

WOOLWORTHS HOLDINGS LIMITED FINANCIAL RESULTS FOR THE 53 WEEKS ENDING 30 JUNE 2024

TRADE INTELLIGENCE COMMENT

Woolworths reported a significant decline in its annual earnings over FY2024. Known for its premium offerings, Woolworths is grappling more than other retailers with the harsh realities of higher living costs of its target shoppers, port congestion, taxi strikes, and the Avian flu outbreak, although most of these factors have equally affected its competition. Woolworths reported a -16.8% drop in HEPS, which worsened to -29.2% when including the previous year's DJ contribution and a 53-week reporting period – highlighting the retailer's difficulties in navigating a hostile economic environment.

Food saw a +9.0% sales growth, through organic growth, a 52.8% surge in **online sales** (largely from **Woolies Dash**, which grew +71.2%, supported by “*extended trading hours and increased slot availability*”) and the **Absolute Pets** acquisition. Despite higher operating expenses linked to new initiatives and online channels, the Group's adjusted operating profit rose +12.3%, with an improved margin of +7.1%.

In contrast, **FBH** struggled with a -0.4% sales decline, impacted by poor product availability coupled with increased competition, notably from unnamed Chinese competition whose impact on local business is a clear pain point for this division. Despite a 30.4% rise in **online sales**, the segment's adjusted operating profit fell by -9.9%. **CRG** experienced a -8.0% sales decline, however, the brand achieved high online sales contributing 27.6% of total sales.

Woolworths has extended Group CEO Roy Bagattini's contract indefinitely and is shifting from a ‘**Fix, Strengthen, and Reposition**’ strategy to ‘**Optimise, Invest, and Grow**’. The new focus includes leveraging **CRG** brand strength, improving product availability and investing in value chain transformation for **FBH**, expanding online, African markets, and smaller format stores like **WEdit**. For **Food**, the aim is to enhance on-shelf availability, omnichannel, and roll out the ‘**Next Generation**’ store concept. Additionally, the Group is pursuing growth in food services (WCafé, Coffee and NowNow), alcoholic beverages through WCellar, and pet care.

WOOLWORTHS HOLDINGS KEY HIGHLIGHTS¹

GROUP

- **Total turnover** +4.3% to R76.4bn (incl. concession² sales). Tough trading conditions in SA and Australia. SA challenges compounded by load shedding, avian flu, taxi strike and port delays. H2: +3.2%
- **Gross profit** +0.7% to R27.0bn, margin 36.0% (FY2023: 37.1%), higher margin in Food (*see below*), FBH maintained at 48.5%, pressure in CRG
- **Operating profit³** -14.4% to R5.8bn, this comes down to -6.8% when taking out depreciation and amortisation from increased CAPEX. Woolworths Food supporting profitability (*see below*), FBH: -9.9% to R1.8bn and CRG: -65.1% to R629m. Group expense growth at +6.8% to R21.7bn
- Total adj. diluted **HEPS⁴** -12.2% to 375.4 cents per share. Dividend -15.2% to 265.5cps
- Looking at **trading space**, Food: +3.2% (+10.9% incl. Absolute Pets), FBH: -0.2% and CRG +4.0%

Woolworths Holdings FY2024 Financial Results Summary				
Segments	Turnover (R'bn) Incl. concessions 52 weeks	Growth % Incl. concessions 52:52	Comparable ⁵ Growth %	Price Movement ⁶
Woolworths Group Continuing operations	R76.4bn	4.3%	–	–
Woolworths Food	R47.2bn	9.0%	6.9%	7.9% (H1: 9.1%, H2: 6.7%)
Woolworths Fashion, Beauty & Home (FBH)	R14.7bn	-0.4%	-1.3%	8.9% (H1: 11.4%)
Country Road Group (CRG)	R13.7bn A\$1.1bn	-5.3% -8.0% in A\$	-13.1% in A\$	–

Notes: 1. Results are adjusted to 52 weeks (FY2024 was 53 weeks) and are for continuing operations – Excl. 9 months of David Jones in FY2023 | 2. Concession sales: Sales of goods by concession operators within the store | 3. Total operating profit before property sales, lease gains, impairment, interest, finance costs and tax (adj. EBIT – earnings before interest and tax) | 4. Headline earnings per share adjusted to remove effect of non-recurring events (e.g. sale of property) | 5. Comparable turnover removes the impact of new and closed stores | 6. Price movement is weighted based on unit sales whereas price inflation is per item | – Data not reported for the period

WOOLWORTHS FOOD – 61.8% OF GROUP TURNOVER

- Turnover +9.0% to R47.2bn. Comparable growth⁵ +6.9%. Price movement⁶ +7.9% with H1: +9.1% and H2 moderating to +6.7%. Positive volume growth reported in H2
 - H1: +8.4% turnover growth, despite taxi strike and avian flu. H2: +9.6% (+8.5% excl. Absolute Pets)
 - Absolute Pets: R234m in turnover in Q4 – from 172 stores in SA
- Online turnover +52.8%, participation at 5.5% of SA Food sales (FY2023: 3.8%). Driven by +72.1% growth from Woolies Dash
- Gross profit +10.3% to R11.4bn, margin increasing to 24.7% (FY2023: 24.4%), attributed to more targeted and effective promotions, reduced waste and supply chain efficiency gains offsetting price investment and the higher contribution from online sales
- Operating profit (adj. EBIT): +12.3% to R3.3bn, despite expense growth at +9.7% to R8.3bn. Margin 7.1% (FY2023: 6.9%)

WOOLWORTHS GROUP COMMENT

“We have a number of newer avenues for growth but what we're doing here, in many instances, is really leveraging our existing world-class core capabilities [...] to now build a market leading food services business.” – **Roy Bagattini, Woolworths Holdings CEO**