

# WOOLWORTHS LIMITED

16 July 2008

**PRESS RELEASE**

## FULL YEAR SALES RESULTS 53 WEEKS TO 29<sup>th</sup> JUNE 2008

### SALES OF \$47.0 BILLION FOR THE YEAR UP 10.7% FROM CONTINUING OPERATIONS

Sales highlights (Detail shown in Appendix 1)	2007 Statutory	2008 Statutory	Total Increase	Normalised Increase (2) (3)
<b>Fourth Quarter (\$ millions)</b>				
Supermarket Division	8,505	9,890	16.3%	7.5%
General Merchandise Division	1,048 (1)	1,210 (1)	15.5%	8.8%
Hotels	240	264	10.0%	1.1%
<b>Continuing Operations</b>	<b>9,793</b>	<b>11,364</b>	<b>16.0%</b>	<b>7.5%</b>
<b>Total Fourth Quarter Sales</b>	<b>9,826</b>	<b>11,404</b>	<b>16.1%</b>	<b>7.5%</b>
<b>Full Year (\$ millions)</b>				
Supermarket Division	36,522	40,313	10.4%	8.3%
General Merchandise Division	4,775 (1)	5,447 (1)	14.1%	12.3%
Hotels	1,032	1,113	7.8%	5.9%
<b>Continuing Operations</b>	<b>42,329</b>	<b>46,873</b>	<b>10.7%</b>	<b>8.7%</b>
<b>Total Year to Date Sales</b>	<b>42,477</b>	<b>47,035</b>	<b>10.7%</b>	<b>8.7%</b>

(1) Includes wholesale sales from Woolworths India.

(2) Reflects sales growth normalised to remove the impact of the 53<sup>rd</sup> week in 2008.

(3) Fourth quarter adjusted to reflect the impact of Easter, which fell in the third quarter in 2008 and fourth quarter in 2007

Woolworths Chief Executive Officer, Michael Luscombe, today announced full year sales from continuing operations of \$47.0 billion. This represents an increase of \$4.6 billion (10.7%) on the previous year.

Mr Luscombe said: "2008 has been an extremely rewarding year with our business performing well overall. The significant re-investment in each of our businesses will continue to drive future growth.

These key investment initiatives include the rollout of our 2010c format stores in Supermarkets and our new format BIG W which are both progressing well. The nationwide rollout of our Everyday Rewards program has exceeded expectations with over 3 million cards on issue. We continue to improve our competitive position in each of our businesses. We remain focused on our customers, through a combination of greater convenience, freshness, quality, appropriate ranges, value and consistently low prices.”

## **SUPERMARKET DIVISION**

### *Australian Food and Liquor*

Australian Food and Liquor sales for the year were \$30.5 billion, an increase of 9.9% over last year, with comparable sales for the year increasing by 6.3% (inflation 2.9%). Despite some quarterly fluctuations this compares well to last year comparable sales of 6.6% (inflation 3.5%).

During the fourth quarter, sales from the Australian Food and Liquor division increased by 14.9% (6.7% normalised for Easter and excludes the extra week). Comparable sales for the fourth quarter were 4.9%. Inflation for the 4<sup>th</sup> quarter declined to 2.9% due to significant deflation in fruit and vegetables (Q3: 4.5%).

“We continue to re-invest in our business, not only through the 2010c refurbishment activity, but also through our rollback campaign and expansion of our private label offer. We also undertook several key strategic price re-investment activities over the last six months including the reduction to state based price groups and significant price investment in key staple products. All these activities deliver value to our customers and assist in driving our growth.” said Naum Onikul, Director of Food, Liquor and Petrol.

#### *Australian Food and Liquor sales growth summary:*

	<b>2008</b>			<b>2007</b>	
	<b>Total</b>	<b>Comparable</b>	<b>Inflation</b>	<b>Comparable</b>	<b>Inflation</b>
<b>Q1</b>	8.7%	7.6%	1.7%	4.9%	4.0%
<b>Q2</b>	7.4%	6.0%	2.4%	6.4%	4.0%
<b>Q3</b>	9.3%	6.7% <sup>(1)</sup>	4.5%	6.6%	3.0%
<b>Q4</b>	14.9%	4.9% <sup>(1)</sup>	2.9%	8.2%	2.2%
<b>Year</b>	9.9%	6.3%	2.9%	6.6%	3.5%

(1) Adjusted to reflect the impact of Easter, which fell in the third quarter in 2008 and fourth quarter in 2007

We opened 30 new Australian supermarkets during the year, ahead of our targeted range of 15 to 25, with 5 opening in the fourth quarter of 2008, bringing total Australian supermarkets to 780 stores. We also opened 22 new Dan Murphy’s stores taking the total to 89.

Total Liquor sales for the year were \$4.7 billion <sup>(2)</sup> (FY07: \$4.1 billion).

The total trading area for the Australian Supermarket Division increased by 5.2% (FY07: 3.6%) for the year.

(2) Liquor sales include sales from Supermarkets attached liquor, BWS, Dan Murphy’s and ALH bar sales and is based on 53 weeks. (Normalised for 52 weeks \$4.6 billion)

## ***New Zealand Supermarkets***

New Zealand Supermarket sales for the year were \$4.2 billion (NZD 4.9 billion), an increase of 5.8% over last year (7.3% in NZD 5.4% normalised to exclude extra week). Comparable sales for the year increased by 6.4%.

During the fourth quarter, New Zealand Supermarkets sales increased by 10.6% (in NZD) (2.2% normalised for Easter and excludes the extra week). Comparable sales for the fourth quarter at 3.5%, reflecting the tighter macroeconomic environment in New Zealand and a decline in the growth of the overall market in the fourth quarter.

In New Zealand our overall food inflation for the quarter was approximately 4.6%, an increase from the 3.0% experienced in the 3<sup>rd</sup> quarter reflecting increased price pressure on certain products in perishables and bakery and the ceasing of price deflation in produce.

### *New Zealand Supermarkets sales growth summary:*

<b>NZD</b>	<b>Total <sup>(1)</sup></b>	<b>Comparable <sup>(1)</sup></b>	<b>Inflation</b>
<b>Q1 <sup>(2)</sup></b>	9.2%	9.9%	2.4%
<b>Q2</b>	4.5%	5.7%	3.0%
<b>Q3</b>	5.5%	6.2% <sup>(3)</sup>	3.0%
<b>Q4</b>	10.6%	3.5% <sup>(3)</sup>	4.6%
<b>Year</b>	7.3%	6.4%	3.1%

(1) Total and comparable sales % quoted based on NZD sales.

(2) First quarter sales reflect the cycling of the prior year industrial action.

(3) Adjusted to reflect the impact of Easter, which fell in the third quarter in 2008 and fourth quarter in 2007

Total sales is lower than comparable sales due to approximately 3 stores being closed for the majority of the year and 3 new stores opening in the last quarter.

## ***Petrol***

For the full year, petrol sales were \$5.6 billion, an increase of 16.6%, reflecting higher petrol prices. (13.9% normalised to exclude the extra week). Petrol comparable sales increased by 11.1% during the year (20.4% in the fourth quarter), with comparable volumes having increased 0.6% over the year (FY07: 4.8%).

Comparable volumes in the fourth quarter increased 1.8% reflecting the strength of our offer and the success of the nationwide rollout of our Everyday rewards program. Average sell prices were higher than the previous year in the last three quarters.

Our convenience stores delivered strong double digit comparable sales growth for the year.

### ***Petrol (continued)***

As at the end of the financial year, we had 522 petrol stations including 133 Woolworths/Caltex alliance sites. We opened an additional 21 petrol canopies during the year, including one alliance site.

#### *Petrol sales growth summary:*

	<b>Total</b>	<b>Comparable Dollars</b>	<b>Comparable Volumes</b>
<b>Q1</b>	(0.8)%	(3.1)%	3.0%
<b>Q2</b>	14.5%	11.6%	(1.3)%
<b>Q3</b>	19.7%	17.1% <sup>(1)</sup>	(1.0)% <sup>(1)</sup>
<b>Q4</b>	35.8%	20.4% <sup>(1)</sup>	1.8% <sup>(1)</sup>
<b>Year</b>	16.6%	11.1%	0.6%

(1) Adjusted to reflect the impact of Easter, which fell in the third quarter in 2008 and fourth quarter in 2007

### **BIG W**

Sales for the full year were \$3.9 billion, an increase of 13.0% over the previous year. (11.4% normalised to exclude the extra week) Comparable sales for the full year were 4.7% (FY07: 3.4%), reflecting the continued endorsement by our customers of the repositioning initiatives that we have been undertaking.

BIG W sales grew by 12.7% in the fourth quarter. Comparable sales in the fourth quarter were 2.6% (Easter adjusted), with tighter trading conditions being experienced in June.

“We are really pleased with this year’s results. We continue to remain focused on providing customers with excellent value for money through great ranges and a consistent application of our Everyday Low Pricing strategy” said Greg Foran, General Manager BIG W.

#### *BIG W sales growth summary:*

	<b>Total</b>	<b>Comparable</b>
<b>Q1</b>	16.6%	9.6%
<b>Q2</b>	10.6%	3.6%
<b>Q3</b>	13.1%	3.8% <sup>(1)</sup>
<b>Q4</b>	12.7%	2.6% <sup>(1)</sup>
<b>Year</b>	13.0%	4.7%

(1) Adjusted to reflect the impact of Easter, which fell in the third quarter in 2008 and fourth quarter in 2007

There were 9 new BIG W stores opened during the year taking total stores to 151.

## CONSUMER ELECTRONICS

Total Consumer Electronics sales grew by 16.9% over the previous year (14.7% normalised to exclude the extra week) reflecting the solid growth in our Australian & New Zealand operations and the expansion of our wholesale operations in India.

### *Australia and New Zealand*

Sales for the full year reached \$1.4 billion, a 11.1% increase on previous year (9.0% normalised to exclude the extra week), with comparable store sales increasing by 4.3%. After adjusting for the effect of exchange rate movements in the New Zealand dollar, sales would have increased 11.1% with comparable sales being 4.4%.

In the fourth quarter solid sales growth of 16.3% was achieved, with comparable sales growth of 3.8% (adjusted for movement in exchange rates). Unadjusted comparable sales for the quarter were 2.6%.

“This is a solid result in a highly competitive market. We are well positioned in the current trading environment to improve our offer and are very excited about the early results from our new trial concept store which opened in May 2008. The strategic review of our business is well underway with a focus on repositioning of the brands, engaging our customers with a new in-store experience and introducing new and exciting product and service offerings.” said Debra Singh, General Manager Dick Smith Electronics.

*Consumer Electronics (Australia & New Zealand) sales growth summary:*

	<b>Total</b>	<b>Comparable <sup>(1)</sup></b>
<b>Q1</b>	10.5%	3.7%
<b>Q2</b>	9.9%	5.3%
<b>Q3</b>	8.2%	5.0% <sup>(2)</sup>
<b>Q4</b>	16.3%	3.8% <sup>(2)</sup>
<b>Year</b>	11.1%	4.4%

(1) Adjusted for movements in exchange rates

(2) Adjusted to reflect the impact of Easter, which fell in the third quarter in 2008 and fourth quarter in 2007

There were 33 Electronics stores opened during the year, with 5 of these being opened in the fourth quarter, taking total stores to 416.

### **India**

Our business venture with TATA in India now services 22 retail stores operating under the Croma brand and has produced sales of \$104 million for the year. As part of this venture Woolworths Limited provides buying, wholesale, supply chain and general consulting services to TATA.

## HOTELS

Hotel sales of \$1.1 billion represents an increase of 7.8% (5.9% normalised to exclude the extra week) with overall comparable sales growth of 1.3%. Comparable gaming sales for the year were up 1.6%.

Hotel sales in the fourth quarter increased by 10.0% to \$264m (1.1% normalised for Easter and excludes the extra week). Comparable sales for the quarter decreased by 1.6% as we continued to experience the impact of smoking bans together with tighter trading conditions. Gaming comparable sales decreased by 2.6% in the quarter. We anticipate comparable sales will improve as we cycle the anniversary of the introduction of smoking bans.

A further 9 properties were added to the portfolio in the year taking total venues to 271. The newly acquired hotels have a higher proportion of gaming revenue which has assisted the overall mix of revenue from the portfolio.

*Note: Note: Full smoking bans were introduced into South Australia from 31 October 2007, NSW and Victoria from 1 July 2007. Full smoking bans were previously in force in Queensland, Western Australia and Tasmania.*

*Hotels sales growth summary:*

	<b>Total</b>	<b>Comparable</b>
<b>Q1</b>	9.2%	3.5%
<b>Q2</b>	7.8%	2.3%
<b>Q3</b>	4.4%	1.0% <sup>(1)</sup>
<b>Q4</b>	10.0%	(1.6)% <sup>(1)</sup>
<b>Year</b>	7.8%	1.3%

(1) Adjusted to reflect the impact of Easter, which fell in the third quarter in 2008 and fourth quarter in 2007

## EARNINGS GUIDANCE

Our earnings guidance for the FY08 year is unchanged, with EBIT expected to grow faster than sales and NPAT expected to grow in the range of 21% to 25%.

The 2008 financial year is a 53 week trading year and these statements are on a 53 week basis.

Further detail will be provided in the full year profit result on 26 August 2008.

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## Appendix 1

	<b>2007 Statutory (12 weeks)</b>	<b>2008 Statutory (13 weeks)</b>	<b>Increase (13 weeks vs 12 weeks)</b>	<b>Normalised Increase (12 weeks) <small>(1) (2)</small></b>
<b>Fourth Quarter by Division (\$ millions)</b>				
Australian Food and Liquor	6,424	7,379	14.9%	6.7%
New Zealand Supermarkets	929	947	1.9%	(6.1)%
Petrol	1,152	1,564	35.8%	22.8%
<b>Supermarket Division</b>	<b>8,505</b>	<b>9,890</b>	<b>16.3%</b>	<b>7.5%</b>
<b>BIG W</b>	<b>754</b>	<b>850</b>	<b>12.7%</b>	<b>8.0%</b>
Consumer Electronics – Aust/NZ	282	328	16.3%	4.9%
Consumer Electronics – India	12	32	166.7%	148.8%
<b>Consumer Electronics – Total</b>	<b>294</b>	<b>360</b>	<b>22.4%</b>	<b>10.6%</b>
<b>General Merchandise Division</b>	<b>1,048</b>	<b>1,210</b>	<b>15.5%</b>	<b>8.8%</b>
<b>Hotels</b>	<b>240</b>	<b>264</b>	<b>10.0%</b>	<b>1.1%</b>
<b>Continuing Operations</b>	<b>9,793</b>	<b>11,364</b>	<b>16.0%</b>	<b>7.5%</b>
Wholesale Division	33	40	21.2%	12.2%
<b>Total Fourth Quarter Sales</b>	<b>9,826</b>	<b>11,404</b>	<b>16.1%</b>	<b>7.5%</b>

	<b>2007 Statutory (52 weeks)</b>	<b>2008 Statutory (53 weeks)</b>	<b>Increase (53 weeks vs 52 weeks)</b>	<b>Normalised Increase (52 weeks) <small>(1)</small></b>
<b>Full Year by Division (\$ millions)</b>				
Australian Food and Liquor	27,745	30,501	9.9%	7.9%
New Zealand Supermarkets	3,940	4,170	5.8%	3.9%
Petrol	4,837	5,642	16.6%	13.9%
<b>Supermarket Division</b>	<b>36,522</b>	<b>40,313</b>	<b>10.4%</b>	<b>8.3%</b>
<b>BIG W</b>	<b>3,465</b>	<b>3,916</b>	<b>13.0%</b>	<b>11.4%</b>
Consumer Electronics – Aust/NZ	1,285	1,427	11.1%	9.0%
Consumer Electronics – India	25	104	316.0%	303.5%
<b>Consumer Electronics – Total</b>	<b>1,310</b>	<b>1,531</b>	<b>16.9%</b>	<b>14.7%</b>
<b>General Merchandise Division</b>	<b>4,775</b>	<b>5,447</b>	<b>14.1%</b>	<b>12.3%</b>
<b>Hotels</b>	<b>1,032</b>	<b>1,113</b>	<b>7.8%</b>	<b>5.9%</b>
<b>Continuing Operations</b>	<b>42,329</b>	<b>46,873</b>	<b>10.7%</b>	<b>8.7%</b>
Wholesale Division	148	162	9.5%	7.9%
<b>Total Year to Date Sales</b>	<b>42,477</b>	<b>47,035</b>	<b>10.7%</b>	<b>8.7%</b>
<b>Periods (\$ millions)</b>				
14 Weeks Ended 30 September 2007	10,743	11,696	8.9%	8.9%
13 Weeks Ended 30 December 2007	11,349	12,296	8.3%	8.3%
<b>First Half</b>	<b>22,092</b>	<b>23,992</b>	<b>8.6%</b>	<b>8.6%</b>
13 Weeks Ended 30 March 2008	10,559	11,639	10.2%	9.8%
13 Weeks Ended 29 June 2008	9,826	11,404	16.1%	7.5%
<b>Second Half</b>	<b>20,385</b>	<b>23,043</b>	<b>13.0%</b>	<b>8.7%</b>
<b>Total Full Year Sales</b>	<b>42,477</b>	<b>47,035</b>	<b>10.7%</b>	<b>8.7%</b>

<sup>(1)</sup> Reflects sales growth normalised to remove the impact of the 53<sup>rd</sup> week in 2008.

<sup>(2)</sup> Fourth quarter adjusted to reflect the impact of Easter, which fell in third quarter in 2008 and the fourth quarter in 2007

## Appendix 2

<b>Five Year Store and Trading Area Analysis</b>					
<b>Year Ended 29 June 2008</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
	<b>FULL</b>	<b>FULL</b>	<b>FULL</b>	<b>FULL</b>	<b>FULL</b>
	<b>YEAR</b>	<b>YEAR</b>	<b>YEAR</b>	<b>YEAR</b>	<b>YEAR</b>
<b>STORES (number)</b>					
NSW & ACT	234	237	238	233	234
QLD	177	168	161	147	143
VIC	187	183	182	183	179
SA & NT	72	72	69	69	63
WA	81	79	79	64	60
TAS	29	27	27	27	29
Supermarkets in Australia <sup>(1)</sup>	780	766	756	723	708
New Zealand Supermarkets (includes franchise)	201	199	198	-	-
Total Supermarkets	981	965	954	723	708
Freestanding Liquor (incl. Dan Murphy)	233	212	204	192	192
ALH Retail Liquor Outlets	434	424	432	382	-
Caltex/WOW Petrol	133	134	131	117	44
Woolworths Petrol – Australia	389	371	360	339	315
Woolworths Petrol/Convenience – New Zealand	22	22	22	-	-
<b>Total Supermarket Division</b>	<b>2,192</b>	<b>2,128</b>	<b>2,103</b>	<b>1,753</b>	<b>1,259</b>
BIG W	151	142	129	120	111
Dick Smith Electronics	282	254	223	202	164
Dick Smith Powerhouse	28	23	20	18	18
Tandy	106	123	123	122	148
Total General Merchandise Division	567	542	495	462	441
Hotels (includes 8 clubs)	271	263	250	169	-
<b>Total Group</b>	<b>3,030</b>	<b>2,933</b>	<b>2,848</b>	<b>2,384</b>	<b>1,700</b>
<b>Trading Area (sqm)</b>					
Supermarkets Division – Australia <sup>(2)</sup>	1,945,641	1,848,792	1,784,279	1,682,536	1,623,530
Supermarkets Division – New Zealand <sup>(3)</sup>	296,549	291,092	291,792	-	-
General Merchandise Division <sup>(4)</sup>	989,767	930,288	843,316	783,685	731,788
<b>(1) Supermarket Store Movements July 07 - June 08</b>					
New Stores – incremental	30				
Closures - permanent	(9)				
Closures – for re-development	(7)				
<b>Net New Stores</b>	<b>14</b>				
<sup>(2)</sup> Australian Supermarkets Division trading area (excluding Petrol and ALH BWS outlets and including the Australian Ex-FAL stores) has increased by:				<b>5.2%</b>	FY07: 3.6%
<sup>(3)</sup> Excludes Gull and franchise stores					
<sup>(4)</sup> Excludes Woolworths India					