full year forecast reflects the larger scale planned projects in 2011 and the timing of spend on these projects

We continue to invest in each of our businesses

Capital Expenditure – Notes

Home Improvement	Includes capital for the fit-out of new stores, IT and Supply Chain. The reduction in FY11 spend is a timing issue as the construction of the new stores has been slightly slowed due to the recent bad weather
Supermarkets New Zealand	Includes investment in property pipeline, continuation in the refurbishment activity across our stores and investment in supply chain. The 2011 capital includes the investment in the National Distribution centre in Auckland to be completed in FY11. Capital spend increased in HY11 as a result of the timing of the spend of the National distribution centre and increased property development spend to secure sites. The current full year forecast remains in line with our original forecast
Property Developments (net of sale)	The increase in HY11 reflects a higher level of property development, driven by Home Improvement, partially offset by higher property sales. The current full year forecast is significantly higher as a result of inclusion of first half Home Improvement property developments (not included in the original forecast), partially offset by higher property sales. The second half forecast does not include the cost of Home Improvement property developments nor the property sales program expected to be completed this year

We continue to invest in each of our businesses