

Woolworths Holdings Limited  
(Incorporated in the Republic of South Africa)  
Registration number 1929/001986/06  
Share code: WHL  
Share ISIN: ZAE000063863  
Bond code: WHLI  
( 'the Group', 'the Company' or 'WHL' )

PRELIMINARY AUDITED GROUP RESULTS FOR THE 53 WEEKS ENDED 30 JUNE 2019 AND CASH DIVIDEND DECLARATION

HIGHLIGHTS

	52:52 weeks	53:52 weeks
Turnover and concession sales*	+3.9% to R78.2 billion	+5.9% to R79.7 billion
Adjusted profit before tax	-3.7% to R4.6 billion	-0.2% to R4.8 billion
Headline earnings per share	-4.6% to 330.4 cps	-1.0% to 342.9 cps
Adjusted diluted headline earnings per share	-2.1% to 356.3 cps	+1.3% to 368.7 cps
Loss per share	-126.0 cps from -369.5 cps	-113.4 cps from -369.5 cps
Total dividend per share		-20.3% to 190.5 cps
Return on equity**		17.5% from 18.0%

\* Excludes impact of IFRS 15

\*\* David Jones asset impairment added back

COMMENTARY

Challenging economic and trading conditions in both South Africa and Australia continued to weigh on Group results. In South Africa, a steady improvement in the Woolworths Fashion business was experienced throughout the second half of the year. In Australia, David Jones experienced peak disruption from the refurbishment of the company's flagship Sydney store, impacting their sales by approximately 3.0% in the second half of the year.

An impairment charge of A\$437.4 million (net of deferred tax) was recognised at 30 June 2019, reducing the valuation of David Jones to approximately A\$965.0 million. A strategic review of the David Jones store portfolio also identified stores with onerous leases, resulting in an additional provision of A\$22.4 million. The impairment reflects the economic headwinds and the accelerating structural changes affecting the Australian retail sector as well as the performance of the business, which has fallen short of expectations. The WHL Board believes that the valuation of David Jones is realistic and reflective of its prospects. The Board is focused on the turnaround of David Jones and is ensuring that the business effects the necessary actions.

Our statutory financial results are prepared on a 53-week basis. However, to facilitate comparison against the prior year, this commentary refers to a pro forma 52-week period, and excludes the impact of IFRS 15.

Woolworths SA ('WSA')

Sales for the year increased by 5.8%, buoyed by an acceleration in the second half of 8.0%, with stronger performances in the second half from both the Fashion and Food businesses. Our online business grew by 28.7%, contributing 1.0% to total sales.

Woolworths Fashion, Beauty and Home ('FBH')

Sales increased by 1.5% for the year (comparable store sales up 1.0%), with second half sales up 5.5%, as a result of the focus on core ranges and basics, backed by improved availability. Price movement for the year for Fashion was 2.5%. Net retail space declined by 0.1%, with the focus on productivity and operating efficiencies in existing space.

Gross profit margin increased by 0.9% to 47.6%, as a result of lower markdowns. Expenses grew by 5.1%, while store costs increased by 3.5%. Operating profit declined by 1.1% to R1 688 million, with an

operating margin of 12.1%, with operating profit increasing in the second half by 15.7%.

#### Woolworths Food

Sales increased by 7.7% for the year (comparable store sales 5.4% up), with second half growth of 9.0%, driven by further investment in price, innovation and convenience, resulting in strong volume growth. Price movement was 1.8% and net space grew by 2.0%.

Gross profit margin was 0.1% lower than the prior period as a result of the price investment. Expenses grew by 7.5% and operating profit increased by 5.4% to R2 283 million, with an operating margin of 7.2%.

#### Woolworths Financial Services

The Woolworths Financial Services book reflected positive year-on-year growth of 7.4%. The impairment rate for the 12 months ended 30 June 2019 was 3.7% under IFRS 9 (4.6% adjusted under IAS 39). The Group implemented IFRS 9 with effect from the beginning of the 2019 financial year.

#### David Jones

Turnover and concession sales declined by 0.8% for the year, with comparable store sales 0.1% lower. The Elizabeth Street store refurbishment is on track to be completed by the end of the third quarter of the 2020 financial year. Net retail space grew by 0.4% with the opening of two new stores. Space reduction to improve the productivity of the existing store portfolio is a priority.

Following the recent re-platforming of our online business, we have seen significant growth in online sales of 46.8%, now contributing 7.7% to total sales.

Gross profit margin was 1.1% lower than the prior period as a result of higher markdowns and an increased focus on clearance. Store costs increased by 1.9%, while other operating costs were 6.6% lower as a result of various cost savings initiatives. Operating profit declined to A\$37.0 million with an operating margin of 1.7%.

The Elizabeth Street store's fashion and beauty floors will be completed ahead of the Christmas trading period, with the below-ground food and home floors opening in March 2020.

#### Country Road Group

Sales for the year grew by 0.5% (comparable store sales 0.6% lower), with sales growth slowing in the second half in line with the market. Online sales in Australasia grew by 12.9%, representing 20.3% of sales. Net retail space reduced by 2.9% with further space reduction a priority as the contribution from online sales increases.

Gross profit margin improved by 0.6% to 63.4% due to higher full-priced sales and improved sourcing. Expenses grew by 2.3% and operating profit decreased by 2.9% to A\$100.0 million, resulting in an operating margin of 9.3%.

#### Group earnings

Headline earnings per share ('HEPS') and adjusted diluted HEPS, both of which exclude the impairment of David Jones assets, decreased by 4.6% and 2.1% respectively, on a comparable 52-week basis. Earnings per share, which includes the impairment, was -126.0 cents for the 52-week comparable period.

#### Outlook

In South Africa, consumer spending is expected to remain constrained. However, we expect Food to continue to trade ahead of the market and for FBH to continue its turnaround.

In Australia, we believe the retail market will continue to be tough with heavy discounting and promotional activity.

We remain committed to delivering our strategies and invest in initiatives that drive growth and efficiencies, while focusing on reducing costs, improving cash flows and strengthening the balance

sheet.

Any reference to future financial performance included in this statement has not been reviewed or reported on by the Group's external auditors and does not constitute an earnings forecast.

#### CHANGES TO THE BOARD OF DIRECTORS

As previously announced on the Stock Exchange News Service ('SENS'), the following changes to the Board of Directors were effected during the year under review:

- Ms Sizakele Mzimela - resigned from the Board on 5 November 2018.
- Mr Hubert Brody - appointed as Deputy Chairman on 12 November 2018.
- Messrs Simon Susman (Chairman) and Tom Boardman (Lead Independent Director) - will step down from the Board with effect from the conclusion of the 2019 WHL Annual General Meeting.
- It is anticipated that Mr Brody will be appointed as Chairman of the Board and Ms Zarina Bassa as the Lead Independent Director with effect from the conclusion of the 2019 WHL Annual General Meeting.
- Mrs Gail Kelly and Mr Patrick Allaway - resigned from the Board on 8 February 2019.
- Mr David Kneale and Ms Thembisa Skweyiya - appointed to the Board as Non-executive Directors on 11 March 2019.
- Ms Belinda Earl - appointed to the Board as a Non-executive Director on 1 July 2019.
- Mr Christopher Colfer - appointed to the Board as a Non-executive Director on 1 July 2019. He will also serve on the Group's Australian subsidiaries' boards and committees and chair certain of the committees.
- Mr Clive Thomson - appointed to the Board as a Non-executive Director on 19 August 2019. He will also chair the Woolworths South Africa's Audit Review Panel and the Audit Committees of David Jones and Country Road Group.
- Mr Susman will become Honorary Life President upon conclusion of the 2019 WHL Annual General Meeting, following his stepping down as a director.

The Board expresses its appreciation to the directors who have left the Board and welcomes all new directors. The Board previously reported that it has commenced the process of recruiting a successor for the Group Chief Executive Officer, Ian Moir. The process is extensive and the Board is satisfied with its progress. In addition, the Board has requested the Group Chief Executive Officer to spend significantly more time in Australia, overseeing the David Jones turnaround in the capacity of Acting Chief Executive Officer of David Jones. Accordingly, Ian will now be primarily based in Australia. His Group responsibilities will continue.

SN Susman  
Chairman  
Cape Town, 28 August 2019

I Moir  
Group Chief Executive Officer

#### DIVIDEND DECLARATION

As announced on SENS on 20 February 2019, the Group's interim and final dividends will be based on a cover ratio of 1.45 times headline earnings of the combined Woolworths South Africa ('WSA') business segments (FBH, Food and Woolworths Financial Services), whilst no dividend will be paid from the Australian businesses during this period.

Notice is hereby given that the Board of Directors has declared a final gross cash dividend per ordinary share ('dividend') of 98.5 cents (78.8 cents net of dividend withholding tax) for the 53 weeks ended 30 June 2019, a 24.5% decrease on the prior year's 130.5 cents per share. This brings the total dividend for the year to 190.5 cents, a 20.3% decrease on the prior year's total dividend of 239.0 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 1 048 466 077 ordinary shares.

The salient dates for the dividend will be as follows:

Last day of trade to receive a dividend	Tuesday, 17 September 2019
Shares commence trading 'ex' dividend	Wednesday, 18 September 2019
Record date	Friday, 20 September 2019
Payment date	Monday, 23 September 2019

Share certificates may not be dematerialised or rematerialised between Wednesday, 18 September 2019 and Friday, 20 September 2019, both days inclusive. Ordinary shareholders who hold dematerialised shares will have their accounts at their CSDP or broker credited or updated on Monday, 23 September 2019. 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.

CA Reddiar  
Group Company Secretary  
Cape Town, 28 August 2019

ABOUT THIS ANNOUNCEMENT  
Statement and availability

This short form announcement is the responsibility of the directors and is only a summary of the information in the full announcement. The preliminary audited Group results were approved by the Board of Directors on 28 August 2019, and the information in this announcement has been correctly extracted from the audited Annual Financial Statements, upon which EY have issued an unqualified report. The auditors' report does not necessarily report on all the information contained in this announcement. Shareholders and bondholders are therefore advised that, in order to obtain a full understanding of the nature of the auditors' engagement, they should obtain a copy of the auditors' report, together with the accompanying financial information from the Company's registered office. Any investment decisions by investors and/or shareholders and/or bondholders should be based on consideration of the full announcement, published and available at:  
<https://senspdf.jse.co.za/documents/2019/JSE/ISSE/WHLE/WHLFY19.pdf> and on the Company's website: <https://www.woolworthsholdings.co.za/wp-content/uploads/2019/08/whlfy19.pdf>. The full announcement is also available at our registered office, Woolworths House, 93 Longmarket Street, Cape Town 8001, for inspection, at no charge, during normal business hours from 13 September 2019 to 27 November 2019. Investors and/or shareholders and/or bondholders may request copies of the full announcement from the Group Company Secretary at [Governance@woolworths.co.za](mailto:Governance@woolworths.co.za).

DIRECTORATE AND STATUTORY INFORMATION

Non-executive Directors

Simon Susman (Chairman), Hubert Brody (Deputy Chairman), Zarina Bassa, Tom Boardman (Lead Independent Director), Christopher Colfer (Canadian), Belinda Earl (British), Andrew Higginson (British), David Kneale (British), Nombulelo Moholi, Thembisa Skweyiya, Clive Thomson

Executive Directors

Ian Moir (Group Chief Executive Officer) (Australian), Reeza Isaacs (Group Finance Director), Sam Ngumeni, Zyda Rylands

Group Company Secretary  
Chantel Reddiar

Share code  
WHL

Share ISIN  
ZAE000063863

Bond code  
WHLI

Registered address

Woolworths House, 93 Longmarket Street  
Cape Town 8001, South Africa  
PO Box 680, Cape Town 8000, South Africa

Registration number

1929/001986/06

Tax number

9300/149/71/4

JSE sponsor

Rand Merchant Bank (A division of FirstRand Bank Limited)

Transfer secretaries

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15 Biermann Avenue, Rosebank 2196, South Africa