

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

## **TRADING UPDATE FOR THE 20 WEEKS ENDED 15 NOVEMBER 2020**

Group sales for the first 20 weeks of the 2021 financial year (‘current period’) increased by 3.5% compared to the 20 weeks ended 17 November 2019 (‘prior period’) and by -2.0% in constant currency terms.

Trading conditions across the Group continued to be impacted by Covid-19. The changes in consumer behaviour which prevailed during the last quarter of the 2020 financial year have largely persisted, with store footfall, particularly in large shopping centres, CBD and airport locations, at significantly lower levels than the prior period. Recovery in Australia was hampered by the imposition of the stage 4 lockdown in the State of Victoria from 6 August to 28 October, resulting in unplanned store closures. Inventory levels remain well managed, assisted by the ongoing shift to online across all businesses, however the pandemic continues to disrupt supply chains both locally and globally, which we are monitoring and managing carefully. Group cash flow remains positive and net debt levels have continued to decline in both South Africa and Australia. Additionally, the various initiatives underway to ensure a more sustainable funding structure of our Australian entities are progressing well.

### **Southern Africa**

In South Africa, the Covid-19 restrictions were eased to level 2 from 17 August and to level 1 from 21 September, which effectively removed most remaining restrictions on trade. However, whilst the National State of Disaster remains in place, economic recovery is slow and consumer confidence remains low.

Woolworths Food remained resilient throughout this period, continuing its positive momentum with volume growth and market share gains despite trade restrictions and disruptions from temporary Covid-19 related store closures. Sales grew by 10.6% and by 9.0% in comparable stores, with net space growth of 1.4%. Price movement of 7.1% was impacted by mix, with reduced demand for lunchtime and snacking products and customers opting for larger pack sizes. Underlying product inflation averaged 4.7% over the period. The recently announced price investment across key product lines will temper price movement going forward.

Woolworths Fashion, Beauty and Home (‘FBH’) continued to be affected by the constrained environment. The winter clearance sale was much smaller than that of the prior period and, together with a significant drop in demand for formalwear, negatively impacted sales growth for the period, which declined by 14.6%. Comparable store sales were also 14.6% lower on a 1.9% price movement, while net space reduced by 0.5%. The launch of summer ranges, together with the earlier commencement of our Black Friday promotions, has resulted in positive sales growth in the last three weeks of the period.

Woolworths Financial Services (‘WFS’) continues to be negatively impacted by lower non-essential spend and lower prevailing interest rates, all of which placed further pressure on book and revenue growth. The WFS book reflected year-on-year contraction of 1.6% at the end of October 2020

(year-on-year growth of 2.0% at 30 June 2020), while the annualised impairment rate for the four months ended 31 October 2020 was 3.6% (four months ended 31 October 2019: 3.7%). The focus on customer collections and payment relief initiatives and the timing thereof, reflects in the shape of the book and the impairment rate for the period.

### **Australia and New Zealand ('ANZ')**

As mentioned above, the 12-week lockdown in the State of Victoria negatively impacted sales growth for the current period. This was partially offset by the ongoing shift to online, which continued its growth momentum.

David Jones ('DJ') sales were also impacted by lower demand in formalwear, with other categories such as Beauty, Homeware and Appliances performing relatively better. Sales declined by 11.7% and by 14.6% in comparable stores. Excluding the Victorian stores which traded 76.0% down on the prior period on a total sales basis, the balance of the DJ business grew by 6.7%, assisted by the shift to online which grew by 65.0% and contributed 19.6% to total sales over the period. The Elizabeth Street store, which continued to see lower footfall and tourist activity, grew sales by 5.3%, noting that the prior period was disrupted by the refurbishment.

While Country Road Group ('CRG') was similarly impacted by the State of Victoria lockdown, this was mitigated by the shift to casualwear and online, particularly for the Country Road brand, which grew sales on the prior period. Sales declined by 10.9% and by 7.7% in comparable stores. Excluding CRG's Victorian stores which traded 76.7% down on the prior period on a total sales basis, the balance of the CRG business grew by 6.5%, aided by online sales growth of 55.7%. Online contributed 34.7% of total sales over the 20-week period.

### **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 period have been adjusted by application of the aggregated monthly average Australian dollar exchange rate for the prior period. The aggregated monthly average Australian dollar exchange rate is R11.79 for the current period and R10.10 for the prior period. 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 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 and constant currency information, has not been reviewed or reported on by the Group's external auditors.

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Cape Town

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