

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')

SUMMARY OF THE AUDITED GROUP RESULTS FOR THE 52 WEEKS ENDED 26 JUNE 2022 AND CASH DIVIDEND DECLARATION

FINANCIAL OVERVIEW

Turnover	+1.7% to R80.1bn
Turnover and concession sales	+1.4% to R87.0n
Profit before tax	+0.8% to R5.2bn
Adjusted profit before tax	+11.0% to R5.1bn
Earnings per share	-11.0% to 387.4cps
Headline earnings per share	+6.5% to 398.9cps
Adjusted diluted headline earnings per share	+9.7% to 374.9cps
Net cash (excluding lease liabilities) of	R229m (2021: net borrowings of R1.1bn)
Total dividend per share	+247.7% to 229.5cps (2021: 66.0cps)

COMMENTARY ON PERFORMANCE

The Group's turnover and concession sales for the 52 weeks ended 26 June 2022 ('current year', 'full year' or 'year') increased by 1.4% compared to the 52 weeks ended 27 June 2021 ('prior year') and by 2.6% in constant currency terms. Online sales grew by 16.4%, contributing 12.4% to the Group's total turnover and concession sales over the year.

Notwithstanding the volatile global backdrop, trade during the second half of the year ('H2') showed an improved run rate over the first half of the year ('H1') across all our businesses, with Group turnover and concession sales growing by 4.9%, and by 5.6% in constant currency terms, respectively, as lockdown restrictions eased and our focus on trade and executing against our strategic priorities gained further momentum.

As mentioned in our interim results released on the JSE Stock Exchange News Service ('SENS') on 2 March 2022, trade during H1 was severely impacted by the extended lockdowns in Australia, and to a lesser extent by the civil unrest in South Africa. This, coupled with the absence of JobKeeper allowances in Australia and rent relief, which supported the prior year base, the profit on sale of the Bourke Street Men's and Elizabeth Street properties, as well as lease exit and modification gains, makes the full year trading result non-comparable to that of the prior year.

Earnings per share ('EPS') was 387.4cps compared to 435.1cps for the prior year, while headline EPS ('HEPS') and adjusted diluted HEPS increased by 6.5% and 9.7% over the prior year to 398.9cps and 374.9cps, respectively. Adjusted diluted HEPS in H2 grew by 43.8% on the prior year.

The Group ended the year with a robust balance sheet and a net cash position of R229 million. Solid working capital management and a focus on capex prioritisation resulted in cash conversion exceeding 100%, generating Free Cash Flow of 448.3cps. This supported a share buyback of R1.5 billion over the months of June and July 2022 and a reinstatement of the Woolworths SA and Country Road Group dividend at a 70% payout ratio.

During the year, the Board of David Jones declared a special dividend to WHL of A\$90 million (approximately R1 billion), with these proceeds utilised to reduce debt in South Africa. Given that David Jones exceeded its cash forecast for the year, a further A\$50 million of capital is planned to be returned to WHL, post year-end.

SOUTH AFRICA

WOOLWORTHS FASHION, BEAUTY AND HOME ('FBH')

The FBH business grew H2 turnover and concession sales by 6.5%, with full-priced sales growing by 8.8%, supported by improved product resonance, market share gains in our 'must win' categories, and a stronger performance from the rest of Africa. Sales for the full year grew by 5.4% and by 7.3% in comparable stores, while trading space declined by 4.5%, supporting a double-digit increase in trading densities. Price movement averaged 6.0% over the full year and remains positively impacted by reduced markdown. Online sales grew by 13.2% and contributed 4.4% to South African sales.

Gross profit margin increased by 210bps to 47.6%. Expense growth was contained to 1.8%, supported by a 1.7% decline in store costs, as a result of our space reduction and cost optimisation initiatives. Adjusted operating profit increased by 48.7% to R1 610 million, resulting in an operating margin of 11.9% for the year, compared to 8.4% in the prior year.

WOOLWORTHS FOOD

The Woolworths Food business grew turnover and concession sales in H2 by 4.6%, with trading momentum improving throughout the period, as Covid-19 base effects eased. Sales for the full year grew by 4.2%, and by 3.1% in comparable stores, reflecting the impact of the high base and the return to out-of-home consumption, an increasingly competitive backdrop, and low product inflation across our key categories. Price movement averaged 3.5% for the full year, with underlying product inflation at 3.9%, reflecting continued price investment. Space grew by 1.8% relative to the prior year. Online sales increased by 45.4%, contributing 3.2% of South African sales, assisted by the further rollout of our on demand online offering.

Gross profit margin decreased by 50bps to 24.0%, due to growth in online sales, supply chain costs and a level of price investment. Expenses grew by 5.7%, primarily reflecting investment in initiatives, including online. Adjusted operating profit grew by 0.4% in H2, with full year profit declining by 3.9% to R2 893 million, returning an operating profit margin of 7.3% for the year, compared to 7.9% in the prior year.

WOOLWORTHS FINANCIAL SERVICES ('WFS')

The Woolworths Financial Services book reflects a year-on-year increase of 6.8% at 30 June 2022, driven by demand and a recovery in post Covid-19 spend. The impairment rate for the year ended 30 June 2022 improved to 4.7%, compared to 5.3% in the prior year, reflecting strong collections and continued strength of the book. Return on equity increased to 18.4%, from 13.6% in the prior year.

AUSTRALIA AND NEW ZEALAND

As mentioned previously, trade in H1 was significantly impacted by government-enforced restrictions across the region which required the closure of stores representing more than 70% of our brick-and-mortar sales for an extended period. In H2, strong consumer demand and our focus on trade resulted in a healthy rebound in sales.

DAVID JONES ('DJ')

DJ turnover and concession sales declined by 2.6% for the full year and by 2.5% in comparable stores, but grew by 4.3% in H2, after the easing of lockdown restrictions. In line with our space optimisation initiatives, trading space reduced by a further 2.6% relative to the prior year. Online sales increased by 28.7% and contributed 22.8% to total sales over the full year.

Gross profit margin was maintained at 35.2%, notwithstanding the clearance of H1 inventory build-up. Expenses declined by 3.6%, driven by the successful execution of cost-out initiatives and the rationalisation of the DJ food offering. Adjusted operating profit in H2 grew by 85.5% to A\$52.5 million. For the full year, adjusted operating profit declined by 0.6% on the prior year to A\$83.7 million, returning an operating profit margin of 4.1%, compared to 4.0% in the prior year. This was achieved despite Covid-19 related government support and rent concessions in the prior year base.

COUNTRY ROAD GROUP ('CRG')

CRG sales grew by 9.0% and by 11.3% in comparable stores for H2, resulting in positive full-year sales growth of 3.1% and 4.0%, respectively, notwithstanding a further 8.1% reduction in trading space. This result was driven primarily by a strong performance from the Country Road, Trenery and Politix brands, following the successful launch of new ranges and the ongoing focus on brand and product positioning. Online sales increased by 4.6% and contributed 31.6% to total sales for the year.

Gross profit margin declined by 130bps to 59.5%, as a result of increased clearance sales following the extended lockdown, coupled with higher freight costs arising from global supply chain constraints. Expenses increased by 8.2%, as a result of the prior year impact of JobKeeper subsidy and rent rebates. Adjusted operating profit in H2 grew by 18.6% to A\$72.1 million. For the full year, adjusted operating profit was 22.3% lower at A\$120.2 million, returning an operating profit margin of 11.1% compared to 14.7% in the prior year.

OUTLOOK

The global macro environment remains volatile, with rising inflation and interest rates posing a headwind to the outlook for economic growth. Whilst this impact on Australian consumer spend should be somewhat mitigated by strong household balance sheets and high employment, South African consumption faces high unemployment and severe energy shortages.

Global supply chain uncertainties and elevated freight costs have been exacerbated by recent global events, placing significant upward pressure on raw material availability and input pricing. Notwithstanding this backdrop, the current momentum of our apparel businesses is expected to continue, and our Food business is expected to deliver a solid underlying performance whilst investing in key initiatives.

We have a robust balance sheet, and significant self-help opportunities across our businesses to grow both revenue and profitability, and are allocating capital accordingly to enhance the overall returns profile of our Group.

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

H Brody
Chairman
Cape Town
30 August 2022

R Bagattini
Group Chief Executive Officer

DIVIDEND DECLARATION

The Board of Directors of WHL ('Board') has taken a decision to declare a final gross cash dividend per ordinary share ('dividend'), based on a pay-out ratio of 70% of second half headline earnings of the combined Woolworths South Africa business segments (FBH, Food and WFS) as well as Country Road Group.

Notice is hereby given that the Board has declared a final dividend of 149.0 cents (119.2 cents net of dividend withholding tax) for the 52 weeks ended 26 June 2022, being a 125.8% increase on the prior year's 66.0 cents. This brings the total dividend for the year to 229.5 cents, representing a 247.7% increase on the prior year's total dividend of 66.0 cents. 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 1 024 671 335 ordinary shares. The salient dates for the dividend will be as follows:

Last day of trade to receive a dividend	Tuesday, 13 September 2022
Shares commence trading 'ex' dividend	Wednesday, 14 September 2022
Record date	Friday, 16 September 2022
Payment date	Monday, 19 September 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 14 September 2022 and Friday, 16 September 2022, both days inclusive. Ordinary shareholders who hold dematerialised shares will have their accounts at their CSDP or broker credited or updated on Monday, 19 September 2022. Where applicable, dividends in respect of certificated shares will be transferred electronically to shareholders' bank accounts on the payment date. Where the transfer secretaries do not have the banking details of any certificated shareholders, the cash dividend will be held in trust by the transfer secretaries pending receipt of the relevant certificated shareholder's banking details after which the cash dividend will be paid via electronic transfer into the personal bank account of the certificated shareholder.

CA Reddiar
Group Company Secretary
Cape Town
30 August 2022

CHANGES TO THE BOARD OF DIRECTORS

As announced on SENS on 29 August 2022, Mr Robert Collins was appointed as an independent Non-executive Director of WHL, with effect from 1 October 2022. Mr Collins spent over 27 years at John Lewis Partnership Plc, holding various management roles, including managing director of Waitrose until 2020. The Board looks forward to welcoming Rob to the Group.

As announced on SENS on 7 July 2022, Ms Nombulelo (Pinky) Moholi was appointed as the Lead Independent Director of the Board, with effect from 7 July 2022. Ms Moholi has deep knowledge of the WHL Group, and extensive Board experience. The Board looks forward to Ms Moholi's contribution in her expanded role.

ABOUT THIS ANNOUNCEMENT

Statement and availability

This short form announcement, including the constant currency and pro forma financial information, is the responsibility of the directors and is only a summary of the information in the full announcement. The audited Group Annual Financial Statements were approved by the Board on 30 August 2022, and the information in this announcement has been correctly extracted from the audited Group Annual Financial Statements, upon which KPMG have issued an unqualified report. The auditors' report does not necessarily report on all of 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 an electronic copy of the auditors' report, including Key audit matters, together with the accompanying Annual Financial Statements from the Company's registered office, or on the Company's website
https://www.woolworthsholdings.co.za/wp-content/uploads/2022/08/whl_annual_financial_statements_2022.pdf

Any investment decisions by investors and/or shareholders and/or bondholders should be based on consideration of the full announcement, which has been published on SENS and available at
<https://senspdf.jse.co.za/documents/2022/JSE/ISSE/WHLE/WHLFY22.pdf> and on the Company's website
<https://www.woolworthsholdings.co.za/wp-content/uploads/2022/08/whlfy22.pdf>

An electronic copy of the full announcement may be requested and obtained, at no charge, from the Group Company Secretary at Governance@woolworths.co.za or the Head of Investor Relations at InvestorRelations@woolworths.co.za. The Analyst Presentation will be available on the website later today at the link https://www.woolworthsholdings.co.za/wp-content/uploads/2022/08/Analyst_Presentation.pdf

DIRECTORATE AND STATUTORY INFORMATION

Non-executive Directors

Hubert Brody (Chairman), Nombulelo Moholi (Lead Independent Director), Christopher Colfer (Canadian), Belinda Earl (British), David Kneale (British), Phumzile Langeni, Thembisa Skweyiya, Clive Thomson

Executive Directors

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

Group Company Secretary

Chantel Reddiar

Debt officer

Ian Thompson

Registration number

1929/001986/06

LEI

37890095421E07184E97

Share code

WHL

Share ISIN

ZAE000063863

Bond Company code

WHLI

Registered address

Woolworths House
93 Longmarket Street
Cape Town, 8001, South Africa

Postal address

PO Box 680
Cape Town 8000, South Africa

Tax number

9300/149/71/4

JSE sponsor and debt sponsor

Rand Merchant Bank (A division of FirstRand Bank Limited)

Transfer secretaries

Computershare Investor Services Proprietary Limited
15 Biermann Avenue, Rosebank, 2196, South Africa

31 August 2022