

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

TRADING UPDATE AND FURTHER TRADING STATEMENT IN RESPECT OF THE 26 WEEKS ENDED 26 DECEMBER 2021

TRADING UPDATE

Group turnover and concession sales for the 26 weeks ended 26 December 2021 (‘current period’ or ‘period’) decreased by 2.1%, compared to the 26 weeks ended 27 December 2020 (‘prior period’) and by 0.3% in constant currency terms. Online sales grew by 22.4%, contributing 13.7% to the Group’s total turnover and concession sales for the period. Sales in the last six weeks of the period increased by 3.0%, and by 3.5% in constant currency terms.

As mentioned in the 20-week update, trade during the period was severely impacted by the extended lockdowns in Australia and by the civil unrest in South Africa. Trading momentum across all divisions except Fashion Beauty Home (‘FBH’) improved over the last six weeks of the period supported by more targeted Black Friday promotions, positive festive season trade, and the lifting of lockdown restrictions in Australia.

Due to the above-mentioned factors, the trading results for the current period are not directly comparable to that of the prior period.

South Africa

The Woolworths Food business grew turnover and concession sales by 3.8% for the half, accelerating its momentum to 5.8% in the last six weeks of the period. Sales in comparable stores grew by 2.8%, with price movement of 2.6% and underlying product inflation of 3.7%. Sales growth should be considered in the context of the high Covid-19 base, which benefitted from increased home consumption. On a two-year basis, sales have grown by a cumulative 15.2%, relative to the comparative 2019 period. Online sales increased by 55.8%, contributing 3.1% of South African sales, while space grew by 2.2% relative to the prior period.

The FBH business grew turnover and concession sales by 4.2% and by 4.7% in comparable stores, with price movement of 5.4%. Trading momentum slowed in the last six weeks of the period primarily due to Womenswear performing below expectations. Online sales grew by 19.2%, contributing 4.4% of South African sales, while the ongoing execution of space reduction initiatives reduced the footprint by 6.1% relative to the prior period, resulting in improved trading densities.

The Woolworths Financial Services net book grew by 5.3% year-on-year to the end of December 2021, compared to a 7.8% contraction at 31 December 2020, reflecting the recovery in consumer spend. The annualised impairment rate for the six months ended 31 December 2021 improved to 4.0%, compared to 4.1% in the prior period.

Australia and New Zealand

Trade was significantly impacted by government-enforced restrictions across the region, where we were unable to trade in stores representing 70% of our brick-and-mortar sales base during the lockdown period. The easing of restrictions and reopening of stores, coupled with pent up consumer demand, delivered positive sales growth in the last six weeks of the period, notwithstanding the shift of Boxing Day sales into the second half of this financial year versus the first half of the prior period.

David Jones' turnover and concession sales declined by 9.2% and by 9.0% in comparable stores for the half, but grew by 3.2% in the last six weeks of the period (7.7% adjusting for the shift in Boxing Day sales). In line with our space reduction strategy, trading space reduced by a further 5.8% relative to the prior period. Online sales increased by 44.2% and contributed 28.1% to total sales during the period.

Country Road Group sales declined by 3.1% and by 3.2% in comparable stores for the half, but grew by 1.7% in the last six weeks of the period. Online sales increased by 3.6% and contributed 33.8% to total sales during the period, while trading space reduced by 7.4% relative to the prior period.

FURTHER TRADING STATEMENT IN RESPECT OF THE 26 WEEKS ENDED 26 DECEMBER 2021

Given the prolonged lockdowns in Australia and, to a lesser degree, the disruptions in South Africa, our results for the current period have been negatively impacted by the lost sales, coupled with the absence of JobKeeper and rent relief which supported the prior-year base. In addition, the results of the prior period included the profit on the sale of the Bourke Street Men's property, as well as lease exit and modification gains.

Shareholders and noteholders are referred to the announcement released on the Stock Exchange News Service on 17 November 2021 and are advised that earnings per share ('EPS'), headline EPS ('HEPS') and adjusted diluted HEPS ('adHEPS') for the current period are expected to be within the ranges reflected in the table below, with adHEPS no longer expected to decline by more than 20% relative to the prior period.

	December 2020 reported (cents)	December 2021 expected range (%)	December 2021 expected range (cents)
EPS	288.8	-35.0% to -45.0%	158.8 to 187.7
HEPS	261.1	-30.0% to -40.0%	156.7 to 182.8
Adjusted diluted HEPS	193.7	-10.0% to -20.0%	155.0 to 174.3

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 the application of the aggregated monthly average Australian dollar exchange rate for the prior period. The aggregated monthly average Australian dollar exchange rate is R11.09 for the current period and R11.65 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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JSE sponsor and debt sponsor

Rand Merchant Bank (A division of FirstRand Bank Limited)