

18 April 2011


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 following the Third Quarter Sales Results for the thirteen week period ended 3 April 2011.

**For and on behalf of  
WOOLWORTHS LIMITED**



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

# WOOLWORTHS LIMITED

18 April 2011

PRESS RELEASE

## THIRD QUARTER SALES RESULTS 13 WEEKS TO 3 APRIL 2011

**SALES UP 5.1% OR \$654 MILLION TO \$13.6 BILLION IN THIRD QUARTER (5.6% EASTER ADJUSTED)**

	2010 Statutory 13 weeks	2011 Statutory 13 weeks	Statutory Increase (%)	Proforma <sup>1</sup> Increase (%)
<b><u>Third Quarter by Division (\$millions)</u></b>				
<b>Supermarket Division</b>	<b>11,188</b>	<b>11,767</b>	<b>5.2</b>	<b>5.6</b>
Australian Food and Liquor	8,753	9,157	4.6	5.2
<i>New Zealand Supermarkets (NZD)</i>	<i>1,318</i>	<i>1,358</i>	3.0	2.9
New Zealand Supermarkets (AUD)	1,032	1,020	(1.2)	(1.3)
Petrol (dollars)	1,403	1,590	13.3	13.3
<i>Petrol (litres)</i>	<i>1,208</i>	<i>1,249</i>	3.4	3.2
<b>General Merchandise Division</b>	<b>1,326</b>	<b>1,348</b>	<b>1.7</b>	<b>3.2</b>
<b>BIG W</b>	<b>923</b>	<b>918</b>	<b>(0.5)</b>	<b>2.0</b>
<b>Consumer Electronics</b>	<b>403</b>	<b>430</b>	<b>6.7</b>	<b>5.9</b>
Consumer Electronics – Aust	280	301	7.5	6.4
<i>Consumer Electronics – NZ (NZD)</i>	<i>81</i>	<i>75</i>	<i>(7.4)</i>	<i>(8.5)</i>
Consumer Electronics – NZ (AUD)	64	56	(12.5)	(12.5)
Consumer Electronics – India	59	73	23.7	23.7
<b>Hotels</b>	<b>264</b>	<b>282</b>	<b>6.8</b>	<b>6.4</b>
<b>Home Improvement</b>	<b>128</b>	<b>163</b>	<b>27.3</b>	<b>27.3</b>
<b>Total Third Quarter Sales</b>	<b>12,906</b>	<b>13,560</b>	<b>5.1</b>	<b>5.6</b>
<i>Total Third Quarter Sales (excluding Petrol)</i>	<i>11,503</i>	<i>11,970</i>	<i>4.1</i>	<i>4.7</i>

<sup>1</sup> 2010 statutory sales included the first week of Easter. Proforma increase has been calculated adjusting 2010 sales to reflect the timing of Easter in 2011.

Woolworths Limited Chief Executive Officer, Michael Luscombe, today announced third quarter sales of \$13.6 billion. “Sales overall, increased 5.1%. Adjusting for Easter, which was partly included in last year’s results, sales increased by 5.6%. Despite the continuing deflationary effects across our businesses and the disruption caused by various natural disasters, this represents an improving sales trend compared to the first half increase of 4.0%, particularly in all of the Australian businesses.”

## **AUSTRALIAN FOOD AND LIQUOR**

Australian Food and Liquor sales for the third quarter were \$9.2 billion, representing an increase of 4.6% (Q3 10: 3.8%) or 5.2% Easter adjusted (Q3 10: 3.3%), which compares to a 3.5% increase in the first half.

In a highly competitive and challenging retail environment, we have increased our market share, customer numbers, basket size and items sold in the quarter. Trading continues to be impacted by tightened consumer spending with higher savings rates and higher interest rates, petrol and utility prices.

Comparable store sales in Food and Liquor increased 3.3% in the third quarter (Q3 10: 2.0%) or 3.9% Easter adjusted (Q3 10: 1.6%), which compares to a 2.2% increase in the first half.

Our average prices have experienced deflation of 3.6% excluding tobacco, or 3.1% deflation including tobacco, when the effects of the promotions and volumes are included. Part of this deflation has been a result of Woolworths lowering its prices for the benefit of customers in a dynamic market.

During the quarter, deflation continued to be experienced across the majority of categories including grocery, general merchandise, liquor and meat. Significant inflation was experienced in produce following the recent natural disasters and subsequent availability issues. The shelf price movement index<sup>2</sup> was in deflation excluding produce and tobacco. The shelf price movement index remained low at 1.3% (Q3 10: 0%) for the quarter, excluding the impact of the increased tobacco excise. Including tobacco the shelf price movement index was 3.0%.

Two new supermarkets were opened during the quarter taking the total to 834. Two new Dan Murphy’s stores opened during the quarter taking the total number of to 135.

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<sup>2</sup> The standard 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.

## **NEW ZEALAND SUPERMARKETS**

New Zealand Supermarkets achieved sales of NZ\$1.4 billion for the third quarter, representing an increase of 3.0% (Q3 10: 4.1%) or 2.9% Easter adjusted (Q3 10: 4.4%). This compares to a 4.1% increase in the first half. Comparable sales for the quarter were up 3.0% (Q3 10: 3.4%) or 2.8% Easter adjusted (Q3 10: 3.6%). This compares to a 3.5% increase in the first half.

The New Zealand economy remains challenging, particularly following the most recent Christchurch earthquake. Four earthquake damaged stores remain closed and undergoing repair with one scheduled to reopen in April. Whilst customers have continued to shop at our other nearby stores, sales for the quarter have been adversely impacted.

Despite these challenges, sales for the quarter have exceeded overall market growth which reflects the success of the improved customer offer in New Zealand as we continue to convert stores to the value positioned Countdown brand, rollout new format stores and improve ranging and private label offers.

Food inflation averaged 2.1% for the quarter on higher commodity prices (Q3 10: (0.5)% deflation).

The rebranding of stores continued and by the end of the quarter 126 of the 155 stores were branded Countdown (Excluding the four stores closed since the Christchurch Earthquake).

*Note: comparable sale % quoted based on NZD sales.*

## **PETROL**

Petrol sales for the third quarter, including Woolworths/Caltex Alliance sites, increased by 13.3% (Q3 10: 12.5%) or 13.3% increase Easter adjusted (Q3 10: 12.5%) reflecting higher petrol prices compared to last year. Petrol comparable sales (dollars) increased 10.4% (Q3 10: 10.6%) or 10.4% Easter adjusted (Q3 10: 10.6%) during the quarter.

Total volumes increased 3.4% for the quarter (Q3 10: 2.5%) or 3.2% Easter adjusted (Q3 10: 2.5%). Comparable volumes increased 0.7% (Q3 10: 0.9%) or 0.6% Easter adjusted (Q3 10: 0.9%). Easter adjusted sales are equivalent to actual sales for the quarter despite Easter adjusted volumes being lower as this impact has been offset by higher non fuel sales.

National average fuel prices increased to 136.0 cpl in the third quarter, up from 125.4 cpl in the same period last year and 124.0 cpl in the first half.

Merchandise (non fuel) sales for the third quarter increased by 9.7% (Q3 10: 7.2% increase) or 10.8% Easter adjusted (Q3 10: 6.0%), reflecting the continued growth of our share of the convenience channel.

During the quarter, four petrol canopies opened taking total sites to 574, including 132 alliance sites.

## **BIG W**

BIG W delivered positive Easter adjusted sales growth in the third quarter of 2.0% (Q3 10: 4.8% decrease), with flat Easter adjusted comparable sales (Q3 10: 5.8% decrease). This compares to a 2.8% total sales decrease for the first half. Total sales were positive in both January and February with March a bit weaker. Sales in the Toys, Office and Home departments were strongest in the quarter. Unadjusted for Easter, BIG W sales decreased 0.5% (Q3 10: 3.7% decrease) and comparable sales decreased 2.7% (Q3 10: 4.7% decrease).

Customer numbers and unit growth continued to be strong. Importantly each customer is purchasing more items in each basket. These results are achieved by offering the lowest prices on the widest range of quality and branded merchandise everyday.

Recently introduced brands including Mambo, Diamondback and Tinkers continue to perform well. In the current quarter we introduced Fred Bracks (Menswear), Vertical Limits (new outdoor range), Nine & Mine (our own maternity wear range). We were pleased to offer iPad 2 on the official release at a market leading price position.

Deflation has continued in the current quarter, albeit at slightly lower levels of 4 to 7% as we have now cycled the introduction of the lower import tariffs on 1 January 2010. The primary cause of the price deflation has been the stronger Australian dollar with cost price reductions passed on to customers.

One new store opened during the quarter with the total of stores at 165

## **CONSUMER ELECTRONICS**

Total Consumer Electronics sales increased by 6.7% (Q3 10: 2.4% decrease) or 5.9% increase Easter adjusted (Q3 10: 1.5% decrease Easter adjusted).

### *Consumer Electronics Australia*

Consumer Electronics Australia sales for the third quarter increased 7.5% (Q3 10: 3.8% decrease) or 6.4% increase Easter adjusted (Q3 10: 2.4% decrease), which compares to a 2.3% increase in the first half. Comparable store sales for the third quarter increased 9.4% (Q3 10: 2.6% decrease) or 8.3% increase Easter adjusted (Q3 10: 1.2% decrease). Consumer Electronics continues to be impacted by tightened consumer spending in Australia and significant price deflation in key products which has been intensified by the strong Australian dollar.

The comparable store sales for the third quarter for our Australian Dick Smith stores (excluding Tandy and ex Powerhouse stores) grew 13.1% (Q3 10: 2.5% increase) or 11.9% Easter adjusted (Q3 10: 3.9% increase). This result reflects the strong customer acceptance of the continued roll out of our new refreshed Dick Smith offer which has resulted in market share growth in key categories. The new format Dick Smith stores continue to grow sales at a greater rate than the older store formats.

### *Consumer Electronics New Zealand*

Consumer Electronics New Zealand continues to face a very challenging macroeconomic environment and significant price deflation in key categories. Third quarter sales decreased 7.4% (NZD basis) (Q3 10: 12.9% decrease) or 8.5% decrease Easter adjusted (Q3 10: 12.0% decrease), which compares to a 4.3% decrease in the first half. Comparable store sales for the third quarter decreased 5.1% (Q3 10: 17.6% decrease) or 5.7% decrease Easter adjusted (Q3 10: 17.5% decrease).

During the quarter we opened six new stores in Australia and one in New Zealand and closed 18 stores (including three as a result of the New Zealand Earthquake) taking total stores to 398 across Australia and New Zealand.

### *India*

Our business venture with TATA in India has produced sales of \$73 million for the third quarter. As part of this venture Woolworths Limited provides buying, wholesale, supply chain and general consulting services to TATA. The business continues to service 61 retail stores operating under the Cromia brand.

*Note: comparable sale % quoted for New Zealand based on NZD sales.*

## **HOTELS**

Hotel sales in the third quarter increased by 6.8% (Q3 10: 1.1% decrease) or 6.4% increase Easter adjusted (Q3 10: 0.3% decrease) to \$282 million, which compares to a 3.6% increase in the first half. This result reflects a continued focus on improving the food and entertainment offers and the passing of the anniversary of some regulatory changes in Victoria.

Hotel comparable sales increased by 8.1% (Q3 10: 3.7% decrease) or 7.5% increase Easter adjusted (Q3 10: 2.7% decrease) in the quarter. Gaming comparable sales for the quarter increased 6.0% (Q3 10: 4.1% decrease) or 5.9% increase Easter adjusted (Q3 10: 2.9% decrease).

The total number of hotels at the end of the quarter was 282.

## **SALES AND EARNINGS GUIDANCE FOR THE FULL YEAR**

Woolworths has continued to experience growth in the first nine months of the trading year.

The negative impact of consumer confidence levels, inflation, interest rates and global economic conditions continue.

The market continues to remain competitive with a less confident consumer who is spending less whilst having a greater propensity to save. This combined with the uncertainty around the level of inflation going forward, the risks of future interest rate rises, and a continuing strong dollar provides a platform for a potentially subdued trading environment particularly in the discretionary sectors.

As advised previously Woolworths will incur costs, not covered by insurance, associated with the NZ earthquakes and the Australian floods. While an estimate has been made for these costs in our profit guidance the final amount has not yet been determined.

Subject to these continuing uncertainties Woolworths re affirms its guidance that NPAT is expected to be in the range of 5% to 8% and EPS growth for the full year of 6% to 9%.

For further information contact:

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Appendix 1	2010 Statutory 40 weeks	2011 Statutory 40 weeks	Statutory Increase (%)	Proforma <sup>3</sup> Increase (%)
<b><u>Year to date by Division (\$millions)</u></b>				
<b>Supermarket Division</b>	<b>34,274</b>	<b>35,667</b>	<b>4.1</b>	<b>4.2</b>
Australian Food and Liquor	26,896	27,929	3.8	4.0
<i>New Zealand Supermarkets (NZD)</i>	<i>4,004</i>	<i>4,153</i>	3.7	3.7
New Zealand Supermarkets	3,194	3,203	0.3	0.3
Petrol (dollars)	4,184	4,535	8.4	8.4
<i>Petrol (litres)</i>	<i>3,694</i>	<i>3,791</i>	2.6	2.6
<b>General Merchandise Division</b>	<b>4,772</b>	<b>4,785</b>	<b>0.3</b>	<b>0.7</b>
<b>BIG W</b>	<b>3,385</b>	<b>3,310</b>	<b>(2.2)</b>	<b>(1.5)</b>
<b>Consumer Electronics</b>	<b>1,387</b>	<b>1,475</b>	<b>6.3</b>	<b>6.1</b>
Consumer Electronics – Aust	990	1,027	3.7	3.4
<i>Consumer Electronics – NZ (NZD)</i>	<i>268</i>	<i>254</i>	<i>(5.2)</i>	<i>(5.6)</i>
Consumer Electronics – NZ (AUD)	214	198	(7.5)	(7.5)
Consumer Electronics – India	183	250	36.6	36.6
<b>Hotels</b>	<b>855</b>	<b>894</b>	<b>4.6</b>	<b>4.4</b>
<b>Home Improvement</b>	<b>208</b>	<b>517</b>	<b>n.m</b>	<b>n.m</b>
<b>Total Year to Date Sales</b>	<b>40,109</b>	<b>41,863</b>	<b>4.4</b>	<b>4.6</b>
<i>Total Year to Date Sales (excluding Petrol)</i>	<i>35,925</i>	<i>37,328</i>	3.9	4.1
<b>Period (\$ millions)</b>				
Quarter 1 (14 weeks)	13,367	13,910	4.1	4.1
Quarter 2 (13 weeks)	13,836	14,393	4.0	4.0
Quarter 3 (13 weeks)	12,906	13,560	5.1	5.6
<b>Total Group Sales</b>				
<b>Year to Date (40 weeks)</b>	<b>40,109</b>	<b>41,863</b>	<b>4.4</b>	<b>4.6</b>
<b>Group Excluding Petrol (\$ millions)</b>				
Quarter 1 (14 weeks)	11,927	12,422	4.2	4.2
Quarter 2 (13 weeks)	12,495	12,936	3.5	3.5
Quarter 3 (13 weeks)	11,503	11,970	4.1	4.7
<b>Total Group Sales excluding Petrol</b>				
<b>Year to Date (40 weeks)</b>	<b>35,925</b>	<b>37,328</b>	<b>3.9</b>	<b>4.1</b>

<sup>3</sup> 2010 statutory sales include the first week of Easter. 2011 statutory sales do not include Easter. Proforma increase has been calculated adjusting 2010 sales to reflect the timing of Easter in 2011.



## Appendix 2: Third quarter new stores and refurbishments

	New Stores <sup>4</sup>	Refurbishments
Australian Supermarkets	2	4
Thomas Dux	-	-
Liquor	8	4
New Zealand Supermarkets	-	-
Petrol	4	-
BIG W	1	-
Consumer Electronics – Aust / NZ	7	4
Hotels	-	1
Danks - Retail	-	-
<b>Total third quarter</b>	<b>22</b>	<b>13</b>

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<sup>4</sup> Reflects gross store openings