

F19 Final Profit and Dividend Announcement

For the 53 weeks ended 30 June 2019

Group highlights

Sales from continuing operations

\$59,984M

▲ 3.4% (normalised)

EBIT from continuing operations¹

\$2,724M

▲ 5.0% (normalised)

Australian Food EBIT

\$1,857M

▲ 3.8% (normalised)

NPAT from continuing operations¹

\$1,752M

▲ 7.2% (normalised)

F19 dividend per share

102¢

▲ 9.7%



Progress on key priorities:

- Robust customer scores, especially in Q4
- Improved sales and profit in H2 across the Group
- Solid foundations for all 'X' businesses in place; Group Online sales of \$2.5 billion with normalised growth of 32% in F19
- Materially improved momentum in BIG W; store and DC closures announced and underway
- Petrol sale and \$1.7 billion share buy-back completed; Endeavour Group transaction underway

More to do:

- Maintaining customer focus while progressing our agenda across Woolworths Group
- Delivering increased convenience for customers - Digital, Drive, Same day, Metro, Fresh Made Easy
- Continuing to leverage technology to unlock process improvements; build partnership model
- Delivering cost efficiencies - Simpler for Stores, MSRDC, Smart Store, stockloss
- Completing merger of Endeavour Drinks and ALH; progressing separation of Endeavour Group

F19 key financial highlights

\$ MILLION	F19 (53 WEEKS)	F18 (52 WEEKS)	CHANGE	CHANGE NORMALISED
Continuing operations before significant items				
Sales	59,984	56,944	5.3%	3.4%
Earnings before interest and tax (EBIT)	2,724	2,548	6.9%	5.0%
Net profit after tax (NPAT) attributable to equity holders of the parent entity	1,752	1,605	9.2%	7.2%
Basic earnings per share (EPS) - cents	134.2	123.4	8.8%	6.8%
Continuing operations after significant items				
EBIT	2,353	2,548	(7.7)%	(9.6)%
NPAT attributable to equity holders of the parent entity	1,493	1,605	(7.0)%	(9.0)%
Group				
NPAT attributable to equity holders of the parent entity	2,693	1,724	56.1%	54.3%
Basic EPS - cents	206.2	132.6	55.5%	53.7%
Dividend per share - cents	102	93	9.7%	
Special dividend per share - cents	-	10	n.m.	
Final dividend - cents	57	50	14.0%	

¹ Before significant items

Normalised growth has been adjusted to remove the impact of the 53rd week in F19

Certain comparatives have been re-presented to conform with the current period's presentation to better reflect the nature of the financial position and performance of the Group. This announcement contains certain non-IFRS measures that Woolworths Group believes are relevant and appropriate to understanding its business. Refer to Appendix One for further information. Ratios and percentage changes referenced throughout this document are calculated on unrounded figures

Summary

Woolworths Group CEO, Brad Banducci, said: "We made good progress on our transformation across all of our businesses in F19 with improving sales and EBIT momentum in H2.

"Customer scores improved in the fourth quarter while sales and EBIT momentum improved in the second half. Normalised F19 Group sales from continuing operations increased by 3.4% and EBIT¹ by 5.0% with second half sales and EBIT growth of 4.7% and 10.0% respectively.

"A number of landmark transactions for the Group were completed or have commenced in the last 12 months. The sale of Petrol was finalised in April with the proceeds of \$1.7 billion returned to shareholders through a share buy-back. In July, we announced our intention to merge Endeavour Drinks and ALH, to be followed by a demerger or value-accretive alternative in calendar year 2020.

Australian Food
VOC NPS

51 

Online growth
(normalised)

32%

F19 shareholder
returns*

\$3.1bn

F19 store
renewals

209 

"Australian Food ended F19 with good momentum after slower growth in H1. H2 comparable sales increased by 3.9% resulting in full year comparable sales of 3.1%. Normalised EBIT increased 3.8% for the year. Comparable sales growth for the first eight weeks of F20 has been strong at approximately 7.5% reflecting lower sales growth in the prior year and the success of the Lion King collectables program. On a two-year average basis, comparable sales growth is approximately 4.5%. Sales growth is expected to moderate over the course of the financial year.

- **Woolworths Supermarkets'** Store-controllable VOC was 82%, in line with the prior year but up 2 pts on March with VOC NPS (which includes Online) improving to 51 in June compared to 47 in March and 48 in June 2018. The resilience in our customer scores is pleasing given the removal of single-use plastic bags, the impact of the drought on fresh availability and quality, and significant operational change in the business. We made good progress in a number of areas including our Fresh agenda, range localisation, and delivered exciting new Renewals including our first smart store in Gregory Hills.
- In **FoodCo**, Own Brands delivered solid growth with double-digit growth in Macro and Free-from. **Metro** continues to perform strongly and delivered high single-digit sales growth. By the end of F19, there were 43 Metro branded stores which included new formats in Kirribilli and Rozelle, NSW.
- **WooliesX** had another strong year with online sales growth in Australian Food of 31% (normalised), as we provided our customers with new ways to shop by further scaling-up Pick up, growing Drive (112 Drive ups and Drive thru at the end of the year) and launching on-demand (Delivery Now live in 38 stores). Woolworths Rewards membership reached 11.7 million with more ways for customers to earn Rewards points and customer scan rates improving across all banners. In August, we announced a partnership with Takeoff Technologies to roll out three micro fulfilment centres over the next 12 months to better service our customers' needs for same-day delivery and make the picking process simpler and quicker for our teams.

"New Zealand Food had a strong second half with comparable sales growth of 3.6% and normalised H2 EBIT growth of 4.4%. Customer metrics improved on the prior year and March with Fruit & Vegetables and Queue Wait Times showing the strongest gains. Supported by the establishment of CountdownX, New Zealand Food delivered strong online sales growth of 40% (normalised) with the highest online sales penetration in the Group at 6.8% in F19.

"Endeavour Drinks' sales improved in H2 driven by more settled weather and early progress on our refreshed strategy. We have begun to reposition Dan Murphy's in a rapidly evolving drinks market, delivering improvements in service, range, price and convenience, and while early days, the results are very encouraging. BWS continued to perform strongly driven by Customer 1st Ranging, as well as leading in convenience options for customers. Endeavour Drinks' normalised F19 EBIT declined by 9.7% as previously foreshadowed, reflecting the investment required to position the business for future success as well as a non-cash impairment of goodwill and other intangibles relating to Summergate of \$21 million. Excluding this impairment, EBIT declined by 5.6%.

"It has been a busy year for our Portfolio team with the sale of Petrol and announcement of BIG W store and DC closures in April as well as the merger of Endeavour Drinks and ALH announced in July. Key trading highlights during the year were:

- **BIG W's** normalised sales increased by 4.2% in F19 with comparable growth in H2 remaining strong at 7.3% (Q4: 7.2% Easter-adjusted). The strong sales growth was across all customer universes, with apparel sales improving in the second half. The loss before interest and tax (before significant items) for the year of \$85 million was within the recent guidance range of \$80-100 million and an improvement on F18. As disclosed in April, we are not satisfied with the rate of translation of sales growth into profit with the announced store and DC closures underway to accelerate the path to profitability.
- Normalised **Hotels** sales increased by 1.8% in F19 with an improvement in comparable growth in the second half driven by Bars, Food and Accommodation. Gaming sales remained more subdued, particularly in Victoria. EBIT declined marginally on the prior year reflecting a weaker first half but increased by 1.3% in H2 on a normalised basis.

* Includes off-market share buy-back of \$1.7 billion and F18 final and special dividend and F19 interim dividend

Summary

“We also made important progress on our Group **community** and **sustainability** agenda during the year with:

- the phase-out of single-use plastic bags from all our businesses, on both sides of the Tasman, with approximately three billion fewer plastic bags in circulation, equating to a 4,700 tonne reduction in single-use plastics over the course of the year;
- the transition away from \$1 per litre milk pricing and the introduction of the Drought Relief Milk range, delivering \$19 million in relief to more than 450 dairy farmers since September 2018 in support of the sustainability of the dairy industry and impacted regional communities; and
- Woolworths Group being the first retailer in Australia and first supermarket globally to issue Green Bonds certified by the Climate Bonds Initiative in support of our efforts to reduce our environmental impact for the communities we serve.

“In summary, we are pleased with the progress we made during the year and have exited F19 with good momentum across the Group. In F20, we expect the uncertain consumer environment and input cost pressures to remain as well as an impact from new enterprise agreements. However, we are well placed to respond to these challenges and are excited about what we can achieve together in F20”, he said.

Woolworths Group Chairman, Gordon Cairns, said: “The Group’s focus on creating value for shareholders has been delivered through a stronger trading performance, particularly in the second half, and further Portfolio optimisation. Highlights included the \$1.7 billion share buy-back following the successful sale of Petrol and the recently announced intention to merge and subsequently separate Endeavour Drinks and ALH. The Group’s financial position remains strong with the Board declaring a fully-franked final dividend of 57 cps bringing the full year dividend to 102 cps, a 9.7% improvement on the prior year.”

Summary

Progress against Woolworths Group key priorities over the last 12 months

1. Live our Purpose and Build a Customer 1st Team 1st Culture

- Customer scores remained resilient and ended the year strongly
- First Australian retailer to introduce superannuation payments for 12 months of parental leave; recognised as a gold tier workplace by AWEI for second year in a row
- Progress in improving the mental and physical well-being of teams with 'I am here' program and improvement in safety
- Largest EA in Australia implemented improving conditions for >100,000 team members
- More to do to retain focus on customers while progressing a significant change agenda

2. Create Connected, Personalised and Convenient Shopping Experiences

- Rapid online sales growth (normalised) continued across the X's - WooliesX (+31%), CountdownX (+40%), EndeavourX (+12%) & BIG W (>100%)
- Solid Metro sales improvement in F19; new store pipeline building
- Scale-up of Pick up continued and underlying eCom operational performance improvement
- Offered new ways to buy food and drinks: on-demand delivery in 736 stores, >300 Drive, Scan&Go trial extended in Australian Food
- More to do to provide even more convenient options for customers through leveraging technology

3. Differentiate our Food Customer Propositions

- Renewal stores continuing to perform well with first smart store at Gregory Hills, latest fresh in-store experience at Mona Vale and Takapuna in NZ
- Successfully executed around key customer events such as Christmas, Easter, Ramadan, Diwali and Lunar New Year
- Own Brand growth continues with Health and International Foods particularly strong. Named 'healthiest supermarket own brand range'
- Numerous 'Good Acts' across the year: drought-relief milk range, Christchurch support, Townsville floods, NAIDOC week
- More to do to on range localisation and exclusive products to create a point of difference for customers

4. Accelerate Innovation in our Drinks Business

- Launched new Endeavour Drinks ambition to 'connect everyone with a drinks experience they'll love'; service experience improved in stores
- BWS sales growth remains strong benefitting from Renewals and Customer 1st Ranging (C1R)
- Repositioning of Dan Murphy's underway - 'discovery-based' product and service strategy, C1R in white wine, wine merchants in key stores
- Strong growth in On Demand across BWS and Dan Murphy's; Jimmy Brings expansion
- More to do to continue to build operating momentum, especially in Dan Murphy's; strengthen Endeavour Drinks' management team

5. Unlocking Value in our Portfolio

- Sale of Petrol business to EG Group completed; \$1.7 billion proceeds returned to shareholders with >\$600 million of franking credits distributed
- Merger and subsequent separation of Endeavour Drinks and ALH announced
- New businesses launched including Cartology, ExportCo and Australian Wholesalers
- BIG W store and DC closures being progressed
- More to do to implement merger of Endeavour Drinks and ALH and progress subsequent demerger or value-accretive alternative

6. End-to-end Processes - 'Better for Customers' and 'Simpler for Stores'

- Woolworths Group cloud platform established and visualisation tools agreed to improve data governance and drive data insights
- New customer operating model launched in Woolworths Supermarkets
- Assisted service checkout scales activated to improve inventory integrity with minimal customer disruption
- Commissioning of MSRDC with Hume DC due to close in early 2020
- More to do to implement customer operating model, transition to MSRDC and reduce stockloss

Group Profit or Loss

For the 53 weeks ended 30 June 2019

\$ MILLION	F19 (53 WEEKS)	F18 (52 WEEKS)	CHANGE	CHANGE NORMALISED
Continuing operations before significant items				
Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR)	6,063	5,712	6.2%	4.7%
Rent	(2,117)	(2,061)	2.7%	1.0%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	3,946	3,651	8.1%	6.7%
Depreciation and amortisation	(1,222)	(1,103)	10.8%	10.8%
EBIT	2,724	2,548	6.9%	5.0%
Finance costs	(126)	(154)	(18.3)%	(19.9)%
Income tax expense	(780)	(718)	8.5%	6.6%
NPAT	1,818	1,676	8.5%	6.6%
Non-controlling interests	(66)	(71)	(6.3)%	(8.0)%
NPAT from continuing operations attributable to equity holders of the parent entity before significant items	1,752	1,605	9.2%	7.2%
Significant items from continuing operations after tax	(259)	-	n.m.	n.m.
NPAT from discontinued operations attributable to equity holders of the parent entity after significant items	1,200	119	n.m.	n.m.
NPAT attributable to equity holders of the parent entity	2,693	1,724	56.1%	54.3%

MARGINS - CONTINUING OPERATIONS

Gross profit (%)	29.1	29.3	(24) bps	(23) bps
Cost of doing business (%)	24.6	24.9	(31) bps	(30) bps
EBIT (%)	4.5	4.5	7 bps	7 bps

EARNINGS PER SHARE AND DIVIDENDS

Weighted average ordinary shares on issue (million)	1,305.7	1,300.5	0.4%	
Total Group basic EPS (cents) before significant items	142.8	132.6	7.7%	5.8%
Total Group basic EPS (cents) after significant items	206.2	132.6	55.5%	53.7%
Basic EPS (cents) - from continuing operations before significant items	134.2	123.4	8.8%	6.8%
Basic EPS (cents) - from continuing operations after significant items	114.3	123.4	(7.4)%	(9.3)%
Diluted EPS (cents) - from continuing operations before significant items	133.4	123.1	8.4%	6.4%
Diluted EPS (cents) - from continuing operations after significant items	113.6	123.1	(7.7)%	(9.7)%
Interim dividend per share (cents)	45	43	4.7%	
Final dividend per share (cents)*	57	50	14.0%	
Special dividend per share (cents)*	-	10	n.m.	
Total dividend per share (cents)	102	103	(1.0)%	

* Final 2019 dividend payable on or around 30 September 2019 will be fully franked

Certain comparatives have been re-presented to conform with the current period's presentation to better reflect the nature of financial position and performance of the Group

Group trading performance

Sales summary - F19

\$ MILLION	F19 (53 WEEKS)	F18 (52 WEEKS)	CHANGE	CHANGE NORMALISED
Continuing operations				
Australian Food	39,568	37,589	5.3%	3.3%
New Zealand Food	6,291	5,933	6.0%	4.1%
<i>New Zealand Food (NZD)</i>	6,712	6,433	4.3%	2.4%
Endeavour Drinks	8,657	8,244	5.0%	3.2%
BIG W	3,797	3,566	6.5%	4.2%
Hotels	1,671	1,612	3.7%	1.8%
Sales from continuing operations	59,984	56,944	5.3%	3.4%
Discontinued operations				
Petrol*	3,696	4,784	(22.7)%	(22.7)%
Sales from discontinued operations	3,696	4,784	(22.7)%	(22.7)%
Group sales continuing and discontinued operations (including Online)	63,680	61,728	3.2%	
Group Online sales[†]	2,534	1,883	34.5%	31.6%
Online sales penetration (%)	4.2%	3.3%		

Earnings/(loss) before interest and tax (EBIT/(LBIT))

\$ MILLION	F19 (53 WEEKS)	F18 (52 WEEKS)	CHANGE	CHANGE NORMALISED
Continuing operations before significant items				
Australian Food	1,857	1,757	5.7%	3.8%
New Zealand Food	277	262	5.6%	2.6%
<i>New Zealand Food (NZD)</i>	296	284	3.9%	1.0%
Endeavour Drinks	474	516	(8.2)%	(9.7)%
BIG W	(85)	(110)	(22.2)%	(24.0)%
Hotels	261	259	1.0%	(0.5)%
Central Overheads	(60)	(136)	(55.9)%	(57.4)%
EBIT from continuing operations before significant items	2,724	2,548	6.9%	5.0%
Significant items from continuing operations	(371)	-	n.m.	n.m.
EBIT from continuing operations	2,353	2,548	(7.7)%	(9.6)%
Discontinued operations				
Home Improvement	-	27	n.m.	n.m.
Petrol* ¹	112	168	(34.1)%	(34.1)%
EBIT from discontinued operations before significant items	112	195	(43.1)%	(43.1)%
Significant items from discontinued operations	1,088	-	n.m.	n.m.
EBIT from discontinued operations after significant items	1,200	195	n.m.	n.m.
Group EBIT continuing and discontinued operations	3,553	2,743	29.5%	27.7%

Certain comparatives in the above tables have been re-presented to conform with the current period's presentation to better reflect the nature of financial position and performance of the Group

* Petrol sales and EBIT are for the nine months until sale on 1 April 2019

† Group Online sales are reported as part of sales from continuing operations

Sales from continuing operations increased by 5.3% on a statutory basis and 3.4% on a normalised basis with all businesses reporting sales growth on the prior year and improved sales growth rates in the second half of F19 compared to the first half. F19 sales by quarter is provided in Appendix Three.

Group Online sales increased by 34.5% (31.6% normalised) driven by strong growth from WooliesX, CountdownX and BIG W.

Gross profit from continuing operations as a percentage of sales was 29.1%, down 23 bps on a normalised basis on the prior year. This reflected a 24 bps reduction in gross margin in Australian Food largely due to higher stockloss, especially in long-life, and sales mix.

Cost of doing business (CODB) from continuing operations as a percentage of sales was 24.6%, a 30 bps reduction on the prior year on a normalised basis. A 26 bps reduction in Australian Food and a 132 bps reduction in BIG W (before significant items) reflects strong cost control and the benefit of productivity improvements during the year.

Summary

EBIT from continuing operations before significant items increased by 5.0% on a normalised basis driven by a 10% increase in the second half. EBIT includes an impairment charge against Summergate and charges related to new operating models in stores and support office. This was offset by the one-off payment from Caltex and a reversal of property provisions.

Significant items reflect the gain on sale of Petrol of \$1,088 million and the restructuring, onerous lease and impairment charges of \$371 million associated with the BIG W store and DC closures announced on 1 April.

Normalised **finance costs** decreased by 19.9% reflecting a reduction in the average borrowing rate due to the maturity or refinancing of higher interest rate borrowings.

Normalised **NPAT from continuing operations attributable to equity holders of the parent entity before significant items** increased by 7.2% with statutory NPAT attributable to equity holders of the parent entity increasing by 56.1%. Basic EPS on an equivalent basis increased by 6.8% and 55.5% respectively.

Australian Food

\$ MILLION	F19 (53 WEEKS)	F18 (52 WEEKS)	CHANGE	CHANGE NORMALISED
Sales	39,568	37,589	5.3%	3.3%
EBITDA	2,613	2,430	7.5%	6.1%
Depreciation and amortisation	(756)	(673)	12.3%	12.3%
EBIT	1,857	1,757	5.7%	3.8%
Gross margin (%)	28.7	29.0	(24) bps	(24) bps
Cost of doing business (%)	24.0	24.3	(27) bps	(26) bps
EBIT to sales (%)	4.7	4.7	2 bps	2 bps
Sales per square metre (\$)	17,163	16,528	3.8%	2.0%
Funds employed	1,468	1,215	20.9%	
Return on average funds employed (%)	140.2	170.7	(30.6) pts	(33.2) pts

Operating metrics

YEAR ON YEAR (%)	Q4'19 (13 WEEKS)	Q3'19 (13 WEEKS)	Q2'19 (13 WEEKS)	Q1'19 (14 WEEKS)
Customer metrics				
VOC NPS (Store and Online)	51	47	54	49
Store-controllable VOC	82%	80%	83%	82%
Sales productivity metrics				
	Normalised	Easter-adjusted		
Total sales	Easter-adjusted 4.1%	Easter-adjusted 4.7%	2.8%	1.9%
Comparable sales	3.6%	4.2%	2.7%	1.8%
Volume productivity metrics				
	Easter-adjusted	Easter-adjusted		
Comparable transaction growth	1.4%	1.9%	1.5%	2.1%
Comparable items per basket	1.2%	2.6%	2.6%	0.8%
Comparable item growth	2.6%	4.5%	4.1%	2.9%
Change in average prices				
Total	0.5%	0.0%	(1.0)%	(1.0)%
Total excluding Tobacco	(0.9)%	(1.4)%	(2.6)%	(2.5)%

Trading performance

Australian Food's VOC NPS (including Online) was up 3 pts on the prior year with Store-controllable VOC steady on the prior year. Store-controllable VOC improved on Q3'19 where scores were impacted by flood and drought effects on fruit and vegetable prices impacting quality and availability. Fruit & Vegetables and Availability scores improved 1 pt to 78% compared to June 2018, and 5 pts and 2 pts respectively vs. Q3'19. Team Attitude remained stable (89%) compared to June 2018.

In F20, Store-controllable VOC will be reduced from seven metrics to five, removing Ease of Movement and Correct Price Tickets to simplify the focus for stores on the areas that offer the most opportunity for improvement.

Sales increased by 5.3% to \$39.6 billion or 3.3% on a normalised basis. Comparable sales increased by 3.1% for the year with transaction growth of 1.8% and items per basket of 1.7% contributing to comparable item growth of 3.5%.

Despite some challenges during the year, sales momentum improved in H2 with strong growth across a number of Fresh categories. Sales in the second half also benefitted from successful campaigns including Disney Words and Earn & Learn. In Q4, comparable sales increased by 3.6% with comparable transaction growth of 1.4%. Comparable items per basket increased by 1.2%. Excluding the sale of reusable plastic bags, comparable items per basket was flat.

Metro continued to grow strongly with further refinement to price, promotional optimisation and range curation. An extra-small store format was successfully launched in Kirribilli and new stores opened in Rozelle and Kings Cross. At the end of the financial year, 43 Metro-branded stores and 16 small Woolworths Supermarkets were managed by the Metro team.

In WooliesX, Online VOC scores improved 2 pts to 81% at the end of June, with improvements in Delivery & Pick up and Ease of Website Navigation. Online sales grew 31% (normalised) to \$1.4 billion driven by expanded offerings such as Same day, Delivery Now, Drive thru and Drive up.

Australian Food

Australian Food sales per square metre was \$17,163 with normalised growth of 2.0% on the prior year. During the year, 24 new stores were opened (21 supermarkets and three Metros), eight were closed and 68 Renewals completed. At year-end, there were 1,024 Woolworths Supermarkets and Metro stores.

Average prices declined 0.4% for the year, with modest inflation of 0.5% in the fourth quarter as a result of increases in a number of Fresh categories impacted by the drought including Fruit & Vegetables, Meat and Bakery. Deflation in average prices excluding Fruit & Vegetables and Tobacco continued to moderate with a decline of 1.1% in Q4, the lowest deflation in a number of years. The number of products on the Always and Prices Dropped programs stabilised compared to the prior year following input cost increases across a number of products and categories. Promotional penetration continued to decline due to a reduction in the number of promotions over the year offset partly by an increase in promotional effectiveness.

Gross margin decreased 24 bps (normalised) to 28.7% primarily driven by higher stockloss, sales mix, Meat inflation and the impact of fuel redemption costs now recorded in Australian Food. Following the sale of Petrol on 1 April, Australian Food's gross margin now includes Woolworths' share of the four cents per litre fuel discount which is expected to be approximately \$38 million on an annualised basis. Stockloss began to improve in Q4 driven by a number of targeted initiatives.

CODB as a percentage of sales decreased 26 bps (normalised) to 24.0% with strong cost control over the year. Strategic investments in customer service, and digital and data were offset by productivity benefits and cycling of one-off costs as highlighted in F18 (\$35 million). Included in CODB in the second half are one-off costs related to the implementation of new operating models with the impact of these costs broadly equivalent to the one-off costs in the prior year.

The new Woolworths Supermarkets and Metro EA came into effect in January for team members; however, the impact of the EA implementation on store team costs in the second half was mitigated by accruals and various 'Simpler' productivity initiatives. F20 will have a full-year impact of the new EA but productivity initiatives are expected to continue to deliver efficiency benefits over the year. Depreciation increased by \$83 million driven by continued investments in the Renewal program and IT and digital investments including 1Store and WooliesX.

EBIT increased by 5.7% (3.8% normalised basis) to \$1,857 million with a 2 bps improvement in EBIT margin to 4.7%. Normalised EBIT in H2 increased by 3.5%.

Funds employed increased by \$253 million compared to the prior year impacted by spend on Renewals, MSRDC and the reallocation of 1Store to Australian Food upon completion of the roll out at the end of F18 which was previously held at Group level. Primarily as a result of the reallocation, ROFE declined by 33.2 pts compared to the prior year on a normalised basis; however, normalised Group ROFE increased by 11bps.

Operating metrics

YEAR ON YEAR (%)	Q4'19 (13 WEEKS)	Q3'19 (13 WEEKS)	Q2'19 (13 WEEKS)	Q1'19 (14 WEEKS)
Customer metrics				
Online VOC NPS	61	48	62	59
Sales productivity metrics				
Online sales (\$ million)	395	368	346	335
Online sales growth	45.5%	34.7%	28.3%	26.1%
Online penetration	4.1%	3.7%	3.5%	3.3%
Loyalty				
Woolworths Rewards members (million)	11.7	11.5	11.3	11.1

Trading performance

Investment in Australian Food's digital and data strategy through **WooliesX** has delivered a significant improvement in capability and strong growth over the last two years. In F19, WooliesX continued to build momentum with normalised online sales growth of 31% on last year, supported by strong Pick up growth. Online achieved a 4.1% penetration of Australian Food sales in Q4.

WooliesX's focus on solving the connected customers' needs and growing expectations contributed to Online VOC and NPS reaching record highs in December. Customer scores were impacted in March by the success of the online Freezer sale but recovered in June with VOC NPS of 61 close to all time highs. Positive customer feedback was supported by Woolworths receiving online grocery awards from Canstar Blue, Choice Recommended and Mozo during the year.

Further investment in the digital customer experience has led to significant improvements in website speed and navigation and contributed to an improved customer uptake of the new mobile app.

To meet customers' need for ultra-convenience, WooliesX expanded Delivery Now (on-demand delivery) in Sydney, Melbourne and Brisbane reaching 38 stores by the end of June. The roll out of Drive locations also continued with 112 locations at year-end. The Scan&Go pilot has been expanded to an additional five stores, allowing customers to skip the conventional check-out process by scanning items with their phone as they shop.

Woolworths Rewards continued to grow with 11.7 million members (+0.8 million since June 2018) at year-end. Rewards members are now able to control their redemption of points with the launch of '\$10 off this shop or next shop' option at the point of sale and earn more points through the expansion of the Woolworths Rewards partnership with Caltex and BIG W. Members now have the ability to earn points at more than 860 participating Caltex and BIG W sites.

New Zealand Food³

NZ\$ MILLION	F19 (53 WEEKS)	F18 ⁴ (52 WEEKS)	CHANGE	CHANGE NORMALISED
Sales	6,712	6,433	4.3%	2.4%
EBITDA	425	411	3.0%	1.0%
Depreciation and amortisation	(129)	(127)	1.0%	1.0%
EBIT	296	284	3.9%	1.0%
Gross margin (%)	24.4	24.2	18 bps	18 bps
Cost of doing business (%)	20.0	19.8	20 bps	25 bps
EBIT to sales (%)	4.4	4.4	(2) bps	(6) bps
Sales per square metre (\$)	16,626	15,621	6.4%	4.5%
Funds employed	3,210	2,998	7.1%	
Return on average funds employed (%)	9.6	9.5	15 bps	5 bps

Operating metrics

YEAR ON YEAR (%)	Q4'19 (13 WEEKS)	Q3'19 (13 WEEKS)	Q2'19 (13 WEEKS)	Q1'19 (14 WEEKS)
Customer metrics				
Store-controllable VOC	81%	80%	81%	80%
Sales productivity metrics	Normalised Easter-adjusted	Easter-adjusted		
Total sales	3.1%	2.9%	1.2%	2.6%
Comparable sales	3.5%	3.8%	2.4%	4.0%
Volume productivity metrics	Easter-adjusted	Easter-adjusted		
Comparable transaction growth	2.5%	1.8%	0.2%	3.2%
Comparable items per basket	1.2%	3.9%	4.0%	1.7%
Comparable item growth	3.7%	5.8%	4.2%	4.9%
Change in average prices				
Total	(0.3)%	(0.6)%	(0.7)%	(1.8)%
Total excluding Tobacco	(0.2)%	(0.5)%	(0.5)%	(1.7)%

CountdownX

YEAR ON YEAR (%)	Q4'19 (13 WEEKS)	Q3'19 (13 WEEKS)	Q2'19 (13 WEEKS)	Q1'19 (14 WEEKS)
Customer metrics				
Online VOC NPS	66	67	65	65
Sales productivity metrics				
Online sales (\$ million)	125	111	112	107
Online sales growth	50.4%	42.4%	39.9%	39.5%
Online penetration	7.7%	6.6%	6.5%	6.4%
Loyalty				
Countdown Onecard members (million)	2.0	2.0	2.0	2.0

Trading performance

New Zealand Food's sales for the year were NZ\$6.7 billion, an increase of 4.3% on the prior year (6.0% increase in AUD) or 2.4% on a normalised basis.

Comparable sales increased 3.4% for the year, driven by positive core offer momentum with Countdown's customer satisfaction and brand advocacy measures continuing to steadily improve. Highlights include increased Fruit & Vegetables VOC (H2: +6 pts) driven by a focus on direct-to-grower fresh quality, and improved community perceptions aided by the removal of single-use plastic bags in the first half.

New Zealand Food³

Digital momentum remained strong throughout the year, with F19 sales growth of 40% (normalised) driven by Pick up, Same day delivery, and capacity expansion. Customer advocacy for Online also remains strong with VOC NPS of 66 in Q4.

Sales growth improved in the second half (H1: 1.9%, normalised H2: 3.0%) driven by positive comparable transaction growth and aided by a recovery in market growth post Christmas. Sales per square metre increased by 6.4% (normalised 4.5%) due to strong sales growth and a 2.0% reduction in trading space following store closures. During the year, three stores were closed and two stores were opened with 180 Countdown supermarkets at the end of the year.

Stockloss improvements were maintained in the second half, contributing to an 18 bps increase in gross margin while remaining price competitive. Average prices declined 0.8% for the year, but with a lower rate of deflation for the second half.

CODB as a percentage of sales increased 25 bps (normalised) driven primarily by strategic investment into digital, IT and data capabilities.

EBIT increased 3.9% for the year (1.0% normalised), with H2 EBIT growth of 4.4% (normalised) aided by sales momentum and improved cost management.

On a normalised basis, ROFE increased by 5 bps.

Endeavour Drinks

\$ MILLION	F19 (53 WEEKS)	F18* (52 WEEKS)	CHANGE	CHANGE NORMALISED
Sales	8,657	8,244	5.0%	3.2%
EBITDA	579	603	(4.1)%	(5.4)%
Depreciation and amortisation	(105)	(87)	20.1%	20.1%
EBIT	474	516	(8.2)%	(9.7)%
Gross margin (%)	22.9	23.1	(16) bps	(14) bps
Cost of doing business (%)	17.4	16.8	63 bps	64 bps
EBIT to sales (%)	5.5	6.3	(78) bps	(78) bps
Sales per square metre (\$)	18,675	18,094	3.2%	1.4%
Funds employed	3,185	3,214	(0.9)%	
Return on average funds employed (%)	15.2	17.1	(190) bps	(215) bps

Operating metrics

YEAR ON YEAR (%)	Q4'19 (13 WEEKS)	Q3'19 (13 WEEKS)	Q2'19 (13 WEEKS)	Q1'19 (14 WEEKS)
Sales productivity metrics	Normalised Easter-adjusted	Easter-adjusted		
Total sales	3.0%	6.4%	0.8%	3.0%
Comparable sales	2.1%	5.9%	0.2%	1.7%

EndeavourX

YEAR ON YEAR (%)	Q4'19 (13 WEEKS)	Q3'19 (13 WEEKS)	Q2'19 (13 WEEKS)	Q1'19 (14 WEEKS)
Sales productivity metrics				
Online sales (\$ million)	119	108	158	118
Online sales growth	27.6%	10.7%	8.8%	12.5%
Online penetration	6.0%	5.2%	6.3%	5.6%
Loyalty				
My Dan's members (million)	3.5	3.4	3.3	3.1

Trading performance

In **Endeavour Drinks**, BWS and Dan Murphy's key VOC metrics ended F19 at record highs, with improvements both in-store and Online. Sales increased by 5.0% (3.2% normalised) to \$8.7 billion with comparable sales increasing 2.3%. The market remained subdued throughout the year with declining volumes offset by price and mix improvements. Sales growth in H2 improved on H1 in both Dan Murphy's and BWS, with Endeavour Drinks' sales increasing by 4.8% (normalised) with comparable sales increasing 4.0%, compared to 0.7% growth in H1. The timing of New Year's Day boosted sales in H2 by 84 bps and Q3, in particular, also benefitted from more stable weather compared to Q2. Dan Murphy's focus on 'discovery' driven range, service and convenience is also beginning to resonate with customers.

BWS maintained its strong trading momentum, with enhancements to localised ranging and tailored Woolworths Rewards offerings. The BWS store network grew to 1,346 stores with 30 net new stores and the new BWS Renewal format successfully extended to key urban standalone stores. BWS' convenience offering continued to expand, with On Demand delivery now available in 605 stores, supporting double-digit online sales growth. Jimmy Brings expanded its geographical reach to Brisbane, Gold Coast, Canberra and new suburbs in Sydney and Melbourne.

Dan Murphy's delivered double-digit Online sales growth with new customer offerings, including the roll out of On Demand delivery to 91 stores and 30 minute Pick up from all stores. In-store customer experience was enhanced with the introduction of wine merchants in key stores, to improve team product knowledge and customer discovery, while memberships in My Dan's loyalty program increased 15% on the prior year. Dan Murphy's store network grew to 230 with three new store openings in Q4 including the first store to be powered by solar energy.

Endeavour Drinks sales per square metre increased by 3.2% (1.4% normalised) with sales growth above net average space growth of 1.7%.

Gross margin was 22.9%, 14 bps down on a normalised basis, with trading margin improvements offset by higher freight costs attributable to petrol prices, growth in online delivery and category mix.

Normalised CODB as a percentage of sales grew 64 bps, driven by a \$21 million impairment charge related to goodwill and other intangible assets associated with the Summergate business in China. Summergate has now transitioned to ExportCo. Excluding

Endeavour Drinks

Summergate, normalised CODB as a percentage of sales increased by 40 bps due to above-inflationary cost pressures, as well as targeted investment in key focus areas including customer experience, ranging, data and analytics.

Endeavour Drinks EBIT for F19 decreased 8.2% to \$474 million. EBIT normalised for the 53rd week and Summergate impairment of \$21 million decreased 5.6%. Normalised ROFE (excluding the Summergate impairment) declined 148 bps driven by the decline in EBIT.

Portfolio Businesses - BIG W

\$ MILLION	F19 (53 WEEKS)	F18 (52 WEEKS)	CHANGE	CHANGE NORMALISED
Sales	3,797	3,566	6.5%	4.2%
LBITDA before significant items	(5)	(30)	(82.2)%	(88.7)%
Depreciation and amortisation	(80)	(80)	0.7%	0.7%
LBIT before significant items	(85)	(110)	(22.2)%	(24.0)%
Significant items	(371)	-	n.m.	n.m.
LBIT after significant items	(456)	(110)	315.5%	313.7%
Gross margin (%)	31.1	31.7	(59) bps	(49) bps
Cost of doing business (%)	33.4	34.8	(142) bps	(132) bps
LBIT ¹ to sales (%)	(2.3)	(3.1)	83 bps	84 bps
Sales per square metre (\$)	3,629	3,369	7.7%	5.4%
Funds employed	204	502	(59.4)%	
Return on average funds employed (%)	(23.0)	(23.3)	24 bps	77 bps

Operating metrics

YEAR ON YEAR (%)	Q4'19 (13 WEEKS)	Q3'19 (13 WEEKS)	Q2'19 (13 WEEKS)	Q1'19 (14 WEEKS)
Customer metrics				
Store-controllable VOC	80%	80%	78%	79%
Sales productivity metrics	Normalised Easter-adjusted	Easter-adjusted		
Total sales	6.9%	5.6%	3.7%	1.3%
Comparable sales	7.2%	7.4%	5.0%	2.2%
Volume productivity metrics	Easter-adjusted	Easter-adjusted		
Comparable transaction growth	3.9%	5.8%	4.4%	1.8%
Comparable items per basket	4.4%	4.9%	4.3%	4.1%
Comparable item growth	8.4%	11.0%	8.8%	6.0%

BIG W Online

YEAR ON YEAR (%)	Q4'19 (13 WEEKS)	Q3'19 (13 WEEKS)	Q2'19 (13 WEEKS)	Q1'19 (14 WEEKS)
Sales productivity metrics				
Online sales (\$ million)	37	33	59	31
Online sales growth	83.5%	167.0%	143.9%	159.1%
Online penetration	4.0%	4.1%	4.9%	3.3%

Trading performance

BIG W's Store-controllable VOC and VOC NPS improved on the prior year with higher customer scores translating into sales, with an increase in F19 of 4.2% on a normalised basis to \$3.8 billion. Comparable sales increased by 5.3% in F19 and 7.2% in Q4 (Easter-adjusted) with growth in all customer universes.

BIG W's growth continues to be driven by an increase in customer transactions (F19: 4.0%) and customers increasingly putting more items in their baskets with comparable items per basket growth of 4.4%. Together this drove comparable item growth of 8.6%. Excluding reusable bags, comparable items increased by 5.2%.

With BIG W's turnaround gaining momentum, and to build a sustainable network for the future, a store and DC network review was announced in April. BIG W intends to close approximately 30 stores over the next three years and two distribution centres at the end of their leases. The review of the store network is ongoing, with three stores recently announced to be closed in F20.

BIG W has remained price competitive, improved ranges and built a convenient online and in-store experience in F19. Normalised Online sales increased by 128% in F19 with Pick up consistently delivering strong sales growth. Apparel, which has been more challenging, improved steadily through H2 due to a focus on range, stock flow and in-store execution.

Normalised gross profit declined 49 bps for F19 reflecting continued challenges in stockloss as well as slow sell-through of seasonal apparel in H1. Category mix improved in H2 with improved apparel sell-through.

Normalised CODB declined 132 bps resulting from store efficiencies and sales growth fractionalising fixed costs.

Portfolio Businesses - BIG W

The LBIT of \$85 million before significant items excludes a \$371 million charge identified as part of the network review.

Funds employed declined primarily due to significant items provisions. Inventory quality has improved as a result of solid sales and improved apparel sell-through in H2.

In F20, BIG W will focus on creating a sustainable business that is simpler to operate, and continue providing customers with low prices and more convenient, connected solutions in-store and online.

Portfolio Businesses - Hotels

\$ MILLION	F19 (53 WEEKS)	F18 (52 WEEKS)	CHANGE	CHANGE NORMALISED
Sales	1,671	1,612	3.7%	1.8%
EBITDA	372	361	3.5%	2.5%
Depreciation and amortisation	(111)	(102)	9.9%	9.9%
EBIT	261	259	1.0%	(0.5)%
Gross margin (%)	83.6	84.2	(55) bps	(54) bps
Cost of doing business (%)	68.0	68.1	(12) bps	(18) bps
EBIT to sales (%)	15.6	16.1	(43) bps	(35) bps
Funds employed	2,068	1,995	3.7%	
Return on average funds employed (%)	12.9	13.1	(20) bps	(38) bps

Trading performance

Hotels sales increased by 3.7% in F19 or 1.8% on a normalised basis. Comparable sales increased by 1.9% with 3.0% growth in Q4. Sales growth accelerated in the second half due to continued growth in Bars, Food and Accommodation benefitting from venue refurbishments with 49 completed during the year. Gaming sales continue to be more subdued, particularly in Victoria. During the year, five venues were opened or acquired with 328 hotels at year-end.

Normalised gross profit declined by 54 bps reflecting business mix and increasing input cost prices on Food margins. CODB was well controlled and declined by 18 bps on a normalised basis.

EBIT of \$261 million decreased by 0.5% on a normalised basis reflecting a weaker first half trading performance. Normalised EBIT in the second half increased by 1.3%.

Normalised ROFE decreased 38 bps due to an increase in funds employed driven by refurbishments and acquisitions of hotels.

Discontinued operations

\$ MILLION	F19 (53 WEEKS)	F18 (52 WEEKS)
Sales		
Petrol	3,696	4,784
EBIT		
Home Improvement	-	27
Petrol (before significant items)	112	168

Refer to Appendix Two for analysis of profit for the period from discontinued operations.

Trading performance

The sale of **Woolworths Petrol** to EG Group completed on 1 April with sales and EBIT only attributable to Woolworths Group until that date. As a result, comparisons to the prior year are not meaningful.

Central Overheads

Central Overheads declined by \$76 million in F19 to \$60 million due to a one-off payment from Caltex of \$50 million and a reversal of impairment on a property subsequently classified as held for sale of \$37 million. Central Overheads are still expected to be approximately \$150 million on an annual basis before taking into account any impact from the Endeavour Group transaction.

Group balance sheet

Group balance sheet as at 30 June 2019

\$ MILLION	F19 30 JUNE 2019	F18 24 JUNE 2018	CHANGE
Inventory	4,280	4,233	1.1%
Trade payables	(5,219)	(5,149)	1.4%
Net investment in inventory	(939)	(916)	2.5%
Trade and other receivables	827	727	13.6%
Other creditors and provisions	(4,308)	(4,348)	(0.9)%
Fixed assets, investments and loans provided to related parties	9,710	9,182	5.7%
Net assets held for sale	225	800	(72.0)%
Intangible assets	6,526	6,465	1.0%
Total funds employed	12,041	11,910	1.1%
Net tax balances	227	161	41.0%
Net assets employed	12,268	12,071	1.6%
Cash and borrowings	(2,063)	(1,530)	34.6%
Other financial assets and liabilities	464	308	51.0%
Net debt	(1,599)	(1,222)	30.5%
Net assets	10,669	10,849	(1.7)%
Non-controlling interests	383	368	4.3%
Shareholders' equity	10,286	10,481	(1.9)%
Total equity	10,669	10,849	(1.7)%

KEY RATIOS - CONTINUING OPERATIONS

Closing inventory days (based on cost of sales)	37.2	38.1	(0.9)
Closing trade payable days (based on cost of sales)	45.5	45.0	0.5
ROFE (normalised)	24.2%	24.1%	11 bps
ROFE - AASB 16 estimate (normalised)	14.1%	n.a.	n.m.

Certain comparatives have been re-presented to conform with the current period's presentation to better reflect the nature of financial position and performance of the Group.

A small increase in **inventory** to \$4,280 million was primarily due to higher closing inventory in New Zealand and BIG W to improve availability. Closing inventory days declined 0.9 days to 37.2 days and average inventory days from continuing operations declined by 0.2 days to 38.8 days.

Net investment in inventory of \$939 million remained broadly consistent with prior year. Adjusting for the impact of an extra New Zealand Food payment run in the 53rd week of \$153 million, net investment in inventory declined by 19%.

Other creditors and provisions of \$4,308 million decreased \$40 million compared to the prior year. Excluding significant items relating to the BIG W network review and cash utilisation of F16 significant items provisions, the decrease in other creditors and provisions was primarily driven by a reduction in accruals associated with store team costs.

Fixed assets, investments and loans to related parties of \$9,710 million increased by \$528 million. Additions of fixed assets of \$2,040 million during the year mainly related to store refurbishments, supply chain and IT infrastructure and included \$203 million related to property development activity. This was partially offset by depreciation and amortisation, disposals and an impairment of \$166 million associated with the BIG W network review.

Net assets held for sale of \$225 million decreased by \$575 million mainly as a result of the sale of the Petrol business to EG Group on 1 April 2019.

Intangible assets of \$6,526 million increased by \$61 million driven by an increase in goodwill and brand names in New Zealand due to the strengthening of the New Zealand dollar, a minor increase in goodwill associated with the acquisition of businesses partially offset by an impairment to the carrying value of Summergate of \$21 million.

Net tax balances of \$227 million increased \$66 million due to an increase in deferred tax assets associated with the provisions raised as a result of the BIG W network review.

Net debt of \$1,599 million increased by \$377 million largely due to the timing of New Zealand creditor payments, higher net capital expenditure (excluding the proceeds from the sale of the Petrol business) and an increase in dividends paid during the year.

Normalised ROFE from continuing operations was 24.2%, 11 bps up on the prior year. Normalised AASB 16 estimated ROFE was 14.1%.

Group cash flow

Group cash flows for the 53 weeks ended 30 June 2019

\$ MILLION	F19 (53 WEEKS)	F18 (52 WEEKS)	CHANGE
EBITDA - continuing operations	3,575	3,651	(2.0)%
EBITDA - discontinued operations	1,200	195	n.m.
EBITDA	4,775	3,846	24.2%
Net increase in inventory	(34)	(60)	(43.3)%
Net increase in trade payables	239	129	85.3%
Net increase/(decrease) in provisions	77	(61)	n.m.
Net change in other working capital and non-cash	(1,199)	(15)	n.m.
Cash from operating activities before interest and tax	3,858	3,839	0.5%
Net interest paid	(166)	(184)	(9.8)%
Tax paid	(744)	(661)	12.6%
Total cash provided by operating activities	2,948	2,994	(1.5)%
Proceeds from the sale of property, plant and equipment, assets held for sale, and businesses and investments	1,859	372	n.m.
Payments for the purchase of property, plant and equipment and intangible assets	(1,991)	(1,848)	7.7%
Other	(114)	(34)	n.m.
Total cash used in investing activities	(246)	(1,510)	(83.7)%
Payments relating to off-market share buy-back	(1,701)	-	n.m.
Payments for shares held in trust	(60)	(64)	(6.3)%
Dividends paid (including to non-controlling interests)	(1,318)	(780)	69.0%
Free cash flow after equity related financing activities	(377)	640	(158.9)%

Cash flow from operating activities before interest and tax was \$3,858 million, an increase of 0.5% on the prior year. Excluding the impact of significant items, higher EBITDA was offset by the impact of the New Zealand payment run in week 53 and a movement in provisions and accruals. The cash flow benefit from an extra week of trading is offset by nine months of EBITDA from the Petrol business compared to a full year in F18.

The cash realisation ratio was 74.1%. Excluding the timing of the New Zealand payment run, and charges associated with the BIG W network review and gain on sale of the Petrol business, the cash realisation ratio was 98.4%, impacted by the cash utilisation of provisions and accruals offset by trade working capital improvements.

Net interest paid of \$166 million declined by 9.8% compared to the prior year due to the early repayment of US Private Placement Notes in the prior year reducing average borrowing costs.

Tax payments increased by \$83 million to \$744 million due to higher tax refunds in the prior year and a higher instalment rate in F19.

Proceeds from the sale of property, plant and equipment, assets held for sale, and businesses and investments was \$1,859 million. The increase is primarily driven by cash proceeds (net of cash disposed) from the sale of the Petrol business to EG Group and proceeds from the sale of properties in Australia and New Zealand.

Payments for the purchase of property, plant and equipment and intangible assets was \$1,991 million, 7.7% above the prior year. The increase is primarily as a result of increased property development activity compared to the prior year.

Cash used in investing activities was \$246 million with the reduction compared to the prior year as a result of the sale of the Petrol business.

Fixed charges cover ratio increased to 2.7x, compared to 2.6x in the prior year.

Capital management

Woolworths Group manages its capital structure with the objective of enhancing long-term shareholder value through funding its business at an optimised weighted average cost of capital.

Woolworths Group returns capital to shareholders when consistent with its long-term capital structure objectives and where it will enhance shareholder value. In May 2019, Woolworths Group returned \$1.7 billion in capital to shareholders through an off-market share buy-back. This resulted in the purchase of 58.7 million shares which were subsequently cancelled. The share buy-back complements dividends of \$1.4 billion paid to shareholders this financial year through the F18 final and special dividends, and the F19 interim dividend, with a total of \$3.1 billion returned to shareholders (excluding franking credits).

Woolworths Group remains committed to solid investment grade credit ratings⁵ and a number of actions can be undertaken to support the credit profile including the sale of non-core assets, further working capital initiatives, and adjusting growth capital expenditure and the property leasing profile.

Financing transactions during F19

In March 2019, the \$500 million domestic Medium Term Notes matured. It was refinanced in April 2019 with \$400 million of Medium Term Notes issued to meet the Group's new Green Bond Framework (Green Bonds). The Green Bonds have been issued for a five year tenor, maturing in April 2024.

In May 2019, the Group entered into a series of cross currency swaps with a bank counterparty to bring forward and realise the positive fair value from the existing cross-currency swaps hedging the US notes.

Upcoming maturities

In November 2019, a \$320 million tranche of a \$700 million syndicated bank loan facility matures. The Group intends to refinance this at maturity.

New store rollout plans and outlook

New store rollout plans from continuing operations

Space rollout is supported by detailed plans for the next three to five years identifying specific sites.

	F19 NET STORE OPENINGS (INCL. ACQUISITIONS)	MEDIUM TERM ANNUAL TARGET (NET)
Australian Food	16	
Woolworths Supermarkets	6	10 - 20 new full range supermarkets
Metro	10	15-30 new Metros
New Zealand Food		
<i>Countdown</i>	(1)	3 - 4 new supermarkets
<i>Franchise stores</i>	1	
Dan Murphy's	3	6 - 10 new stores
BWS (including attached)	30	6 - 10 new stores (standalone)
BIG W	-	Only where previously committed
Hotels (ALH Group)	5	Acquire as appropriate opportunities arise

Note: Excludes the closure of one Summergate store in F19. Metro net store openings include supermarkets rebranded as Metros during the year

Outlook

Commenting on the outlook for F20, Brad Banducci said, "Sales momentum across the Group improved in the second half of F19 and we have carried this momentum into F20. However, the consumer environment remains uncertain with many of our customers experiencing cost of living pressures despite record low interest rates and recent tax stimulus, and input cost pressures remain for retailers and suppliers alike. Despite this, we are energised by the material opportunities we have across the Group to deliver value for both customers and shareholders in F20.

"In **Australian Food**, we remain confident in our plans to deliver sales growth through more localised ranging, an improved fresh experience and store renewals. Online sales are expected to continue to grow strongly and we will increase the roll out of Metro stores. We have the potential to scale-up new adjacent businesses such as Cartology and ExportCo to offer exciting growth options over the medium-term. The full impact of the new Woolworths Supermarkets and Metro EA will reflect in F20 but our 'Simpler' program (stores and support office) is progressing well and is expected to continue to deliver productivity benefits during the year. We remain focused on reducing stockloss in F20 following a relatively poor performance in F19. The MSRDC will begin to deliver benefits for our stores and customers in Victoria from H2 F20 as we explore other opportunities for technology driven process improvement such as our recently announced partnership with Takeoff Technologies.

"**New Zealand Food** will continue to focus on delivering great prices for our New Zealand customers, improve fresh quality and experience, further build our 'Simpler for Woolworths New Zealand' program, and through CountdownX, improve and innovate customers' digital experience.

"**Endeavour Drinks** is evolving to meet rapidly changing customer expectations with the biggest changes taking place at Dan Murphy's. Endeavour Drinks will continue to focus on improving the digital experience, deliver more localised ranges to customers and improving service and convenience. The merger of Endeavour Drinks and ALH is progressing well with shareholder approval for the restructure to be sought at the AGM on 16 December.

"We were pleased with the material improvement in sales growth in **BIG W** over the course of F19 with customers noticing the improvements we have been making to price, range and in-store experience. In F20, we expect a further reduction in losses (pre-AASB 16 changes) as the turnaround of the business continues and unprofitable stores are closed.

"It has been a challenging but rewarding year for Woolworths Group and we look forward to making further progress in F20. As always, I would like to thank our customers for their support and team for their hard work and commitment," he said.

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Appendices

Appendix One: ASIC Regulatory Guide 230 Disclosing Non-IFRS Financial Information and glossary

The 2019 Annual Report and dividend announcement for the 53 weeks ended 30 June 2019 contains certain non-IFRS financial measures of historical financial performance, balance sheet or cash flows. Non-IFRS financial measures are financial measures other than those defined or specified under all relevant accounting standards and may not be directly comparable with other companies' measures but are common practice in the industry in which Woolworths Group operates. Non-IFRS financial information should be considered in addition to, and is not intended to be a substitute for, or more important than, IFRS measures. The presentation of non-IFRS measures is in line with Regulatory Guide 230 issued by the Australian Security and Investments Commission in December 2011 to promote full and clear disclosure for investors and other users of financial information and minimise the possibility of being misled by such information.

These measures are used by management and the directors as the primary measures of assessing the financial performance of the Group and individual segments. The directors also believe that these non-IFRS measures assist in providing additional meaningful information on the underlying drivers of the business, performance and trends, as well as position of the Woolworths Group. Non-IFRS financial measures are also used to enhance the comparability of information between reporting periods (such as comparable sales), by adjusting for non-recurring or uncontrollable factors which affect IFRS measures, to aid the user in understanding the Woolworths Group's performance. Consequently, non-IFRS measures are used by the directors and management for performance analysis, planning, reporting and incentive setting purposes and have remained consistent with the prior year. Non-IFRS measures are not subject to audit or review.

Glossary

Cash realisation ratio	Operating cash flow as a percentage of Group net profit after tax before depreciation and amortisation
Comparable sales	Measure of sales which excludes stores that have been opened or closed in the last 12 months and demonstrable impact on existing stores from store disruption as a result of store refurbishment or new store openings
Cost of doing business (CODB)	Expenses which relate to the operation of the business
Customer 1 st Ranging	Developing a clearly defined range to provide an easier shopping experience for the customer
Customer fulfilment centre	Dedicated online distribution centres
Drive	Convenient options for customers to pick up online orders through Drive up or Drive thru facilities
Fixed charges cover ratio	Group earnings before interest, tax, depreciation, amortisation and rent (EBITDAR) divided by rent and interest costs. Rent and interest costs include capitalised interest, but exclude foreign exchange gains/losses and dividend income
Free cash flow	Cash flow generated by the Woolworths Group after equity related financing activities including dividends
Funds employed	Net assets employed excluding net tax balances
MSRDC	Melbourne South Regional Distribution Centre
Net assets employed	Net assets excluding net debt and other financial assets and liabilities
Net Promoter Score (NPS)	A loyalty measure based on a single question where a customer rates a business on a scale of zero to 10. The score is the net result of the percentage of customers providing a score of nine or 10 (promoters) less the percentage of customers providing a score of zero to six (detractors)
Net debt	Borrowings less cash balances including debt hedging derivatives
On-demand/express delivery	An express or scheduled delivery service providing online orders at the customer's convenience
Pick up	A service which enables collection of online shopping orders in-store or at select locations
Renewals	A total store transformation focused on the overall store environment, team, range and process efficiency (including digital)
Return on Funds Employed (ROFE)	ROFE is calculated as EBIT before significant items for the previous 12 months as a percentage of average (opening, mid and closing) funds employed including significant items provisions. ROFE (AASB 16 estimate) adjusts average funds employed for the 1 July 2019 recognition of lease assets and adjusts EBIT by the estimated AASB 16 impact on F19 EBIT
Sales per square metre	Total sales for the previous 12 months by business divided by average trading area

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Simpler for Stores	Simplification of end-to-end processes for store teams, improving customer experience and productivity
Stockloss	The value of stock written-off, wasted, stolen, cleared, marked-down or adjusted from all stores nationally (sometimes expressed as a percentage of sales)
Upgrades	A light renewal typically involving a front-of-store upgrade, Produce/Bakery enhancement and grocery macro space relay
Voice of Customer (VOC)	Externally facilitated survey of a sample of Woolworths Group customers where customers rate Woolworths Group businesses on a number of criteria. Expressed as the percentage of customers providing a rating of six or seven on a seven-point scale
VOC NPS	VOC NPS is based on feedback from Woolworths Rewards members. VOC NPS is the number of promoters (score of nine or 10) less the number of detractors (score of six or below)
Voice of Supplier (VOS)	A survey of a broad spectrum of suppliers facilitated by an external provider. The survey is used to provide an ongoing measure of the effectiveness of business relationships with the supplier community. VOS is the average of the suppliers' rating across various attributes scored as a percentage of suppliers that provided a rating of six or seven on a seven point scale
Voice of Team (VOT)	Survey measuring sustainable engagement of our team members as well as their advocacy of Woolworths as a place to work and shop. The survey consists of nine sustainable engagement questions, three key driver questions and two advocacy questions

Other non-IFRS measures used in describing the business performance include:

- Earnings before interest, tax, depreciation and amortisation (EBITDA)
- Cash flow from operating activities before interest and tax
- Trading area
- Fixed assets and investments
- Net tax balances
- Closing trade payable days
- Change in average prices
- Easter-adjusted metrics
- Volume productivity metrics including transaction growth, items per basket and item growth
- Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR)
- Free cash flow after equity related financing activities excluding dividends
- Significant items
- Net investment in inventory
- Net assets held for sale
- Closing inventory days
- Average inventory days
- Margins including gross profit, CODB and EBIT/(LBIT)

Appendices

Appendix Two: Analysis of profit for the period from Discontinued Operations

The profit for the Petrol and Home Improvement businesses for the reporting period are separately set out below:

	F19 (53 WEEKS) \$M	F18 (52 WEEKS) \$M
PETROL		
Revenue from the sale of goods	3,696	4,784
Expenses	(3,584)	(4,616)
Earnings before interest and tax	112	168
Finance income	-	1
Profit before gain on sale and tax	112	169
Gain on sale of the Petrol business	1,088	-
Profit before income tax	1,200	169
Income tax expense	-	(51)
Profit for the period from Petrol discontinued operations	1,200	118
HOME IMPROVEMENT		
Revenue from the sale of goods	-	-
Expenses	-	3
Reversal of impairment of Home Improvement assets and store exit costs	-	24
Earnings before interest and tax	-	27
Finance costs	-	(3)
Profit before income tax	-	24
Income tax expense	-	(23)
Profit for the period from Home Improvement discontinued operations	-	1
Profit for the period from discontinued operations attributable to equity holders of the parent entity	1,200	119

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Appendix Three: Quarterly sales summary

Group sales - fourth quarter

\$ MILLION	Q4'19 (13 WEEKS)	Q4'18 (12 WEEKS)	CHANGE	EAST-ADJ NORMALISED CHANGE
Continuing operations				
Australian Food	9,659	8,529	13.3%	4.1%
New Zealand Food	1,532	1,355	13.1%	4.9%
<i>New Zealand Food (NZD)</i>	1,618	1,454	11.2%	3.1%
Endeavour Drinks	1,989	1,732	14.8%	3.0%
BIG W	915	759	20.5%	6.9%
Hotels	404	361	12.2%	4.0%
Sales from continuing operations	14,499	12,736	13.8%	4.2%
Discontinued operations				
Petrol	-	1,111	n.m.	n.m.
Sales from discontinued operations	-	1,111	n.m.	n.m.
Group sales	14,499	13,847	n.m.	n.m.

TOTAL SALES GROWTH %	Q1'19 (14 WEEKS)	Q2'19 (13 WEEKS)	H1'19 (27 WEEKS)	EAST-ADJ Q3'19 (13 WEEKS)	EAST-ADJ NORMALISED Q4'19 (12 WEEKS)	NORMALISED H2'19 (25 WEEKS)	NORMALISED F19 (52 WEEKS)
Australian Food	1.9	2.8	2.3	4.7	4.1	4.4	3.3
New Zealand Food (AUD)	1.2	4.1	2.7	6.2	4.9	5.6	4.1
<i>New Zealand Food (NZD)</i>	2.6	1.2	1.9	2.9	3.1	3.0	2.4
Endeavour Drinks	3.0	0.8	1.8	6.4	3.0	4.8	3.2
BIG W	1.3	3.7	2.7	5.6	6.9	6.3	4.2
Hotels	0.5	0.4	0.5	2.7	4.0	3.3	1.8
Continuing operations	1.9	2.6	2.3	5.1	4.2	4.7	3.4

COMPARABLE SALES GROWTH %	Q1'19	Q2'19	H1'19	EAST-ADJ Q3'19	EAST-ADJ Q4'19	H2'19	F19
Australian Food	1.8	2.7	2.3	4.2	3.6	3.9	3.1
New Zealand Food (NZD)	4.0	2.4	3.2	3.8	3.5	3.6	3.4
Endeavour Drinks	1.7	0.2	0.9	5.9	2.1	4.0	2.3
BIG W	2.2	5.0	3.8	7.4	7.2	7.3	5.3
Hotels	1.2	1.0	1.1	2.7	3.0	2.8	1.9

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Appendix Four: Five-year store and trading area analysis

YEAR ENDED 30 JUNE 2019 STORES (NUMBER)	2019 FULL YEAR	2018 FULL YEAR	2017 FULL YEAR	2016 FULL YEAR	2015 FULL YEAR
Continuing operations					
NSW & ACT	324	317	312	303	292
QLD	237	234	234	237	230
VIC	253	249	244	242	234
SA & NT	78	79	80	84	82
WA	101	98	94	94	92
TAS	31	31	31	32	31
Australian Food	1,024	1,008	995	992	961
New Zealand supermarkets	180	181	184	184	177
Australian and New Zealand retail stores	1,204	1,189	1,179	1,176	1,138
Thomas Dux	-	-	3	5	9
Freestanding Liquor (incl. Dan Murphy's)	405	398	387	373	359
Attached Liquor	572	560	550	544	527
ALH Retail Liquor Outlets	599	585	580	569	557
Summergate	1	2	2	2	2
Woolworths Petrol	-	-	-	-	513
Total Food, Endeavour Drinks & Petrol	2,781	2,734	2,701	2,669	3,105
BIG W	183	183	185	186	184
Hotels (includes clubs)	328	323	329	331	330
EziBuy	-	-	-	5	5
Total continuing operations	3,292	3,240	3,215	3,191	3,624
Discontinued operations					
Woolworths Petrol	-	534	531	527	-
Home Improvement	-	-	-	106	102
Total Group	3,292	3,774	3,746	3,824	3,726
Wholesale customer stores (continuing operations)					
Super Value and Fresh Choice	70	69	65	64	60
Statewide Independent Wholesale	220	220	220	220	220
Total continuing operations	290	289	285	284	280
Discontinued operations (Home Timber & Hardware wholesale)	-	-	-	349	452
Total wholesale customer stores	290	289	285	633	732
Trading area (sqm)ⁱ					
Australian Food	2,330,718	2,281,866	2,252,709	2,229,714	2,143,082
Countdown	404,032	405,274	415,970	417,966	397,889
Endeavour Drinks	468,996	460,841	446,083	430,691	413,409
BIG W	1,045,260	1,046,333	1,055,838	1,061,413	1,051,159

ⁱ As a result of separating the trading performance of Australian Food, Endeavour Drinks and Petrol; separate trading areas are now disclosed. F15 trading area has been restated on the same basis and is no longer comparable to previously reported data.

Appendices

Appendix Five: New stores and refurbishments

FULL YEAR	GROSS NEW STORES (INCL. ACQUISITIONS)	NET NEW STORES (INCL. ACQUISITIONS)	RENEWALS/ REFURBISHMENTS
Continuing operations			
Australian Food (including Metro)	24	16	68
New Zealand Food	2	(1)	10
Endeavour Drinks (including attached)	48	32	81
BIG W	1	-	-
Hotels	5	5	49
Total continuing operations	80	52	208
Discontinued operations			
Petrol	6	(534)	1
Total	86	(482)	209

FOURTH QUARTER	GROSS NEW STORES (INCL. ACQUISITIONS)	NET NEW STORES (INCL. ACQUISITIONS)	RENEWALS/ REFURBISHMENTS
Continuing operations			
Australian Food (including Metro)	7	4	22
New Zealand Food	1	-	-
Endeavour Drinks (including attached)	16	10	25
BIG W	-	-	-
Hotels	1	1	8
Total continuing operations	25	15	55
Discontinued operations			
Petrol	-	(537)	-
Total	25	(522)	55

Endnotes

n.m. Not meaningful

n.a. Not available

Normalised growth has been adjusted to remove the impact of the 53rd week in F19

¹ Before significant items

² WooliesX sales numbers are reported as part of Australian Food total and comparable sales

³ Growth for New Zealand Food is quoted in New Zealand dollars

⁴ During the period, the management of the New Zealand Wine Cellars business transferred from Endeavour Drinks to New Zealand Food. The prior period has been re-presented to conform with the current period presentation

⁵ S&P BBB (stable outlook) & Moody's Baa2 (stable outlook). The credit ratings referred to in this document have been issued by a credit rating agency which holds an Australian Financial Services Licence with an authorisation to issue credit ratings to wholesale clients only. The credit ratings in this document are published for the benefit of Woolworths Group's debt providers

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