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ASX Market Announcements Office
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THIRD QUARTER SALES RESULTS

Attached for release to the market are the Third Quarter Sales Results for the 13 week period to 1 April 2018.

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THIRD QUARTER SALES RESULTS - FINANCIAL YEAR 2018 13 WEEKS TO 1 APRIL 2018

Continued focus on customer experience driving solid sales growth

THIRD QUARTER SALES

\$ MILLION	2018 (13 WEEKS)	2017 (13 WEEKS)	CHANGE	EASTER-ADJ CHANGE	COMPARABLE GROWTH	EASTER-ADJ COMPARABLE GROWTH
Australian Food	9,571	9,144	4.7%	4.2%	4.4%	4.0%
Endeavour Drinks	2,004	1,875	6.9%	4.3%	6.1%	3.3%
New Zealand Food (AUD)	1,509	1,482	1.9%	2.2%		
<i>New Zealand Food (NZD)</i>	1,633	1,579	3.4%	3.7%	3.5%	3.8%
BIG W	770	747	3.2%	(1.3)%	3.3%	(1.2)%
Hotels	390	376	3.3%	4.0%	3.2%	3.9%
Total third quarter sales from continuing operations*	14,244	13,660	4.3%	3.4%	4.4%	3.6%
<i>Discontinued operation - Petrol</i>	<i>1,215</i>	<i>1,218</i>	<i>(0.3)%</i>	<i>0.2%</i>	<i>(1.3)%</i>	<i>(0.8)%</i>

PROGRESS AGAINST KEY PRIORITIES

- **Australian Food's Voice of Customer (VOC)** scores continuing to improve with both Overall Customer Satisfaction of 81% and store-controllable VOC of 84% up on the prior year
- **Australian Food** comparable sales growth of 4.0% (Easter-adjusted) driven by underlying transaction growth
- **Online sales** growth remains robust in **Australian Food** with two new customer fulfilment centres (CFCs) commissioned during the quarter and ongoing growth of Pick up
- 1Store (1POS, centralised ticketing, next generation back office software upgrades) due for completion by end of June for **Woolworths Supermarkets** and **BWS**
- BWS and Dan Murphy's driving solid growth for **Endeavour Drinks** with Easter-adjusted comparable sales up 3.3%
- **New Zealand Food's** planned investments contributing to a second consecutive quarter of strong comparable sales growth with Easter-adjusted comparable sales up 3.8%
- **BIG W's** turnaround still a work in progress with Easter-adjusted comparable sales declining by 1.2%, impacted by timing of New Year's Day and school holidays in NSW
- Comparable sales growth in **Hotels** across all key categories
- **Petrol** sales in line with the prior year

Woolworths Group CEO, Brad Banducci said: "We are pleased with the progress we are continuing to make against our key priorities as we pivot from turnaround to transformation. We remain energised by the number of opportunities we see to continue to improve our business.

"Woolworths Group's sales performance remained strong in the third quarter of FY18 despite cycling much improved prior year growth. Australian and New Zealand Food's Easter-adjusted comparable sales increased 4.0% and 3.8% respectively despite the impact from the timing of New Year's Day. Endeavour Drinks' Easter-adjusted comparable sales increased by 3.3%. The BIG W turnaround is still a work in progress with sales declining marginally on an Easter-adjusted basis in the quarter.

"Our focus for the remainder of FY18 is on delivering consistently good shopping experiences across all stores and days of the week, embedding current strategic initiatives including 'Simpler for Stores' and continuing to improve our digital experience."

* In Q3'17, sales from continuing operations includes EziBuy

AUSTRALIAN FOOD

OPERATING METRICS

YEAR ON YEAR (%)	Q3'18 (13 WEEKS)	Q3'17 (13 WEEKS)
Customer metrics		
Overall Customer Satisfaction (store and online)	81%	75%
Store-controllable VOC	84%	78%*
Sales productivity metrics		
	Easter-adjusted	Easter-adjusted
Total sales	4.2%	5.3%
Comparable sales	4.0%	4.3%
Volume productivity metrics		
	Easter-adjusted	Easter-adjusted
Comparable transaction growth (%)	4.1%	4.1%
Comparable items per basket (%)	0.0%	0.6%
Comparable item growth (%)	4.1%	4.7%
Change in average prices		
Total	(1.3)%	(2.5)%
Total excluding Tobacco	(2.8)%	(4.0)%

In **Australian Food**, VOC scores remained strong with Overall Customer Satisfaction of 81% consistent with our pre-Christmas highs and store-controllable VOC of 84%. Both measures improved significantly compared to Q3'17, driven by improvements in Availability and Fruit & Vegetables. Store-controllable VOC now includes an additional measure Ease of Pick up reflecting the increasing importance of Pick up to our customers. Ease of Pick up VOC has rapidly improved since the national rollout in the first half.

Sales increased by 4.7% to \$9.6 billion. Comparable sales increased by 4.4%, benefitting from the shift in the timing of Easter compared to the same quarter in the prior year, with Easter-adjusted comparable sales increasing by 4.0%. Growth was driven by comparable transactions with items per basket flat on the prior year, largely due to the shift in New Year's Day timing.

Strong execution on key customer events assisted sales growth in the quarter, including Easter and Valentine's Day. The successful Earn & Learn program also ended in the quarter helping to deliver 300,000 pieces of school equipment to over 15,000 schools across the country.

Online sales in Australian Food continue to grow strongly at c.30%, benefitting from strategic digital initiatives delivered throughout the year such as the national rollout of Pick up.

Average prices declined 1.3% compared to the same quarter in the prior year. Fruit and vegetables deflation remained high at 5.4% in the quarter although moderated relative to HY18 with materially lower prices in tomatoes and grapes. Fruit and vegetables deflation is expected to remain high in Q4'18 as the category cycles the inflationary impact of Cyclone Debbie in the prior year. Excluding Fruit & Vegetables and Tobacco, average prices declined by 2.4%.

At the end of quarter, 1POS had been rolled out to 816 stores and 1Store remains on track to be rolled out to all Woolworths Supermarkets by the end of the financial year.

The quarter ended with 1,007 Supermarkets and Metro stores. One Metro was opened, two Supermarkets closed and six Renewals and 20 Upgrades completed during the quarter.

* Store-controllable VOC has been restated to reflect the inclusion of Ease of Pick up as an 8th measure

ENDEAVOUR DRINKS

OPERATING METRICS

YEAR ON YEAR (%)	Q3'18 (13 WEEKS)	Q3'17 (13 WEEKS)
Sales productivity metrics	Easter-adjusted	Easter-adjusted
Total sales	4.3%	3.9%
Comparable sales	3.3%	2.2%

Endeavour Drinks' sales increased by 6.9% in the third quarter to \$2.0 billion with comparable sales increasing by 6.1%. On an Easter-adjusted basis, comparable sales increased by 3.3%.

BWS and Dan Murphy's continued to perform strongly with positive comparable sales across both banners at or above market growth rates. Warm weather impacted category mix with beer sales benefitting relative to wine.

Endeavour Drinks continues to improve its online offering to meet evolving customer needs with Dan Murphy's and BWS online sales growing over 20%. At the end of the quarter, Express Delivery was available in 319 BWS stores.

Dan Murphy's total fleet size remained unchanged in the quarter at 225. BWS opened two and closed two stores, ending the quarter with 1,315 stores.

NEW ZEALAND FOOD

OPERATING METRICS

YEAR ON YEAR (%)	Q3'18 (13 WEEKS)	Q3'17 (13 WEEKS)
Sales productivity metrics	Easter-adjusted	Easter-adjusted
Total sales*	3.7%	2.2%
Comparable sales*	3.8%	2.0%
Volume productivity metrics	Easter-adjusted	Easter-adjusted
Comparable transaction growth (%)	4.3%	1.4%
Comparable items per basket (%)	(1.8)%	0.5%
Comparable item growth (%)	2.5%	1.9%
Change in average prices	(1.1)%	(1.0)%

New Zealand Food's sales increased by 3.4% for the quarter to NZ\$1.6 billion with comparable sales increasing by 3.5%. Easter-adjusted comparable sales increased by 3.8% with a strong improvement in comparable transaction growth offset somewhat by lower items per basket.

Higher sales growth has been consistent with improving Net Promoter Scores and has benefitted from the previously announced investments and key initiatives including investments in team hours, Fruit & Vegetables and online. Online sales momentum continued with growth driven by a strong increase in Pick up sales.

By the end of the quarter, customer-led ranging (range tailored for demographic of store) was completed for 80 stores and the rollout of 1POS to all stores by the end of the financial year is on track.

Average prices declined by 1.1% largely due to lower prices in grocery. There are approximately 4,000 products now on the Price Down program.

Two Countdown stores were closed during the quarter to end with 182. Franchise stores ended at 68, with one store opened during the quarter.

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

PORTFOLIO

BIG W

OPERATING METRICS

YEAR ON YEAR (%)	Q3'18 (13 WEEKS)	Q3'17 (13 WEEKS)
Sales productivity metrics	Easter-adjusted	Easter-adjusted
Total sales	(1.3)%	(6.0)%
Comparable sales	(1.2)%	(5.6)%
Volume productivity metrics	Easter-adjusted	Easter-adjusted
Comparable transaction growth (%)	(0.1)%	(4.6)%
Comparable items per basket (%)	4.1%	1.1%
Comparable item growth (%)	4.0%	(3.5)%

BIG W's sales increased by 3.2% to \$770 million with comparable sales increasing by 3.3%. On an Easter-adjusted basis, comparable sales declined by 1.2%. Sales were impacted by the timing of New Year's Day and the shift in timing of the school holidays in New South Wales.

During the quarter, customers continued to notice the improvements in BIG W with comparable item growth up 4.0% driven by a strong increase in items per basket. However, item growth has been offset by lower prices as BIG W continues to drop prices on the products that matter the most to customers.

Sales of Easter-related ranges performed well with lower prices and an effective marketing campaign driving higher unit sales and strong sell-through. The impact of school holidays not aligning to the Easter public holidays this year was evident in categories such as camping, leisure and entertainment.

Improvements have begun in apparel, however sales of seasonal stock such as winter apparel, performed below expectations in the quarter, mainly due to unseasonably warm Autumn weather.

BIG W will continue to focus on what customers want by lowering prices and restoring price trust, improving the range and providing an easier shopping experience in-store and online.

BIG W store numbers remained unchanged, ending the quarter at 186 stores.

HOTELS

YEAR ON YEAR (%)	Q3'18 (13 WEEKS)	Q3'17 (13 WEEKS)
Sales productivity metrics	Easter-adjusted	Easter-adjusted
Total sales	4.0%	1.9%
Comparable sales	3.9%	1.9%

Hotels' sales for the quarter were \$390 million, an increase of 3.3%. Comparable sales increased by 3.2% or 3.9% on an Easter-adjusted basis.

Sales growth was driven by growth across all key categories of Gaming, Bars, Food and Accommodation with sales benefitting from the performance of refurbished venues.

During the quarter, one hotel closed to end at 326.

The allegations reported in the media earlier this year are still being investigated under the supervision of an ALH Board sub-committee comprised of non-executive directors, with the assistance of external advisers. ALH has also engaged Responsible Gaming Council of Canada to undertake a best practice review and benchmarking project in relation to ALH responsible gaming practices.

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DISCONTINUED OPERATION

Petrol

Petrol sales for the quarter of \$1.2 billion were largely in line with the prior year. Easter-adjusted comparable sales declined by 0.8%.

Easter-adjusted comparable volumes declined by 6.9% due to a reduction in average fill size as a result of higher prices with average fuel sell prices up 5.3% (unleaded Q3'18: 134.9 cpl; Q3'17: 128.1 cpl).

Merchandise sales increased by 3.2% on an Easter-adjusted basis.

The number of Petrol canopies were unchanged during the quarter, ending with 533.

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APPENDIX ONE: NEW STORES AND RENEWALS/ REFURBISHMENTS

THIRD QUARTER	GROSS NEW STORES (INCL. ACQUISITIONS)	NET NEW STORES (INCL. ACQUISITIONS)	RENEWALS/ REFURBISHMENTS
Continuing operations			
Australian Supermarkets (including Metro)	1	(1)	6
Endeavour Drinks (including attached)	2	-	33
New Zealand Food	-	(2)	-
BIG W	-	-	1
Hotels	-	(1)	5
Total continuing operations	3	(4)	45

APPENDIX TWO: NOTES

Due to the commencement of new commercial supplier agency arrangements, combined with the progression of the AASB15 *Revenue* impact assessment, the Group has realigned the sales for certain agency arrangements (including gift cards and telephone recharges) that have historically been presented on a gross basis. The restatement does not have any impact on profit or loss. Where necessary, comparative information has been restated to conform to changes in presentation in the current year. The impact on comparable sales growth is not material. Refer to the FY17 first quarter sales results announcement for the agency sales restatements.

Click [here](#) to view the shareholder communication for these results.

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