

# WOOLWORTHS LIMITED

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31 January 2012

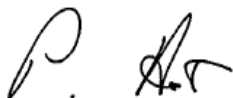
The Manager Companies  
Australian Securities Exchange Limited  
Company Announcements Office  
Level 4 20 Bridge Street  
Sydney NSW 2000

Dear Sir/Madam

**RE: Woolworths Limited – Listing Rule 3.1**

Please find attached the First Half Year Sales Results for the 27 weeks to 1 January 2012.

**For and on behalf of  
WOOLWORTHS LIMITED**



**PETER J HORTON**  
Group General Counsel and Company Secretary

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# WOOLWORTHS LIMITED

31.01.12

PRESS RELEASE

## First Half Year Sales Results – Financial Year 2012

	2011 Statutory (27 weeks)	2012 Statutory (27 weeks)	Increase (%)
<b>Half Year Sales (\$ million)</b>			
<b>Supermarket Division</b>	<b>23,900</b>	<b>25,249</b>	<b>5.6%</b>
Australian Food and Liquor	18,772	19,571	4.3%
New Zealand Supermarkets (NZD)	2,795	2,879	3.0%
New Zealand Supermarkets (AUD)	2,183	2,244	2.8%
Petrol (dollars)	2,945	3,434	16.6%
Petrol (litres)	2,542	2,605	2.5%
<b>General Merchandise Division</b>	<b>3,437</b>	<b>3,428</b>	<b>(0.3)%</b>
<b>BIG W</b>	<b>2,392</b>	<b>2,362</b>	<b>(1.3)%</b>
<b>Consumer Electronics</b>	<b>1,045</b>	<b>1,066</b>	<b>2.0%</b>
– Australia	726	731	0.7%
– New Zealand (NZD)	179	183	2.2%
– New Zealand (AUD)	142	142	-
– India	177	193	9.0%
<b>Hotels</b>	<b>612</b>	<b>636</b>	<b>3.9%</b>
<b>Home Improvement</b>	<b>354</b>	<b>412</b>	<b>16.4%</b>
<b>Total First Half Year Sales</b>	<b>28,303</b>	<b>29,725</b>	<b>5.0%</b>
<i>Total First Half Year Sales (excl Petrol)</i>	<i>25,358</i>	<i>26,291</i>	<i>3.7%</i>

Woolworths Limited today announced first half year sales of \$29.7 billion, a 5.0% increase on the previous year.

CEO Grant O'Brien said: "The first half result was solid considering the ongoing headwinds facing the retail sector with subdued consumer confidence and significant deflation along with the change agenda we are driving through our business.

"The first half result includes 5.6% sales growth for our Supermarket Division, as well as sales growth of 16.4% in our Home Improvement Division that includes sales from our first seven Masters stores, which are trading in line with expectations. Overall customer numbers have increased, reflecting improved customer buying power through price deflation."

## SUPERMARKET DIVISION

### Australian Food and Liquor

Australian Food and Liquor sales for the half year were \$19.6 billion, an increase of \$0.8 billion or 4.3% over last year. Sales for the second quarter were \$9.9 billion, an increase of 4.1%.

Comparable store sales in Australian Food and Liquor for the half year increased 1.5% (HY 2011: 2.2%) and for the second quarter increased 1.1% (Q2 2011: 2.5%).

Sales growth was impacted in the second quarter by significant deflation particularly in produce, seafood, bakery and deli. Produce deflation was experienced in all months of the quarter and by December was double digit. We continued to invest in price, particularly in the grocery, general merchandise and liquor categories. Sales growth was also dampened in the second quarter by cooler weather with the lowest December Australia wide temperatures since 2001. The impact was greatest in lines such as soft drinks, ice cream and deli items including salads, cold meats and roast chickens.

Tjeerd Jegen, Director of Australian Supermarkets and Petrol said: "The trading environment has remained tough with continuing deflation across key product categories combined with a continued cautious consumer. However, we increased market share, customer numbers, basket size and items sold. During the half year, we served on average 19.3 million customers per week.

"Fresh food continued positive sales momentum, led by Bakery, Deli and Meat, and we continue to see strong results from our new season launches. Grocery market share increased over the half however we are focused on further improving the growth momentum in this category. Whilst early days, good progress is being made across all key initiatives presented at our Investor Briefing in November 2011."

Steve Greentree, Director of Liquor said: "Liquor experienced another quarter of strong growth across all brands, particularly Dan Murphy's and BWS, gaining further market share despite increased competitor activity around the Christmas period. Our multichannel business in Cellarmasters and Dan Murphy's had an outstanding quarter as customers switch between in-store and online."

The standard shelf price movement index<sup>1</sup> for the half year was 0.9% (HY 2011: 2.2%) and second quarter was -0.3%. This was impacted by produce prices which were in significant inflation in the first quarter due to the natural disasters early in the 2011 calendar year, however were in significant deflation in the second quarter as supply improved and we cycled the high prices in the prior year. Excluding produce the index for the half year was 0.8%.

Average prices continued to experience deflation for the half year of 3.7% when the effects of promotions and volumes are included (HY 2011: 3.8% deflation). Average prices for the second quarter declined 4.1%. Part of this deflation resulted from Woolworths lowering its prices to meet increasing customer demand for value.

*Australian Food and Liquor sales growth summary:*

	2012		2011	
	Total	Comparable	Total	Comparable
<b>Q1</b>	4.4%	1.9%	3.2%	2.0%
<b>Q2</b>	4.1%	1.1%	3.7%	2.5%
<b>Half Year</b>	4.3%	1.5%	3.5%	2.2%

We opened 25 Australian Supermarkets during the half year bringing the total to 864. 17 stores were opened in the second quarter with 14 of these opened in November/December. We also opened 14 Dan Murphy's during the half taking the total to 154. We plan to open another 14 Supermarkets and six Dan Murphy's in the 2012 financial year.

**New Zealand Supermarkets**

New Zealand Supermarkets achieved sales of NZ\$2.9 billion for the half year, an increase of 3.0%<sup>2</sup> (2.8% increase in AUD). Sales for the second quarter were NZ\$1.5 billion, an increase of 3.0%<sup>2</sup> over last year.

Comparable sales grew 4.5%<sup>2</sup> for the first half (HY 2011: 3.5%<sup>2</sup>) and 4.1%<sup>2</sup> for the second quarter (Q2 2011: 2.6%<sup>2</sup>). Stores closed due to the Christchurch earthquake and the petrol sites transferred back to Gull have been excluded from comparable sales.

Dave Chambers, Managing Director PEL Supermarkets said: "This is a solid result achieved in an economic environment that remains challenging. We have continued to grow market share, customer numbers, items sold and basket size. This reflects the success of the conversion of stores to the value positioned Countdown brand, which was completed just before Christmas when the last two Woolworths and Foodtown stores were converted to the Countdown brand."

The food price index inflation for the half year was 1.7% (HY 2011: 0.6%) and second quarter was 1.5%.

*New Zealand Supermarkets sales growth summary:*

NZD	2012		2011	
	Total	Comparable	Total	Comparable
<b>Q1</b>	3.0%	4.9%	4.7%	4.5%
<b>Q2</b>	3.0%	4.1%	3.5%	2.6%
<b>Half Year</b>	3.0%	4.5%	4.1%	3.5%

We opened three new stores and re-opened one earthquake damaged store during the half year, bringing total New Zealand Supermarkets to 158 excluding franchisees. One Countdown and one franchise store remain closed as a result of the 2011 Christchurch earthquakes.

## Petrol

Petrol sales for the half year, including Woolworths/Caltex Alliance sites, increased by 16.6% to \$3.4 billion reflecting an increase in average fuel sell prices (HY 2012: 140.8 cpl, HY 2011: 124.0 cpl). Sales for the second quarter increased 16.2%. Petrol volumes increased 2.5% for the half year and 2.2% for the second quarter. Market share and customer numbers increased during the first half.

Total merchandise (non-fuel) sales were up 9.4% and comparable merchandise (non-fuel) sales were up 4.0% for the half year.

Comparable sales (dollars) increased by 13.7% for the half year and 13.4% for the second quarter. Comparable volumes decreased 0.1% for the half year (HY 2011: 0.1% increase) and decreased 0.2% for the second quarter.

*Petrol sales growth summary:*

	2012				2011			
	Total Dollars	Comparable Dollars	Total Volumes	Comparable Volumes	Total Dollars	Comparable Dollars	Total Volumes	Comparable Volumes
<b>Q1</b>	17.0%	14.0%	2.8%	0.1%	3.3%	0.9%	1.4%	(0.9)%
<b>Q2</b>	16.2%	13.4%	2.2%	(0.2)%	8.7%	6.4%	3.1%	1.1%
<b>Half Year</b>	16.6%	13.7%	2.5%	(0.1)%	5.9%	3.5%	2.3%	0.1%

We opened ten petrol canopies during the half year bringing the total to 591, including 132 Woolworths/Caltex alliance sites. We plan to open a further eight sites in the 2012 financial year.

## GENERAL MERCHANDISE

### BIG W

BIG W sales for the half year were \$2.4 billion representing a decrease of 1.3%. Sales for the second quarter were \$1.3 billion (Q2 2011: \$1.3 billion).

Comparable sales decreased 2.8% for the first half (HY 2011: decreased 4.2%) and decreased 1.7% for the second quarter (Q2 2011: decreased 4.5%).

Customer numbers and items sold increased during the second quarter. Customers responded positively to our "Get it for Less" marketing campaign which effectively communicates BIG W's price leadership position. Price deflation continued, averaging 5% during the first half. Deflation was most evident in Home Entertainment and Toys.

Julie Coates, Director BIG W said: "Trading over the Christmas period was pleasing with positive customer and unit growth in December offset by deflation resulting in lower average basket sizes. Strong results were achieved in DVDs, Books, Toys, Sporting and Footwear whilst cooler weather in December had a modest effect on apparel and outdoor categories."

*BIG W sales growth summary:*

	2012		2011	
	Total	Comparable	Total	Comparable
<b>Q1</b>	(2.7)%	(4.2)%	(2.7)%	(3.9)%
<b>Q2</b>	(0.1)%	(1.7)%	(2.9)%	(4.5)%
<b>Half Year</b>	(1.3)%	(2.8)%	(2.8)%	(4.2)%

We opened four new stores in the half year bringing total stores to 169. We plan to open a further three stores in the 2012 financial year.

## Consumer Electronics

Total Consumer Electronics grew by 2.0% for the half year and 3.0% for the second quarter.

### *Consumer Electronics Australia*

Consumer Electronics Australia sales increased 0.7% for the half year and 3.1% for the second quarter. Comparable store sales increased 2.4% for the half year (HY 2011: 4.1%) and 4.8% for the second quarter (Q2 2011: 4.8%). Second quarter sales were pleasing given that Consumer Electronics continues to be impacted by the current retail trading environment, price competition across the sector and price deflation in key products.

Debra Singh, General Manager Consumer Electronics commented: "This is a good result for the business with second quarter sales being particularly strong in a difficult and very competitive trading environment. The new format stores, which are now 74% of the total store network also continue to outperform older format stores and achieved sales growth of 8.7%. These stores delivered strong comparable sales growth of 5.2% for the second quarter."

	2012		2011	
	Total	Comparable	Total	Comparable
Q1	(2.1)%	(0.5)%	0.9%	3.3%
Q2	3.1%	4.8%	3.4%	4.8%
Half Year	0.7%	2.4%	2.3%	4.1%

We opened 16 stores and closed 23 during the half year bringing total Consumer Electronics stores in Australia to 320.

### *Consumer Electronics New Zealand*

Consumer Electronics New Zealand sales increased 2.2%<sup>2</sup> for the half year and 8.4%<sup>2</sup> for the second quarter. Comparable store sales increased 6.5%<sup>2</sup> for the half year (HY 2011: decreased 5.0%<sup>2</sup>) and 11.9%<sup>2</sup> for the second quarter (Q2 2011: decreased 5.7%<sup>2</sup>).

This is a particularly strong result given New Zealand continues to face a very challenging macroeconomic environment and significant price deflation in key categories.

NZD	2012		2011	
	Total	Comparable	Total	Comparable
Q1	(4.8)%	0.3%	(2.3)%	(4.2)%
Q2	8.4%	11.9%	(5.9)%	(5.7)%
Half Year	2.2%	6.5%	(4.3)%	(5.0)%

We opened three stores and closed three stores during the half year with the total in New Zealand remaining at 67. As a result of the Christchurch earthquake, two stores remain closed, with the intention of re-opening one in the future.

Our Consumer Electronics multichannel offer in Australia and New Zealand continues to display strong growth in customers and sales.

## Consumer Electronics India

Our business venture with TATA in India now services 72 retail stores operating under the Croma brand and produced sales of \$193 million for the half year.

## HOTELS

Hotel sales for the half year were \$636 million, an increase of 3.9% over last year. Sales for the second quarter were \$313 million, an increase of 4.0%.

Comparable sales increased by 2.9% for the half year (HY 2011: 3.4%) and 2.4% for the second quarter (Q2 2011: 5.0%). Gaming comparable sales increased 1.3% for the half year (HY 2011: 2.3%) and 1.4% for the second quarter.

Bruce Mathieson Jnr, Chief Executive Officer ALH Group said: "The overall sales result is a very pleasing outcome with strong sales across both food and bar offerings. Late in the second quarter the acquisition of the Compass Group was completed, with integration of operations into the ALH business proceeding well."

*Hotels sales growth summary:*

	2012			2011		
	Total	Comparable	Comparable Gaming	Total	Comparable	Comparable Gaming
<b>Q1</b>	3.9%	3.5%	1.3%	2.6%	1.8%	1.7%
<b>Q2</b>	4.0%	2.4%	1.4%	4.5%	5.0%	3.0%
<b>Half Year</b>	3.9%	2.9%	1.3%	3.6%	3.4%	2.3%

12 hotels located in Western Australia were acquired from the receivers of the Compass Group. In addition during the half year, two hotels were re-opened after undergoing full renovations, and one hotel and one club business were disposed with total venues now numbering 294.

## HOME IMPROVEMENT

Home Improvement sales increased 16.4% to \$412 million for the first half and increased 26.6% to \$224 million for the second quarter. The results include sales from the first seven Masters stores, of which six were opened in the second quarter.

Don Stallings, Chief Executive Officer Home Improvement said: "We are pleased with the trading to date for our Masters stores with customer feedback very positive in relation to the new Home Improvement offering. We have a strong pipeline of new store openings for the remainder of the year and continue to focus on ensuring the smooth roll out of these stores."

## MULTICHANNEL OFFER

Multichannel is an important strategy in an emerging growth area. We remain focused on continuing to develop a leading multichannel offer across each of our businesses. Website enhancements continue to yield positive results, in particular for BIG W and Dan Murphy's. The Cellarmasters business, which was acquired in May 2011, also continues to trade above expectations. Our recently launched Door Buster deal site, offering a variety of general merchandise and grocery products, has made a promising start. Total online sales for the half year, whilst still small in comparison to the rest of the Woolworths business, increased by 118% or 47% excluding Cellarmasters, with BIG W doubling its online sales.



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**For further information contact:**

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## Appendix 1: Sales Summary

	2011 Statutory 13 weeks	2012 Statutory 13 weeks	Increase (%)
<b>Second Quarter Sales (\$ million)</b>			
<b>Supermarket Division</b>	<b>12,025</b>	<b>12,685</b>	<b>5.5</b>
Australian Food and Liquor	9,480	9,871	4.1
<i>New Zealand Supermarkets (NZD)</i>	<i>1,417</i>	<i>1,459</i>	<i>3.0</i>
New Zealand Supermarkets (AUD)	1,088	1,121	3.0
Petrol (dollars)	1,457	1,693	16.2
<i>Petrol (litres)</i>	<i>1,245</i>	<i>1,272</i>	<i>2.2</i>
<b>General Merchandise Division</b>	<b>1,890</b>	<b>1,906</b>	<b>0.8</b>
<b>BIG W</b>	<b>1,326</b>	<b>1,325</b>	<b>(0.1)</b>
<b>Consumer Electronics</b>	<b>564</b>	<b>581</b>	<b>3.0</b>
– Australia	393	405	3.1
– <i>New Zealand (NZD)</i>	<i>95</i>	<i>103</i>	<i>8.4</i>
– New Zealand (AUD)	75	79	5.3
– India	96	97	1.0
<b>Hotels</b>	<b>301</b>	<b>313</b>	<b>4.0</b>
<b>Home Improvement</b>	<b>177</b>	<b>224</b>	<b>26.6</b>
<b>Total Second Quarter Sales</b>	<b>14,393</b>	<b>15,128</b>	<b>5.1</b>
<i>Total Second Quarter Sales (excl Petrol)</i>	<i>12,936</i>	<i>13,435</i>	<i>3.9</i>

	2011 Statutory 27 weeks	2012 Statutory 27 weeks	Increase (%)
<b>Periods (\$ million)</b>			
Quarter 1 (14 Weeks)	13,910	14,597	4.9
Quarter 2 (13 Weeks)	14,393	15,128	5.1
<b>Total Half Year Sales</b>	<b>28,303</b>	<b>29,725</b>	<b>5.0</b>
<b>Group Excluding Petrol (\$ million)</b>			
Quarter 1 (14 Weeks)	12,422	12,856	3.5
Quarter 2 (13 Weeks)	12,936	13,435	3.9
<b>Total Half Year Sales excluding Petrol</b>	<b>25,358</b>	<b>26,291</b>	<b>3.7</b>

## Appendix 2: First half new stores and refurbishments

	Gross New Stores	Net New Stores	Refurbishments
Australian Supermarkets	25	24	49
Thomas Dux	-	-	-
Liquor	46	38	12
New Zealand Supermarkets	4 <sup>3</sup>	2	4
Petrol	10	10	1
BIG W	4	4	3
Consumer Electronics – Aust / NZ	19	(7)	11
Hotels	14	12	13 <sup>4</sup>
Masters	7	7	-
Danks – Retail	2	2	-
<b>Total first half</b>	<b>131</b>	<b>92</b>	<b>93</b>

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## Appendix 3: Store Summary

<b>Five Year Store and Trading Area Analysis</b>					
<b>Half Year Ended 1 January 2012</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
	<b>HALF</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	260	255	248	241	234
QLD	202	194	189	186	177
VIC	211	203	200	192	187
SA & NT	78	76	74	72	72
WA	83	83	83	82	81
TAS	30	29	29	29	29
Supermarkets in Australia <sup>(1)</sup>	864	840	823	802	780
New Zealand Supermarkets	158	156	152	149	149
<b>Total Supermarkets</b>	<b>1,022</b>	<b>996</b>	<b>975</b>	<b>951</b>	<b>929</b>
Thomas Dux	11	11	11	3	1
Freestanding Liquor (incl. Dan Murphy's)	322	305	281	256	233
ALH Retail Liquor Outlets	509	488	480	463	434
Caltex/WOW Petrol	132	132	132	133	133
Woolworths Petrol – Australia	459	449	429	409	389
Woolworths Petrol/Convenience – New Zealand	-	-	22	22	22
<b>Total Supermarket Division</b>	<b>2,455</b>	<b>2,381</b>	<b>2,330</b>	<b>2,237</b>	<b>2,141</b>
BIG W	169	165	161	156	151
Dick Smith	384	390	394	349	310
Tandy	3	4	22	87	106
<b>Total General Merchandise Division</b>	<b>556</b>	<b>559</b>	<b>577</b>	<b>592</b>	<b>567</b>
Hotels (includes 7 clubs)	294	282	284	280	271
Masters	7	-	-	-	-
Danks Retail	21	19	8	-	-
<b>Total Group</b>	<b>3,333</b>	<b>3,241</b>	<b>3,199</b>	<b>3,109</b>	<b>2,979</b>
<b>Wholesale customer stores</b>					
Dick Smith	2	3	18	35	43
Progressive	52	51	54	53	52
Croma (India CEG)	72	64	50	33	22
Danks (Home Improvement Wholesale)	529	543	581	-	-
Statewide Independent Wholesale	220	220	220	218	216
<b>Total Wholesale customer stores</b>	<b>875</b>	<b>881</b>	<b>923</b>	<b>339</b>	<b>333</b>
<b>Trading Area (sqm)</b>					
Supermarkets Division – Australia <sup>(2)</sup>	2,280,568	2,202,620	2,127,195	2,037,680	1,945,641
Supermarkets Division – New Zealand <sup>(3)</sup>	343,574	333,274	325,256	303,889	296,549
General Merchandise Division <sup>(4)</sup>	1,112,193	1,086,082	1,061,934	1,038,561	989,767
<b>(1) Supermarket Store Movements July 11 - Dec 11</b>					
New Stores – incremental	25				
Closures - permanent	-				
Closures – for re-development	(1)				
<b>Net New Stores</b>	<b>24</b>				
<b>(2) Australian Supermarkets Division trading area (excluding Petrol and ALH BWS outlets) has increased by 3.54% (HY 2011: 2.20%)</b>					
<b>(3) Excludes Gull and franchise stores</b>					
<b>(4) Excludes Woolworths India</b>					

## Appendix 4: Notes

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<sup>1</sup> The shelf price movement index is calculated by comparing the number of products sold in the current year using the current year prices to the number of products sold in the current year using the prior year prices. The price used for this comparison is the standard shelf price. Products on promotion are excluded from the calculation (i.e. the volume of these items sold is removed from both years' sales). The calculation removes the impact of any changes in volumes and the distortion of promotional activity.

<sup>2</sup> Sales growth for New Zealand Supermarkets and Consumer Electronics New Zealand are quoted in NZD.

<sup>3</sup> Includes re-opening of one earthquake impacted store.

<sup>4</sup> Q1 hotel refurbishments were incorrect in the first quarter release.

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