

Woolworths Holdings Limited
(Incorporated in the Republic of South Africa)
Registration number 1929/001986/06
LEI: 37890095421E07184E97
Share code: WHL
Share ISIN: ZAE000063863
Bond code: WHLI
('the Group', 'the Company' or 'WHL')

UNAUDITED INTERIM GROUP RESULTS FOR THE 26 WEEKS ENDED 29 DECEMBER 2019 AND
CASH DIVIDEND DECLARATION

FINANCIAL OVERVIEW

Adoption of IFRS 16: Our statutory results for this period include the first time adoption of IFRS 16 on a modified retrospective basis, with no restatement of the prior period reported results. The key financial metrics reflect the results on a post and pre IFRS 16 basis; however, to aid comparability, the commentary that follows excludes the impact of IFRS 16.

	Post IFRS 16	Pre IFRS 16
Turnover and concession sales	+3.8% to R40.9 billion	
Adjusted profit before tax	-21.0% to R2.1 billion	-12.3% to R2.4 billion
Earnings per share	-16.9% to 164.1 cps	-9.0% to 179.8 cps
Headline earnings per share	-17.7% to 164.9 cps	-10.1% to 180.2 cps
Adjusted diluted headline earnings per share	-20.1% to 162.2 cps	-11.7% to 179.1 cps
Interim dividend per share	-3.3% to 89.0 cps	
Return on equity*	15.8% from 16.6%	15.3% from 16.6%

* David Jones asset impairment added back

COMMENTARY

Group turnover and concession sales for the 26 weeks ended 29 December 2019 ('current period') increased by 3.8% compared to the 26 weeks ended 23 December 2018 ('prior period') and by 4.6% in constant currency terms. As previously reported, the 2019 financial year had a 53-week year, which resulted in a shift in trading weeks in 2020 compared to the prior financial year. This shift resulted in the Christmas week, including Boxing Day which is a significant trading day in Australia, falling into the first half of the current year compared to the second half of the prior year.

Woolworths SA

In South Africa, the constrained economic environment, exacerbated by the disruption to trade caused by power outages, unseasonal weather in parts of the country and an underperformance in clothing led to a slower second quarter.

Woolworths Fashion, Beauty and Home ('FBH')

Sales and comparable store sales both grew by 2.2% and by 0.9% after adjusting for the shift in trading weeks. Price movement in Fashion categories was 4.0% and overall net space growth across FBH was 1.2%. Our Black Friday performance was disappointing due to under-participation. Womenswear underperformed as a result of some product failure, a lack of newness in summer and higher price points, which also impacted sales and volumes.

Gross profit margin decreased by 0.5% to 46.6% mainly due to stock write-offs as South African brands exit the Australian market. Expenses grew by 4.8%, while store costs increased by 3.7%, resulting in negative operating leverage. Operating profit decreased by 8.9% to R834 million, with an operating margin of 11.5%.

Woolworths Food

Turnover and concession sales increased by 8.1%, and by 7.8% after adjusting for the shift in trading weeks, with comparable store sales 5.4% higher and price movement of 5.1%. The business has maintained positive volume growth for the period and continues to grow market share. Net space growth was 4.0%.

Gross profit margin of 24.6% was in line with the prior period despite further price investment. Expenses grew by 8.5% and operating profit increased by 8.0% to R1 157 million, with an operating margin of 6.9%.

Woolworths Financial Services

The Woolworths Financial Services book reflected positive year-on-year growth of 8.3% as at the end of December 2019. The annualised impairment rate for the six months ended 31 December 2019 was 3.3% (six months ended 31 December 2018: 3.2%).

David Jones

Turnover and concession sales for the period increased by 4.9%, but were disappointingly 0.5% lower after adjusting for the shift of the Christmas week. The bushfires impacted footfall and sales at the end of the half, although sales were up 1.3% for the second quarter and we gained market share in a tough market. The disruption from the Elizabeth Street store refurbishment had a significant impact, but this was reduced in the last two weeks of December subsequent to the opening of the ground floor. Comparable store sales (which include online) were 0.4% lower after adjusting for the trading week shift. Online sales grew by 61.8% and now comprise 10.4% of total sales.

Gross profit margin was 2.9% lower than the prior period due to the inclusion of Boxing Day clearance in the first half, a higher proportion of promotional sales, disruption from refurbishments and reversal of certain inventory related provisions in the first half of last year. Store costs increased by 4.7%, while other operating costs were flat on the prior period. Operating profit declined to A\$20.0 million, with an operating margin of 1.7%.

Country Road Group

Sales, which were also impacted by the bushfires, declined by 2.5%. However, sales increased by 3.3% excluding the impact of the Myer exit. Comparable store sales (which include online) grew by 0.1% after adjusting for the shift in trading weeks. Online sales in Australasia grew by 6.2% and now represents 21.4% of total Australasia sales. Net space in the Country Road Group reduced by 8.1%, which includes the space exited in Myer. The Myer transfer to other channels has been better than expected. Gross profit margin declined by 1.7% to 62.3% due to lower full-priced sales. Expenses were 4.1% lower due to the Myer exit. Operating profit decreased by 8.2% to A\$56.0 million, resulting in an operating margin of 10.4%.

As the contribution from online sales increases, the reduction of unproductive space remains a priority in David Jones and the Country Road Group.

Group earnings

Earnings per share and headline earnings per share ('HEPS') decreased by 9.0% and 10.1% respectively. Adjusted diluted HEPS decreased by 11.7% to 179.1 cents per share.

Outlook

In South Africa, consumers remain under pressure from a weak economy amidst continued power outages. FBH will focus on improving performance through better pricing and ranges, particularly in Womenswear. Food is expected to continue to trade ahead of the market.

In Australia, consumer spending is likely to be muted in the short-term due to stagnant wage growth and the impact of the bushfires. The heightened levels of competition and promotional activity is expected to continue. David Jones is expected to benefit from the completion of the Elizabeth Street store refurbishment, with trade normalising from the fourth quarter and the Market Street rent ceasing from FY2021.

Online is an increasingly important channel for the Group and we continue to invest in this growth driver.

The Coronavirus is significantly impacting tourism, footfall and sales in Australia. A further impact on sourcing is also expected across the Group. The Group is currently actively considering ways to mitigate the risks associated with the Coronavirus.

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 advised on the JSE Stock Exchange News Service, the following changes to the Board of Directors were effected during the period under review:

- Ms Belinda Earl and Mr Christopher Colfer were appointed to the Board as Non-executive Directors on 1 July 2019.
- Mr Clive Thomson was appointed to the Board as a Non-executive Director on 19 August 2019 and as Chairman of the Audit Committee on 27 November 2019.
- Messrs Simon Susman and Tom Boardman stepped down from the Board with effect from the conclusion of the 2019 WHL Annual General Meeting.
- Mr Hubert Brody and Ms Zarina Bassa were appointed as Chairman of the Board and Lead Independent Director respectively with effect from the conclusion of the 2019 WHL Annual General Meeting.
- Mr Ian Moir resigned as WHL Group Chief Executive Officer ('CEO') and as an Executive Director with effect from 16 February 2020.
- Mr Roy Bagattini was appointed as WHL CEO and as an Executive Director with effect from 17 February 2020.

The Board wishes to thank Ian for his stewardship of the business over the past nine years during which he oversaw a period of significant growth and transformation and welcomes Mr Bagattini as the new WHL CEO.

H Brody
Chairman
Cape Town, 19 February 2020

R Bagattini
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 89.0 cents (71.2 cents net of dividend withholding tax) for the 26 weeks ended 29 December 2019, a 3.3% decrease on the prior period's 92.0 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 1 048 533 621 ordinary shares.

The salient dates for the dividend will be as follows:

Last day of trade to receive a dividend	Tuesday, 10 March 2020
Shares commence trading 'ex' dividend	Wednesday, 11 March 2020
Record date	Friday, 13 March 2020
Payment date	Monday, 16 March 2020

Share certificates may not be dematerialised or rematerialised between Wednesday, 11 March 2020 and Friday, 13 March 2020, both days inclusive. Ordinary shareholders who hold dematerialised shares will have their accounts at their CSDP or broker credited or updated on Monday, 16 March 2020. 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, 19 February 2020

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 unaudited interim Group results were approved by the Board of Directors on 19 February 2020, and the information in this announcement has been correctly extracted from the unaudited interim Group results. 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/2020/JSE/ISSE/WHLE/WHLFY20.pdf> and on the Company's website: <https://www.woolworthsholdings.co.za/wp-content/uploads/2020/02/whlfy20.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 20 February 2020 to 31 March 2020. Investors and/or shareholders and/or bondholders may request copies of the full announcement from the Group Company Secretary at Governance@woolworths.co.za.

DIRECTORATE AND STATUTORY INFORMATION

Non-executive Directors

Hubert Brody (Chairman), Zarina Bassa (Lead Independent Director), Christopher Colfer (Canadian), Belinda Earl (British), Andrew Higginson (British), David Kneale (British), Nombulelo Moholi, Thembisa

Skweyiya, Clive Thomson

Executive Directors

Roy Bagattini (Group Chief Executive Officer), Reeza Isaacs (Group Finance Director), Sam Ngumeni,
Zyda Rylands

Group Company Secretary

Chantel Reddiar

Registration number

1929/001986/06

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Share code

WHL

Share ISIN

ZAE000063863

Bond code

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Registered address

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

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, South Africa