

Woolworths Holdings Limited
(Incorporated in the Republic of South Africa)
Registration number 1929/001986/06
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Share code: WHL
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(‘the Group’ or ‘WHL’)

TRADING UPDATE AND TRADING STATEMENT IN RESPECT OF THE 53 WEEKS ENDED 30 JUNE 2024

The Group's results to be reported for the 53 weeks ending 30 June 2024 ('current year' or 'current period') are not directly comparable to that of the 52 weeks ended 25 June 2023 ('prior year' or 'prior period'). As previously reported, the Group disposed of its David Jones operations in Australia during the third quarter of the Group's 2023 financial year. Furthermore, the 2024 reporting period is a 53-week year, which includes an additional week of trade compared to the prior year.

TRADING UPDATE

GROUP

Group turnover and concession sales from continuing operations (i.e. excluding David Jones in the prior period) for the current period grew by 6.2% and by 5.6% on a constant currency basis, notwithstanding the challenging trading conditions impacting consumer discretionary spend across our businesses. On a comparable 52-week period ended 23 June 2024 ('52 weeks'), sales grew by 4.3%, and by 3.2% in the comparable second half ('H2') of the year. Online sales grew by 13.3% and contributed 9.2% to Group sales for the year.

Turnover and concession sales for the Total Group (including the contribution of David Jones for the nine-month period in the prior year, and the additional week in the current period) decreased by 16.4% on the prior period.

WOOLWORTHS

In South Africa, the disruption to business operations caused by loadshedding and congestion at the ports (as noted in our SENS announcement of 28 February 2024) eased in the last quarter. Notwithstanding this, the impact of weak consumer confidence arising from the sustained impact of higher living costs and elevated interest rates, weighed on discretionary spend throughout the period. Whilst we have no control over the macro factors impacting our business, we have remained resolutely focused on the execution of our strategies and continued investment behind our future growth initiatives.

Our Food business delivered strong and above-market growth, reinforcing its strength and resilience, and the trust that customers place in our Woolies brand. Turnover and concession sales grew by 11.2%, and by 9.0% on a comparable 52-week period. On a comparable store basis, sales grew by 6.9%, notwithstanding the impact of taxi strikes and Avian flu in the first half of the current year. Price inflation for the period averaged 7.9%. Underlying trading momentum continued into the second half of the current period, with overall growth of 9.6% further buoyed by the inclusion of the Absolute Pets acquisition in the fourth quarter. Price movement in H2 eased to 6.7%, delivering improving and positive volume growth. Trading space in Woolworths Food grew by 3.2% over the prior period, while online sales increased by 52.8%, contributing 5.5% of South African sales driven by increased penetration of our Woolies Dash offering, which delivered a 71.2% increase.

Whilst our Fashion, Beauty, and Home business continues to make steady progress on a number of its strategic priorities, trade was impacted by the weak macro environment, poor availability, and increased competition from the disruptive entry of international online retailers. Turnover and concession sales for the reporting period grew by 1.4% and declined by 0.4% on a comparable 52-week period, and by 1.3% on a comparable store basis. Our ongoing focus on improving the quality of our top-line, resulted in a further increase in the contribution of full-price sales and a reduction in promotional and clearance sales, which positively impacted price movement of 8.9%. Sales in H2 declined by 2.9% on a price movement of 6.3%, with sales volumes further impacted by the late onset of winter. Net trading space decreased by 0.2% relative to the prior period, while online sales grew by 30.4% and contributed 5.6% of South African sales.

The Woolworths Financial Services book decreased by 2.9% on a year-on-year basis to the end of June 2024. A sale of part of the legal book in June 2024 reduced the year-end balance, which, if excluded, results in the total book increasing by 1.8% year-on-year. The impairment rate for the 12 months ended 30 June 2024 moderated to 7.0% compared to 7.3% in the prior period and remains sector leading.

COUNTRY ROAD GROUP ('CRG')

Retail trading conditions in Australia and New Zealand deteriorated further in the second half, with consumer sentiment at near-record lows and the prolonged cost of living crisis continuing to impact both footfall and discretionary spend.

CRG sales declined by 6.8% for the year and by 8.0% on a comparable 52-week period and 13.1% in comparable stores. This should be considered in the context of a high prior-period base, in which sales grew by 12.0% following the strong post-Covid pent up demand in the first half. Sales growth in H2 declined by 11.3%. Notwithstanding the challenging macro-economic backdrop, the Country Road brand delivered positive growth for the period. Trading space increased by 4.0% during the period through the ongoing expansion of our concession channels. The contribution from online sales increased to 27.6% of total sales, supported by our leading omni-channel capabilities.

TRADING STATEMENT

Whilst the Group has maintained its stringent focus on preserving gross profit margin and containing costs, we equally continue to invest behind our key strategic initiatives. This, coupled with the impact of a weaker trading environment, has resulted in negative operational leverage in both apparel businesses. This was particularly prevalent in CRG, which was further impacted by inflated import costs due to a weaker Australian dollar, and the business's inherently higher fixed cost base. Furthermore, the reassessment of the carrying value of the Politix business in CRG, has resulted in a non-cash impairment of goodwill which impacts the earnings per share for continuing operations and the Total Group.

As a result, earnings per share ('EPS'), headline EPS ('HEPS') and adjusted diluted HEPS ('adHEPS') from continuing operations for the comparable 52-week period is expected to be lower than the reported EPS, HEPS and adHEPS for the prior period within the ranges reflected in the table below. This should be considered in the context of the high prior period base, in which the Group delivered record earnings.

	52 weeks to 25 June 2023 reported (cents)	52 weeks to 23 June 2024 expected range (%)	52 weeks to 23 June 2024 expected range (cents)
Continuing operations			
EPS	421.1	-32.0% to -37.0%	265.3 to 286.3
HEPS	423.4	-14.0% to -19.0%	343.0 to 364.1
adHEPS	427.7	-10.0% to -15.0%	363.5 to 384.9

Excluding the once-off impact of the goodwill impairment of the Politix business, EPS is expected to be between 15.0% and 20.0% lower than EPS in the prior period on a 52-week comparable basis.

EPS, HEPS and adHEPS for the Total Group for the current period (including the contribution of David Jones in the prior period) are expected to be more than 20% lower than that of the prior period, and are expected to be within the ranges reflected in the table below:

	52 weeks to 25 June 2023 reported (cents)	53 weeks to 30 June 2024 expected range (%)	53 weeks to 30 June 2024 expected range (cents)
Total Group			
EPS	551.0	-45.0% to -50.0%	275.5 to 303.1
HEPS	514.7	-27.0% to -32.0%	350.0 to 375.7
adHEPS	508.3	-21.0% to -26.0%	376.1 to 401.6

CONSTANT CURRENCY INFORMATION

Constant currency information has been presented to illustrate the impact of changes in the Group's major foreign currency, the Australian dollar. In determining the constant currency 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 R12.28 for the current period and R11.93 for the prior period. Foreign currency fluctuations of the Group's rest of Africa operations are not considered material and have therefore not been applied in determining the constant currency growth rate.

The information contained in this announcement, including constant currency and pro forma information, is presented in accordance with the JSE Limited Listings Requirements, and has not been audited, reviewed or reported on by the Group's external auditors. The constant currency and pro forma information is the responsibility of the Group's directors and has been prepared for illustrative purposes only and, because of its nature, may not fairly present the Group's financial position, results of operations or cash flows.

The Group's results are expected to be released on or about Wednesday, 4 September 2024.

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Cape Town

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