

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
('WHL' or 'the Group')

TRADING UPDATE FOR THE 52 WEEKS ENDED 28 JUNE 2020

Further to WHL's operational update on 6 April 2020 and update on the Group's strategic initiatives on 27 May 2020, both of which were published on the Johannesburg Stock Exchange News Service ('SENS'), we wish to provide WHL stakeholders with a further trading update.

The extremely challenging trading conditions brought about by Covid-19 placed significant pressure on the performance of the Group. Group sales for the year ended 28 June 2020 ('current year') on a 52 week comparable basis were 0.1% lower compared to the pro forma year ended 23 June 2019 ('prior year'), and declined by 1.1% in constant currency terms.

As previously reported, the current year had 52 trading weeks compared to 53 trading weeks for the year ended 30 June 2019, which resulted in a shift in trading weeks between the respective halves which should also be taken into account when comparing year-on-year performance. The table below reflects sales growth for the current year both on a statutory (current year versus the reported 53-week financial year) as well as comparable pro-forma (current year versus the 52-week prior year) basis:

	Total sales growth		Comparable sales growth 52:52 weeks	Price movement	Net retail space
	52:53 weeks	52:52 weeks			
Woolworths Fashion, Beauty and Home ('FBH')	-12.4%	-10.7%	-10.9%	0.7%	1.0%
Woolworths Food*	+8.6%	+10.7%	+8.0%	6.5%	2.6%
David Jones ('DJ')* [A\$]	-8.0%	-6.3%	-6.9%		-0.8%
Country Road Group ('CRG') [A\$]	-15.7%	-14.3%	-8.7%		-5.3%
Group*	-1.9%	-0.1%			
Group* [Constant currency]	-2.9%	-1.1%			

* Including concession sales

All sales growth figures and commentary below relates to a 52-week period, adjusted for the shift in trading weeks between halves.

Second half ('H2') performance

The sales performance for H2 of FY20 was significantly impacted by Covid-19 following the temporary closure of the majority of the Group's non-food stores, coupled with the decline in foot traffic and consequent loss of trade. Pursuant to the recent announcements on SENS which provided an update on the first seventeen weeks of trade in H2, the table below reflects sales growth for the last nine weeks of trade.

First nine weeks Second eight weeks Last nine weeks

	of H2 FY20	of H2 FY20	of H2 FY20
Woolworths FBH	+1.9%	-61.4%^	-12.4%
Woolworths Food*	+7.5%	+17.4%	+16.1%
DJ* [A\$]	+0.5%	-35.8%	-8.1%
CRG [A\$]	+1.7%	-50.4%^	-20.9%
Group*	+4.2%	-17.0%	+4.7%

^ Sales decline for the eight-week period taking into account store closures in excess of four weeks

* Including concession sales

The easing of restrictions from the beginning of May 2020 in South Africa and Australia saw Group turnover and concession sales growing by 4.7% in the last nine weeks (-0.9% in constant-currency terms) of the period, versus the 17.0% decline in the preceding eight weeks. To stimulate trade and manage inventory levels throughout this period, management executed a series of focused promotional and clearance initiatives targeted at generating and preserving cash. While this negatively impacted GP margin, it has resulted in better inventory levels and an improved working capital and net gearing position at year-end.

Southern Africa

Woolworths Food continued its positive momentum into the last nine weeks of H2, growing sales by 16.1%, as the easing of regulations allowed Woolworths Food to trade in categories that were previously restricted. This top-line result was achieved notwithstanding the constrained environment and the intermittent closure of specific stores for deep cleaning in instances of Covid-19 disruptions. Price movement of 6.5% for the current year reflects the impact of reduced footfall but bigger baskets and bulk packs. There was a significant focus on improving Woolworths's online fulfilment capability, such as click and collect and increased delivery slots, to meet the increased demand through this channel, which saw online food sales growing by 87.8% in H2. Notwithstanding this, we recognise that this is not yet at optimal levels and are prioritising our efforts to improve this capability.

Woolworths Fashion Beauty Home ('FBH') re-opened stores from the beginning of May 2020, following the easing of restrictions that permitted the sale of essential items such as winter clothing, footwear, personal care and bedding, with all categories trading from mid-May 2020. This saw the pace of sales decline slowing to 12.4% in the last nine weeks of H2, versus the 61.4% decline in the preceding eight-week period. FBH online sales grew by 41.3% during H2.

Woolworths Financial Services ('WFS') was negatively impacted by the closure of stores, lower non-essential spend and lower prevailing interest rates, all of which placed pressure on book and revenue growth. The deterioration in customer collections and macroeconomic indicators resulted in higher impairments over the period. The WFS book reflected positive year-on-year growth of 2.0% (9.0% at 31 March 2020), while the impairment rate for the 12 months ended 28 June 2020 was 7.9% (12 months ended 30 June 2019: 3.7%; 9 months ended 31 March 2020: 4.2%).

Australasia

David Jones ('DJ') sales in the last nine weeks of H2 declined by 8.1% relative to the prior year, an improvement on the prior eight-week period, as restrictions began to ease in most parts of the region resulting in a gradual improvement in foot traffic. The decline in store sales was partly mitigated by the significant shift to online, which saw the channel growing by 100.7% in H2, and contributing 18.4% to sales. The Elizabeth Street store redevelopment has been completed with all floors trading from 4 April 2020. While the impact of lower foot traffic and the decline in tourism has been more pronounced in the CBD locations, the store is trading ahead of the remaining DJ store portfolio.

Country Road Group ('CRG') began a phased re-opening of stores from 21 May 2020 following a 2-month closure, resulting in a moderate improvement in trade with sales in the last nine weeks declining by 20.9%. Sales in CBD and airport store locations continue to be significantly impacted. Online sales remain strong, growing by 28.1% in H2, and contributing 33.5% of total sales. The exit from Myer in August 2019 coupled with the closure of unprofitable stores at lease expiry resulted in a 5.3% reduction in CRG's retail space.

CONCLUSION

The operating environment is challenging and fluid, and will remain so for the foreseeable future. Operations are being dynamically managed in terms of Covid-19 guidelines across Southern Africa and Australasia. The pandemic remains a part of our daily lives, and continues to disrupt our local and international supply chains, our store operations, and the availability of products and services to our customers. This is a challenge that the Group is continuing to monitor and manage carefully.

The Group's cash management, proactive engagement with lenders and other operational actions taken have ensured that the balance sheet remains robust, and the Board and management team remain resolutely focused on positioning the business to deliver sustainable long-term shareholder value. Progress against the key strategic projects outlined in the SENS announcement of 27 May 2020 is ongoing, and management looks forward to providing a further update in this regard as part of the Group's financial results for the current year.

Pursuant to our trading statement of 6 April 2020, a further trading statement will be issued in order to provide specific guidance once the Group is reasonably certain regarding the earnings per share ('EPS') and headline earnings per share ('HEPS') ranges for the current year.

CONSTANT CURRENCY INFORMATION

The constant currency information contained in this announcement has been presented to illustrate the impact of changes in the Group's major foreign currency, the Australian dollar. In determining the constant currency turnover and concession sales growth rate, turnover and concession sales denominated in Australian dollars for the current year have been adjusted by application of the aggregated monthly average Australian dollar exchange rate for the prior year. The aggregated monthly average Australian dollar exchange rate is 10.43 for the current year and 10.15 for the prior year. The foreign currency fluctuations of WHL's rest of Africa operations are not considered material, and have therefore not been applied in determining the constant currency turnover and concession sales growth rate.

The aggregated monthly average Australian dollar exchange rates for H2 FY20 are reflected in the table below:

	H2 FY20	H2 FY19	Exchange rate use in H2 FY20	Exchange rate use in H2 FY19
First nine weeks of H2 FY20	30 December 2019 to 1 March 2020, both days inclusive	24 December 2018 to 24 February 2019, both days inclusive	9.95	9.93
Second eight weeks of	2 March 2020 to 26 April 2020, both days inclusive	25 February 2019 to 21 April 2019, both days inclusive	10.93	10.12

H2 FY20				
Last nine weeks of H2 FY20	27 April 2020 to 28 June 2020, both days inclusive	22 April 2019 to 23 June 2019, both days inclusive	11.60	10.07

The constant currency information, which is the responsibility of the Group's directors, has been prepared for illustrative purposes only and may not fairly present the Group's financial position, changes in equity, cash flows or results of operations.

The information contained in this announcement, including estimated financial information, pro forma financial information relating to the prior year and constant currency information has not been reviewed or reported on by the Group's external auditors.

Contact:

Reeza Isaacs (Group Finance Director)
Reezalsaacs@woolworths.co.za

Jeanine Womersley (Investor Relations)
JeanineWomersley@woolworths.co.za
InvestorRelations@woolworths.co.za

Cape Town
24 July 2020

Sponsor

Rand Merchant Bank (A division of FirstRand Bank Limited)