






F20 Final Profit and Dividend Announcement

WOOLWORTHS GROUP

For the 52 weeks ended 28 June 2020

Bringing our Purpose to life and creating a COVIDSafe environment

F20 Group highlights^{1,2,3}

Group sales 	Online sales 	Group EBIT 	Group NPAT 	Dividend per share 
\$63,675 _M	\$3,523 _M	\$3,219 _M	\$1,602 _M	94¢
▲ 8.1%	▲ 41.8%	▼ (0.4)%	▼ (1.2)%	▼ (7.8)% ⁵

Woolworths Group CEO, Brad Banducci, said: "At our half-year results in February, we spoke about the many challenges the communities we operate in had faced including drought, bushfires, the White Island tragedy in New Zealand and unrest in Hong Kong. At the time, no one could have imagined how the rest of the year would unfold with the devastating impact of COVID-19. Our main priority for F21 is making COVIDSafe a part of everything we do. I again want to recognise the way our team has continued to respond to the ongoing challenges, and I continue to be inspired by our team's collective commitment to do the right thing.

"COVID-19 had a material impact on the Group's financial performance for the year. After strong first half Group EBIT¹ growth of 11.4%, EBIT growth in H2 was distorted by COVID. The closure of Hotels for much of the last four months of the financial year led to a material decline in its H2 EBIT compared to the prior year. However, the impact of the closures was partially offset by strong sales-driven EBIT growth across our retail businesses, despite materially higher customer and team safety costs.

"COVID-19 also impacted the customer shopping experience, particularly in March and early April, driven by material levels of pantry-loading. We initially experienced a decline in customer satisfaction scores due to lower stock availability; however, scores quickly recovered in April as customers recognised the efforts of our team to provide an essential service, keep them safe and deliver additional convenience. Pleasingly, Group VOC NPS ended the year at 57, up two points on June 2019 and our Voice of Supplier measure was also at record highs in July.

F20 key financial metrics

\$ MILLION	REPORTED F20 (52 WEEKS)	REPORTED ⁴ F19 (53 WEEKS)	CHANGE
Continuing operations before significant items			
Sales	63,675	59,984	6.2%
Earnings before interest and tax (EBIT)	3,219	2,722	18.3%
Net profit after tax (NPAT) attributable to equity holders of the parent entity	1,602	1,751	(8.4)%
Basic earnings per share (EPS) – cents	127.5	134.2	(5.0)%
Continuing operations after significant items			
EBIT	2,628	2,351	11.8%
NPAT attributable to equity holders of the parent entity	1,165	1,492	(21.8)%
Group after significant items			
NPAT attributable to equity holders of the parent entity	1,165	2,692	(56.7)%
Basic EPS – cents	92.7	206.2	(55.0)%
Dividend per share – cents ⁵	94	102	(7.8)%

F20 key financial highlights – normalised for AASB 16 and 53rd week

\$ MILLION	REPORTED F20	NORMALISED ² F19	NORMALISED ² CHANGE
Continuing operations before significant items			
Sales	63,675	58,885	8.1%
EBIT	3,219	3,232	(0.4)%
NPAT attributable to equity holders of the parent entity	1,602	1,624	(1.2)%

¹ Growth for the Group is on a continuing operations basis

² Normalised results and growth reflect adjustments in F19 to remove the impact of the 53rd week in F19 and if AASB 16 had been in place in F19

³ Before significant items

⁴ Certain comparatives have been re-presented to conform with the current period's presentation to better reflect the nature of the financial position and performance of the Group. The impact of the costs to remediate salaried team members has been corrected by the restatement of each of the affected financial statements line items for prior periods in accordance with the requirements for the correction of an error under AASB 108. The impact of the restatement is disclosed in Appendix Four

⁵ F19 dividend was based on earnings that included Petrol which was sold on 1 April 2019 and a benefit from the 53rd week

Summary¹

Bringing our Purpose to life and operating COVIDSafe

"In F20, **Australian Food's** customer scores measured through Store-controllable VOC and VOC NPS ended the year up on F19. Total sales increased by 8.3% and EBIT increased by 6.3%. Despite the strong sales growth in the last four months of the financial year, EBIT growth was impacted by the materially higher costs of operating COVIDSafe. Higher costs were due to additional team hours to support the safety of our team and customers, additional costs associated with cleaning, security and personal protective equipment, incremental supply chain costs to meet increased demand and the cost of the *Better Together Recognition Award* for our team to recognise their contribution during crises.

Woolworths
Supermarkets
VOC NPS

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- Following a challenging January and February, **Woolworths Supermarkets** sales increased strongly in H2, initially due to pantry-loading and then as customers consumed more at home. Sales growth was driven by basket size with customers shopping less frequently. In F20, we completed 69 Renewals, and opened 12 net new supermarkets. Melbourne South Regional Distribution Centre (MSRDC) continued to ramp-up in the second half and is now operating at a level that gives us confidence to proceed with the recently announced transformation of our NSW supply chain network
- **The Woolworths Food Company (FoodCo) and Metro Food Stores** results were mixed. Sales of FoodCo products continued to grow strongly with high-single digit sales growth for the year. During the year, we introduced several new and exciting ranges for our customers including our 'COOK' fresh made easy range. However, our Metro On-The-Go stores were impacted by a significant reduction in foot traffic in many CBD and transit locations in H2. This was partially offset by our Metro Neighbourhood stores which performed strongly as customers increasingly shopped locally
- **eCommerce sales through WooliesX** grew strongly throughout the year with record Q4 online penetration of 6.3%. Following strong but consistent growth in the first eight months of the year, the business was impacted by capacity constraints at the peak of the COVID pantry-loading in March. Vulnerable customers received priority for available delivery slots while the team rapidly increased capacity to be able to re-establish full services for all our customers by mid-April.

"**New Zealand Food's** sales accelerated sharply in H2 given the stricter lockdown measures in the country relative to Australia. EBIT in H2 increased by 15.1% with full-year EBIT growth of 10.7% despite higher operating costs in H2. Sales growth rates slowed to mid-single digits once domestic restrictions eased. Like Australia, CountdownX also rapidly increased capacity in H2 to meet demand for eCommerce services with online penetration in Q4 of 11.9%.

Countdown
Supermarkets
VOC NPS

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"We are especially proud of the achievements of the **BIG W** team which resulted in F20 EBIT of \$39 million (F19^{1,2}: LBIT of \$31 million). BIG W had strong sales momentum prior to COVID but sales growth increased materially from March. Growth was initially in lower-margin household items; however, in Q4, all major categories delivered strong growth including Apparel. Online sales increased by 181% in Q4 to 8.4% of total sales.

BIG W
VOC NPS

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"Turning to drinks and hospitality, **Endeavour Group** was created in February following an internal restructure and merger of the Group's retail drinks and hotels businesses.

"Despite a slower initial sales uplift than food, **Endeavour retail** sales increased dramatically from late March and continued throughout Q4. Dan Murphy's was particularly strong as its range and value resonated with customers. F20 EBIT increased by 5.7% but H2 EBIT growth was lower than H1 due to higher operating costs and some negative mix impacts.

Dan Murphy's
VOC NPS

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"Following a Government directive, all of **Hotels'** venues were shut on 23 March. Venues began to reopen from June but continue to operate under various levels of restrictions depending on the state, with all Victorian venues again closed from 5 August. The closures had a material impact on sales and EBIT with a loss before interest and tax of \$52 million in H2 compared to EBIT of \$144 million in the prior year. For F20, Hotels EBIT declined by 51%.

"The Group continues to pursue a separation of Endeavour Group and this is expected to take place in calendar 2021.

"As announced on 23 June, F20 earnings were impacted by significant items of \$591 million (before tax) including items related to our NSW supply chain transformation, Endeavour Group transformation costs and salaried team member remediation costs.

BWS
VOC NPS

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¹ Normalised results and growth reflect adjustments in F19 to remove the impact of the 53rd week in F19 and if AASB 16 had been in place in F19

² Before significant items

Summary¹

"Finally, we continued to make good progress on our Group community and sustainability agenda despite the reprioritisation of activities in H2 due to COVID-19:

- We increased our efforts to reduce scope 1 and 2 emissions, ending the year 24% below 2015 levels (significantly ahead of our 2020 goal of -15%), working towards the Group's reduction target at 60% below 2015 levels by 2030. This was supported by the continued roll out of LED lighting as well as the heating, ventilation, and air-conditioning optimisation programs across the network. Solar panel installation continued in F20, with 126 stores and two distribution centres at year end, including Woolworths Orange, the 100th supermarket installation, which has the capacity to generate the equivalent of 23 households' annual energy consumption.

Woolworths 360 (W360) was launched during the year, working to find industry solutions in areas such as food waste reduction, plastics recycling, and sustainable agriculture practices. A CSIRO business, Future Feed, was W360's first investment which aims to reduce methane emissions by commercialising a seaweed supplement for cattle feed

- A workplace that safeguards the health and wellbeing of our team and customers has always been a critical part of our sustainability agenda and was at the forefront of our response to COVID. This includes the psychological and financial wellbeing of our team as well as their immediate family members. In addition to the physical measures to protect our team and customers, existing services were enhanced, or new services established during the second half. These include 'I am here', the Woolworths Financial Wellbeing program via Good Shepherd Microfinance, improved COVID-specific and vulnerable leave entitlements, and on-site counselling support. COVIDCare is a major priority for us in F21
- We pivoted several existing services and quickly established new ones to support vulnerable individuals, charity partners, businesses and communities impacted by the extraordinary events of 2020. This included the establishment of online services such as Priority Assistance, Basics Box and Community Pick up, temporarily changing payment policies to pay small suppliers faster and doubling-down on our efforts in conjunction with our disaster relief charity partners via S.T.A.N.D to be there for our communities when they needed it most

"In summary, it was a challenging year, but I am extremely proud of the way our whole team contributed to navigating this extraordinary period. I am also delighted that many of our team members are now shareholders of Woolworths Group after receiving shares as part of our recognition program reflecting their contribution and commitment to our business through these unprecedented times.

"I want to specifically acknowledge the federal and state governments and the various retail industry associations for their collaborative spirit, which allowed us to work together to achieve a common goal of ensuring that our collective teams, customers and communities are being supported through COVID.

"We have become a more resilient and agile business and are more focused than ever on what is important to our customers, team and shareholders. The outlook for the year ahead is uncertain and recent events in Victoria have reminded us that the situation remains challenging. But I am confident that the Group is well positioned to adapt to whatever environment we may find ourselves in and continue to live our purpose."

Woolworths Group Chairman, Gordon Cairns, said: "The Group has demonstrated its resilience during the year by being guided by the Group's Purpose and Values. The year will be rightly remembered for its challenges, but we have made good progress on many fronts. Reflecting our resilient financial performance and strong balance sheet, the Board is pleased to declare a fully-franked final dividend of 48 cps. This brings the full-year dividend to 94 cps, down 7.8% on F19. Excluding non-comparable Petrol earnings in the prior year and the impact of the 53rd week, the dividend was in line with the prior year."

¹ Normalised results and growth reflect adjustments in F19 to remove the impact of the 53rd week in F19 and if AASB 16 had been in place in F19

Summary

Progress against Woolworths Group key priorities over the year

1. Live our Purpose and Build a Customer 1st Brand, Team & Culture

- Strong increase in Group VOC NPS and Brand NPS scores in H2. Named Australia's second most trusted brand during COVID-19 by Roy Morgan Risk Monitor
- Team recognition bonus paid to store team members reflecting their contribution during the year
- Recognised as a gold-tier workplace by AWEI for the third consecutive year
- \$238 million paid to remediate salaried team members by end of July
- More to do to build brand advocacy and complete salary underpayment remediation

2. Create Connected, Convenient and Safe Ways to Shop

- Strong digital and online sales growth across X businesses despite initial COVID-19 capacity issues
- WooliesX online capacity doubled
- Established partnerships with Sherpa, Drive Yello and Uber for last-mile delivery services
- Launched new Everyday Rewards app making it easier to activate personalised offers and specials, and dramatically grew My Dan's
- More to do to add efficient capacity to our network to meet customers' demands for eCommerce services

3. Differentiate our Food Customer Propositions

- 72 Renewals completed and 29 new stores opened in Australia and New Zealand. Progress on first eStores in Carrum Downs VIC and Moorhouse NZ
- FoodCo launched 'COOK' ranges as part of the Fresh inspiration initiative
- Six billion single-use plastic bags removed from stores in last two years, 237 tonnes of plastic packaging removed from produce in F20
- Priority Assistance set up to support vulnerable customers with >1.5 million online grocery orders
- More to do to consistently provide customers with the best store experience and localised ranging

4. Evolve our Drinks Business

- Improvements in Dan Murphy's range, convenience and value is really resonating with customers
- Growth in Pinnacle sales following renewed focus, particularly in Wine
- Extended Endeavour Marketplace's service to assist small producers with a route to market during COVID
- BWS On Demand delivery expanded to over 950 stores and Uber Eats partnership rolled out in Victoria
- More to do on operating model to build more effective shared capabilities across Endeavour Group

5. Unlock Value in our Portfolio

- Material BIG W profit improvement in F20
- Completed restructure and merger of ALH and Endeavour Drinks to form Endeavour Group
- Progress on partnerships as part of Ecosystem including Endeavour Group, and Qantas Frequent Flyer relaunch. Announced strategic investment in PFD Food Services
- Started to scale up adjacent businesses including Cartology, Woolworths International and Woolworths at Work
- More to do to build on BIG W profit momentum, maintain focus on Endeavour Group separation

6. Better for Customers, Simpler and Safer for Stores and Support

- Material improvements in team safety in F20 with a Team 1st, Customer 1st approach to safety during COVID
- Supplier payment optimisation program including invoice automation and simplified trading terms
- MSRDC ramping up in H2; expected to achieve business case in F21, Simpler for Stores continuing to deliver benefits
- Announcement of NSW supply chain transformation
- More to do to extract benefits from supply chain investment

Summary

Salaried team member remediation costs

In February 2019, a review was initiated which identified that certain salaried team members across the Group were not paid in full compliance with the Group's obligations under the General Retail Industry Award (GRIA). While the review was continuing to determine the extent of the remediation required, the Group recorded a provision of \$50 million for the payment shortfalls as at 30 June 2019, which represented the best estimate at the time of the potential exposure.

In October 2019, the Group announced its commitment to rectify payment shortfalls to current and former salaried team members across the Group employed under the GRIA, including interest and superannuation contributions. The Group has continued to review all the periods over which the payment shortfalls related and for which records existed. In June 2020, the Group recognised additional costs related to underpayments against the GRIA and also identified salary payment shortfalls for salaried team members in Hotels' venues, employed under the Hospitality Industry General Award (HIGA). The calculations of the salary payment shortfall involve a substantial volume of data, a high degree of complexity, interpretation, estimations, and are subject to further analysis of prior periods. Determining the historical payment shortfall requires consideration of numerous clauses of the GRIA and HIGA, which translates into over 2,000 decision rules for the purposes of the Group's analysis, across each year, for every current and former team member. Changes to any of these variables have the potential to result in a future adjustment to the provision in subsequent periods as analysis and work continues. Any changes to the provision in subsequent periods due to revisions of these estimates will be recognised in the Group's Consolidated Statement of Profit or Loss.

Current period

At 28 June 2020, the Group has recognised incremental one-off costs for total salary payments shortfalls of \$390 million as a result of non-compliance with GRIA and HIGA and interest and other remediation costs of \$110 million. These costs included a \$50 million provision in F19, \$265 million recognised as an adjustment to prior periods and \$185 million recognised as an incremental expense during the current period.

As at 28 June 2020, initial payments of \$117 million have been made, of which \$104 million was paid to affected team members for the periods F15 to F19, with the remaining in relation to payroll tax and other remediation costs. A further payment of \$141 million was made in July 2020, of which \$134 million was paid to affected team members, with the remaining in relation to payroll tax.

The total salary payment shortfall and associated interest and remediation costs of \$500 million represents management's best estimate of payment shortfalls against a range of potential outcomes, given the level of estimation required and the progress of the review to date.

Prior period restatement

As a consequence of the payment shortfalls, employee benefits expenses, provisions, and deferred tax balances were understated in the prior period, and notwithstanding the annual amounts were not material to the performance of the Group in any of the individual periods to which they related, management considered the cumulative understatement to be material. As such, the understatement was corrected by restating each of the affected financial statement line items for prior periods in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

Impact on incentives

As part of this review, the impact on historical short-term incentive (STI) and long-term incentive (LTI) payments to above store management resulting from prior period payment shortfalls has been reviewed and there is no material impact on STI and LTI payments in prior periods. While prior period incentives may not have been impacted, the Chief Executive Officer and Chief People Officer forfeited their F20 STI and the Group Executive Committee will receive a 10 percentage point reduction in their STI result to 70% of target for F20.

The Group's best estimate for the payment shortfall to salaried team members for prior periods, and the impacts to the Group's Consolidated Financial Statements in the reporting periods to which they relate, are outlined in Appendix Four.

Implementation of AASB 16 Leases

The Group adopted AASB 16 *Leases* (AASB 16) on 1 July 2019 resulting in a significant change to the reporting requirements of the Group's financial position, financial performance, and cash flows. F20 includes assets, liabilities, income, and expenses relating to AASB 16 for the first time and all amounts recognised are materially consistent with estimates previously disclosed. Additional information is included in the 2020 Financial Report to provide the users with a basis to assess the ongoing impact of AASB 16.

The Group has transitioned using the modified retrospective approach and accordingly the comparative amounts have not been restated. Therefore, the F20 result is not comparable to the prior period and as such, the statutory result has been normalised for the impact of AASB 16 in the 2020 Full Year Results Announcement. For purposes of comparing results between years, the Group has adjusted both the prior period (to apply an estimated impact of the accounting requirements of AASB 16 to the reported result) and the current period result (by excluding the effect of AASB 16) to present a like-for-like base with the previously reported result outlined in Appendix Two.

Group profit or loss

For the 52 weeks ended 28 June 2020

\$ MILLION	REPORTED F20 (52 WEEKS)	REPORTED ¹ F19 (53 WEEKS)	CHANGE	NORMALISED CHANGE ²
Continuing operations before significant items				
Earnings before interest, tax, depreciation and amortisation (EBITDA)	5,677	3,944	44.0%	2.7%
Depreciation and amortisation	(2,458)	(1,222)	101.2%	6.9%
EBIT	3,219	2,722	18.3%	(0.4)%
Interest expense – non-leases	(142)	(126)	13.9%	16.2%
Interest expense – leases	(701)	-	n.m.	(1.1)%
Income tax expense	(730)	(779)	(6.3)%	1.3%
NPAT	1,646	1,817	(9.3)%	(2.0)%
Non-controlling interests	(44)	(66)	(34.0)%	(24.2)%
NPAT from continuing operations attributable to equity holders of the parent entity before significant items	1,602	1,751	(8.4)%	(1.2)%
Significant items from continuing operations after tax	(437)	(259)	n.m.	n.m.
NPAT from discontinued operations attributable to equity holders of the parent entity after significant items	-	1,200	n.m.	n.m.
NPAT attributable to equity holders of the parent entity	1,165	2,692	(56.7)%	(54.5)%
MARGINS – CONTINUING OPERATIONS				
Gross profit (%)	29.2	29.1	6 bps	2 bps
Cost of doing business (%)	24.1	24.6	(46) bps	45 bps
EBIT (%)	5.1	4.5	52 bps	(43) bps

	REPORTED F20 (52 WEEKS)	REPORTED ¹ F19 (53 WEEKS)	CHANGE
EARNINGS PER SHARE AND DIVIDENDS			
Weighted average ordinary shares on issue (million)	1,257.9	1,305.7	(3.7)%
Total Group basic EPS (cents) before significant items	127.5	142.8	(10.7)%
Total Group basic EPS (cents) after significant items	92.7	206.2	(55.0)%
Basic EPS (cents) – from continuing operations before significant items	127.5	134.2	(5.0)%
Basic EPS (cents) – from continuing operations after significant items	92.7	114.3	(18.9)%
Diluted EPS (cents) – from continuing operations before significant items	126.8	133.4	(5.0)%
Diluted EPS (cents) – from continuing operations after significant items	92.2	113.6	(18.9)%
Final dividend per share ³ (cents)	48	57	(15.8)%

¹ Certain comparatives have been re-presented to conform with the current period's presentation to better reflect the nature of the financial position and performance of the Group. The impact of the costs to remediate salaried team members has been corrected by the restatement of each of the affected financial statements line items for prior periods in accordance with the requirements for the correction of an error under AASB 108. The impact of the restatement is disclosed in Appendix Four

² Normalised results and growth reflect adjustments in F19 to remove the impact of the 53rd week in F19 and if AASB 16 had been in place in F19

³ The 2020 final dividend payable on or around 6 October 2020 will be fully-franked

Group trading performance

Sales summary – F20

\$ MILLION	REPORTED F20 (52 WEEKS)	REPORTED ¹ F19 (53 WEEKS)	CHANGE	NORMALISED ² CHANGE (52 WEEKS)
Continuing operations				
Australian Food	42,151	39,635	6.3%	8.3%
New Zealand Food	6,823	6,291	8.5%	10.5%
<i>New Zealand Food (NZD)</i>	7,192	6,712	7.2%	9.1%
BIG W	4,106	3,797	8.2%	10.5%
Endeavour Drinks	9,275	8,590	8.0%	9.9%
Hotels	1,320	1,671	(21.0)%	(19.5)%
Sales from continuing operations	63,675	59,984	6.2%	8.1%
Discontinued operations				
Petrol ³	-	3,696	n.m.	n.m.
Sales from discontinued operations	-	3,696	n.m.	n.m.
Group sales continuing and discontinued operations (including online)	63,675	63,680	n.m.	n.m.
Group online sales⁴	3,523	2,534	39.1%	41.8%
Online sales penetration (%)	5.5%	4.2%	131bps	
Average weekly traffic to Group digital assets (million)	14.2	8.7	63.8%	

Earnings/(loss) before interest and tax (EBIT/(LBIT))

\$ MILLION	REPORTED F20 (52 WEEKS)	REPORTED ¹ F19 (53 WEEKS)	CHANGE	NORMALISED ² F19 (52 WEEKS)	NORMALISED ² CHANGE
Continuing operations before significant items					
Australian Food	2,232	1,827	22.2%	2,099	6.3%
New Zealand Food	358	277	29.3%	320	12.0%
<i>New Zealand Food (NZD)</i>	378	296	27.7%	342	10.7%
BIG W	39	(85)	n.m.	(31)	n.m.
Endeavour Drinks	569	504	12.9%	538	5.7%
Hotels	172	261	(34.3)%	351	(51.0)%
Central overheads	(151)	(62)	141.1%	(45)	229.8%
EBIT from continuing operations before significant items	3,219	2,722	18.3%	3,232	(0.4)%
Significant items from continuing operations	(591)	(371)	n.m.		
EBIT from continuing operations after significant items	2,628	2,351	11.8%		
Discontinued operations					
Petrol ³	-	112	n.m.		
EBIT from discontinued operations before significant items	-	112	n.m.		
Significant items from discontinued operations	-	1,088	n.m.		
EBIT from discontinued operations after significant items	-	1,200	n.m.		
Group EBIT continuing and discontinued operations	2,628	3,551	(26.0)%		

¹ Certain comparatives have been re-presented to conform with the current period's presentation to better reflect the nature of the financial position and performance of the Group. The impact of the costs to remediate salaried team members has been corrected by the restatement of each of the affected financial statements line items for prior periods in accordance with the requirements for the correction of an error under AASB 108. The impact of the restatement is disclosed in Appendix Three.

² Normalised results and growth reflect adjustments in F19 to remove the impact of the 53rd week in F19 and if AASB 16 had been in place in F19

³ Petrol sales and EBIT are for the nine months until sale on 1 April 2019

⁴ Group online sales and penetration are from continuing operations

Group trading performance

Sales from continuing operations increased by 6.2% to \$63.7 billion in F20 or 8.1% on a normalised basis. All businesses, excluding Hotels, reported strong sales growth on the prior year. After H1 Group sales growth of 6.0%, H2 sales growth increased by 10.5% (normalised) reflecting elevated sales due to the impact of COVID-19 despite a 48.2% (normalised) decline in Hotels due to venue closures for much of Q4.

Group online sales increased by 41.8% (normalised) with Group online penetration at 5.5%, up 131 bps on the prior year. Online growth was strong in all businesses with an acceleration in H2 as result of COVID. Customer visitation to the Group's digital assets (including eCommerce and Loyalty websites and apps) increased by 63.8% compared to the prior year.

Gross profit from continuing operations as a percentage of sales was 29.2%, flat on the prior year with higher gross margins in Australian and New Zealand Food, BIG W and Endeavour Drinks offset by lower gross margins in Hotels.

Cost of doing business (CODB) from continuing operations as a percentage of sales was 24.1%. On a normalised basis, CODB as a percentage of sales increased by 45 bps primarily reflecting higher costs associated with operating in a COVID-19 environment in H2, higher team member payments under new enterprise agreements and one-off items impacting central overheads in F19.

EBIT from continuing operations before significant items decreased by 0.4% on a normalised basis. Excluding Hotels, EBIT on the same basis increased by 5.8%.

Significant items reflect the costs associated with the NSW supply chain transformation of \$176 million, Endeavour Group transformation of \$230 million and interest and other costs associated with the team member salary remediation of \$185 million.

The increase in **finance costs** reflects the implementation of AASB 16 with lease interest expense of \$701 million. Interest expense – non-leases was \$142 million, higher than the prior year reflecting the lower capitalised interest due to the completion of several major long-term projects in the prior year.

NPAT from continuing operations attributable to equity holders of the parent entity before significant items decreased by 8.4% to \$1,602 million. Normalised NPAT on the same basis decreased by 1.2%.

Australian Food

\$ MILLION	REPORTED F20 (52 WEEKS)	REPORTED ¹ F19 (53 WEEKS)	CHANGE	NORMALISED F19 ² (52 WEEKS)	NORMALISED CHANGE ²
Sales	42,151	39,635	6.3%	38,912	8.3%
EBITDA before significant items	3,707	2,583	43.5%	3,427	8.2%
Depreciation and amortisation	(1,475)	(756)	n.m.	(1,328)	11.1%
EBIT before significant items	2,232	1,827	22.2%	2,099	6.3%
Significant items	(176)	-	n.m.	-	n.m.
EBIT	2,056	1,827	12.5%	2,099	(2.0)%
Margins before significant items					
Gross margin (%)	29.2	28.7	51 bps	28.7	47 bps
Cost of doing business (%)	23.9	24.1	(17) bps	23.4	57 bps
EBIT to sales (%)	5.3	4.6	69 bps	5.4	(10) bps
Sales per square metre (\$)	17,935	17,190	4.3%	16,881	6.2%
Funds employed	9,161	1,485	n.m.	8,607	6.4%
Return on average funds employed (%) ⁷	25.0	134.3	n.m.	24.8	14 bps

Sales performance by channel

\$ MILLION	REPORTED F20 (52 WEEKS)	REPORTED ¹ F19 (53 WEEKS)	CHANGE	NORMALISED F19 ²	NORMALISED CHANGE ²
Woolworths Supermarkets stores ⁶	38,449	36,592	5.1%	35,926	7.0%
Woolworths eCommerce	2,017	1,441	40.0%	1,410	43.1%
Woolworths (Stores and eCommerce)	40,466	38,033	6.4%	37,336	8.4%
Metro Food Stores	943	914	3.2%	898	5.1%
Adjacency revenue ³	742	688	7.9%	678	9.5%
Total sales	42,151	39,635	6.3%	38,912	8.3%

Operating metrics

YEAR ON YEAR (%)	Q4'20 (12 WEEKS)	Q3'20 (13 WEEKS)	Q2'20 (13 WEEKS)	Q1'20 (14 WEEKS)
Customer metrics				
VOC NPS (Store and Online)	53	44	51	49
Store-controllable VOC ⁴	82%	n.m. ⁵	80%	80%
Sales productivity metrics (growth)	Normalised			
Total sales	9.3%	11.3%	4.9%	7.8%
Comparable sales	8.9%	10.3%	3.8%	6.6%
Volume productivity metrics (growth)				
Comparable transactions	(11.0)%	0.5%	0.7%	2.8%
Comparable items per basket	15.4%	6.2%	0.9%	1.9%
Comparable items	2.7%	6.7%	1.6%	4.7%
Change in average prices				
Total	2.4%	2.1%	0.7%	0.3%
Total excluding Tobacco	1.0%	0.6%	(0.6)%	(1.2)%

Trading performance

VOC NPS of 53 increased one point compared to the prior year and nine points compared to Q3, which was impacted by the material disruption to stores caused by COVID pantry-loading. Store-controllable VOC of 82% increased two points compared to the prior year driven by Ease of Pick Up, Queue Wait Time and Team Attitude despite Availability scores being impacted by COVID. A focus on customer experience, including customer safety during COVID, has been a key priority.

F20 total sales were \$42.2 billion, an increase of 8.3% on a normalised basis with comparable sales increasing 7.3% (8.2% excluding Tobacco). H1 sales growth of 6.4% benefitted from the success of the Lion King Ooshies and Woolworths Discovery Garden community campaigns.

In H2, total sales growth of 10.4% on a normalised basis was driven by COVID pantry-loading and higher in-home consumption through lockdown and community movement restrictions. In Q4, total sales increased by 9.3% with strong growth across Long Life and Fresh. Easter and Anzac Day trading in April was adversely impacted by COVID-19, with softer trading in resort towns,

Australian Food

city locations and major shopping malls as customers shopped locally in line with movement restrictions. However, during May and June, customer shopping behaviours adjusted as movement restrictions eased across the country. Trading patterns remain volatile with an increase in COVID cases in Victoria from late June leading to a renewed lift in sales in Victoria and parts of NSW.

Metro Food Stores F20 total sales grew 5.1% on a normalised basis to \$943 million. Q4 was materially impacted by COVID lockdown measures which reduced foot traffic across the CBD and transport hubs, adversely impacting On-The-Go stores with comparable sales declining by approximately 50%. Metro Neighbourhood stores grew strongly as customers increasingly shopped locally.

F20 comparable item growth (4.0%) was driven by an increase in comparable items per basket (5.8%) partially offset by a decline in comparable transactions (-1.8%) with customers shopping less frequently but with bigger baskets given COVID-19 related movement restrictions and customer behavioural changes during H2. In Q4, comparable items increased by 2.7% driven by comparable items per basket growth of 15.4%.

F20 sales per square metre was \$17,935, growth of 6.2% on a normalised basis. During the year, 27 net new stores were opened (12 Supermarkets and 15 Metro Food Stores), six Supermarkets were converted to Metro Food Stores and 69 Renewals were completed. At year end, there were 987 Woolworths Supermarkets and 64 Metro Food Stores with a total fleet of 1,051 stores.

Average prices increased 1.4% across F20, with growth of 2.4% in Q4 with increases in Grocery and Fresh categories including Vegetables and Meat driven by unfavourable growing conditions and livestock cost increases. Q4 inflation was also impacted by lower promotional activity at the beginning of the quarter to prioritise the supply of essential products to stores.

Gross margin increased 47 bps (normalised) to 29.2% driven by COVID-19 related product mix changes, improved stock loss and an ongoing focus on improving promotional effectiveness. In H2, gross margin increased by 56 bps (normalised) also driven by improved stock loss due to strong sell-through, product mix and lower promotional activity. Meat cost inflation continued to materially exceed selling price inflation in H2.

CODB as a percentage of sales was 23.9%, increasing 57 bps (normalised and excluding significant items). This was impacted by \$290 million of incremental costs in H2 related to COVID-19. Included within these costs was the temporary employment of over 17,500 team members to support safety and social distancing, additional warehouse capacity and other supply chain costs, scaling-up online (particularly the expansion of Home Delivery), security, cleaning and personal protective equipment costs and a net cost of approximately \$30 million related to the Better Together Recognition Award for non-STI eligible team members. The award was partially funded by a reduction for STI eligible team members.

CODB also included the annualisation of costs associated with the new enterprise agreement, higher supply chain costs driven by the ramp up and dual running costs at MSRDC, a higher eCommerce penetration and costs associated with new businesses such as Cartology, partially offset by productivity benefits.

Depreciation and amortisation increased 11.1% (normalised) driven by the new store and Renewal program, strategic investments including shorter-life technology and digital assets and the commencement of depreciation of MSRDC.

EBIT before significant items increased by 6.3% (normalised) to \$2,232 million with a 10 bps reduction in EBIT margin to 5.3% on the same basis. Normalised EBIT in H1 increased by 8.0% and increased by 4.6% in H2. F20 also includes incremental fuel discount costs of \$23 million following the sale of the Petrol business on 1 April 2019.

Funds employed (normalised) increased \$554 million to \$9,161 million from F19, impacted by investment in Renewals, new stores, supply chain and higher working capital. Higher inventory levels were required to support sales volumes and ensure availability and accelerated payments to support small vendors adversely impacted by COVID-19. Despite higher average funds employed, normalised ROFE increased 14 bps.

¹ Comparatives have been re-presented to reflect the transfer of the Summergate business from Endeavour Drinks to Australian Food

² Normalised results and growth reflect adjustments in F19 to remove the impact of the 53rd week in F19 and if AASB 16 had been in place in F19

³ Adjacency revenue includes FinTech (Insurance and Payments), Exports, Summergate and Wholesale revenues

⁴ From April 2020, a new survey was introduced for in-store and online. The new survey did not have a significant impact on the results reported for Q4

⁵ A comparable Store-controllable VOC was not available in Q3'20 given the suspension of in-store pick up and material impact on availability due to COVID

⁶ Excludes eCommerce sales fulfilled from store

⁷ Before significant items

Digital & Media metrics

	Q4'20 (12 WEEKS)	Q3'20 (13 WEEKS)	Q2'20 (13 WEEKS)	Q1'20 (14 WEEKS)
Average weekly traffic to digital assets* (million)	10.1	8.4	7.2	6.5
Average weekly traffic growth (year on year %)	79.2%	66.9%	56.9%	96.3%

*Digital assets include Woolworths website and app, Everyday Rewards website and app, and Woolworths Insurance website

eCommerce metrics

	Q4'20 (12 WEEKS)	Q3'20 (13 WEEKS)	Q2'20 (13 WEEKS)	Q1'20 (14 WEEKS)
Customer metrics				
Online VOC NPS	64	56	61	60
Sales productivity metrics				
Online sales (\$ million)	614	461	462	480
Online sales growth (year on year %)	69.0%	26.5%	33.3%	43.2%
Online penetration	6.3%	4.1%	4.4%	4.5%
Pick up mix (% of online sales)	25.1%	32.0%	36.7%	35.3%

Everyday Rewards metrics

	Q4'20 (12 WEEKS)	Q3'20 (13 WEEKS)	Q2'20 (13 WEEKS)	Q1'20 (14 WEEKS)
Total Woolworths Rewards members (million)	12.3	12.2	12.0	11.9
Scan rates* (%)	49.6	48.2	47.2	46.8

*Scan rates for Woolworths Supermarkets

Trading performance

In F20, **WooliesX** was reorganised into three platforms: Digital & Media, eCom & Fulfilment and Loyalty & FinTech. Digital & Media includes demand generation, digital experience and Cartology, the Group's digital media business. eCom & Fulfilment includes eCommerce sales and services and order fulfilment services (home delivery, crowd-sourced delivery and pick-up) and Loyalty & FinTech includes Everyday Rewards and the Group's payments, gift card and insurance businesses.

F20 was another transformative year for WooliesX. Digital and eCommerce growth was already very strong but experienced a step-change in Q3 due to the onset of COVID-19. The surge in demand for eCommerce services initially impacted sales and the customer experience but the business rapidly adapted and added capacity in Q4 to resume all normal services and provide additional capacity and convenience to customers.

Average weekly traffic to Woolworths' websites and apps also increased materially with 8.4 million weekly visits in Q3 (+66.9%) and 10.1 million weekly visits in Q4 (+79.2%). Increasingly, customers used the Group's digital platforms to access curated content including the latest catalogue and specials, research store opening hours and trading status, access delivery slots and look for meal inspiration.

The first Everyday Rewards app was launched in May 2020 and has already been downloaded over a million times. Customers are now able to easily access and activate personalised specials in-app. The team also improved the Woolworths app with customers able to access their offers and points in-app, the ability to track orders, and enhancements to security and payments. These new features contributed to a growth in active user base to 860,000 with most customers using the app to complete their in-store shop.

During the year, the **Digital & Media** platform also delivered more personalised and relevant customer experiences such as smart shopping lists and personalised search. Cartology continued to connect supplier partner brands with customers across its Group digital properties. By the end of the year, Cartology digital advertising screens had been rolled out to 957 stores.

In **eCom & Fulfilment**, the COVID disruption in Q3 impacted Online VOC NPS which dropped to 56 as our focus shifted to supporting vulnerable customers. However, it recovered strongly to 64 in Q4, up three points on the prior year as customers recognised the convenience being provided to them and as additional capacity was added, and normal services were restored.

To rapidly respond to the surge in demand in Q3, the team doubled eCommerce capacity, scaled-up crowd-sourced delivery, opened 78 new home delivery stores and accelerated the roll out of contactless pick up to 86 locations. With increased capacity, eCommerce sales accelerated again in Q4 growing by 69.0% on a normalised basis with a record online penetration of 6.3%. For F20, eCommerce sales grew by 43.1% on a normalised basis to \$2.0 billion with online penetration for the year at 4.8%.

WooliesX¹

Pick up as a proportion of online sales declined in Q3 and Q4 due to the temporary suspension of the service and as some customers preferred to have their groceries delivered given the COVID-19 restrictions in place.

ECom & Fulfilment profit further increased in F20 due to benefits from increased scale and efficiency improvements across stores, customer fulfilment centres and route optimisation.

Despite the challenges faced by the business in F20, WooliesX continues to be recognised as an industry leader winning all seven categories in Mozo's Online Award: Outstanding Customer Satisfaction, Range of Products, Freshness, Most Recommended, Online Shopping Experience, Delivery Service, and Click and Collect.

In **Loyalty & FinTech**, Everyday Rewards members grew by 5.5% to 12.3 million members by the end of June. In-store scan rates at Woolworths Supermarkets increased to 49.6% reflecting stronger member engagement. In Q4, customers were offered more value with 1:1 personalised offers and new ways to earn points through the launching of a new major partnership with Bupa.

In collaboration with the banks, WooliesX successfully negotiated with AusPayNet to increase the pin limit on tap-and-go transactions to \$200 to reduce customers' need to touch the payment terminal. Cashless payment transactions in H2 were up 7.8% on the prior year. Scan & Go also continues to grow and was expanded to 10 Woolworths Supermarkets and seven Metro Food Stores.

New Zealand Food¹

	REPORTED F20 (52 WEEKS)	REPORTED F19 (53 WEEKS)	CHANGE	NORMALISED ² F19 (52 WEEKS)	NORMALISED ² CHANGE
Sales	7,192	6,712	7.2%	6,589	9.1%
EBITDA	634	425	49.2%	586	8.2%
Depreciation and amortisation	256	129	98.4%	244	4.8%
EBIT	378	296	27.7%	342	10.7%
Gross margin (%)	25.0	24.4	68 bps	24.4	67 bps
Cost of doing business (%)	19.8	20.0	(17) bps	19.2	60 bps
EBIT to sales (%)	5.3	4.4	85 bps	5.2	7 bps
Sales per square metre (\$)	17,832	16,626	7.3%	16,323	9.2%
Funds employed	4,190	3,210	30.5%	4,421	(5.2)%
Return on average funds employed (%)	8.8	9.6	(85) bps	7.9	81 bps

Operating metrics

YEAR ON YEAR (%)	Q4'20 (12 WEEKS)	Q3'20 (13 WEEKS)	Q2'20 (13 WEEKS)	Q1'20 (14 WEEKS)
Customer metrics				
VOC NPS (Store and Online)	47	44	47	45
Store-controllable VOC	82%	n.m.	81%	81%
Sales productivity metrics (growth)	Normalised			
Total sales	13.9%	13.7%	5.0%	4.6%
Comparable sales	13.9%	13.4%	4.5%	4.8%
Volume productivity metrics (growth)				
Comparable transactions	(26.2)%	(3.5)%	2.0%	3.0%
Comparable items per basket	38.5%	10.8%	(0.5)%	1.8%
Comparable items	2.2%	7.3%	1.5%	4.8%
Change in average prices				
Total	2.3%	5.1%	0.5%	0.5%
Total excluding Tobacco	2.6%	5.5%	0.8%	0.5%

CountdownX

YEAR ON YEAR (%)	Q4'20 (12 WEEKS)	Q3'20 (13 WEEKS)	Q2'20 (13 WEEKS)	Q1'20 (14 WEEKS)
Customer metrics				
Online VOC NPS	64	57	60	65
Sales productivity metrics	Normalised			
Online sales (\$ million)	203	151	142	149
Online sales growth	74.8%	36.2%	27.4%	38.4%
Online penetration	11.9%	7.9%	7.9%	8.5%
Loyalty				
Total Countdown Onecard members (million)	1.7	1.9	2.0	2.0
Onecard scan rates (%)	59.0	57.7	57.3	59.7

Trading performance

New Zealand Food's customer scores finished the year strongly with VOC NPS recovering from the temporary Q3 impacts of COVID related out-of-stocks. Customers have responded positively to the care shown by the team with Store-controllable VOC achieving a new high of 82% in June.

Total sales for the year increased by 9.1% (normalised) to \$7.2 billion driven by COVID related demand in the second half which led to H2 total sales growth of 13.8% (normalised). In Q4, total sales increased by 13.9%, heavily impacted by 'Alert Level Four - Lockdown' conditions with major supermarkets, pharmacies and dairies (convenience) the only retail operations allowed to trade from 26 March to 27 April. Restrictions were downgraded to Level Three on 27 April, which allowed more businesses to open for contactless trading, eased to Level Two on 14 May, and to Level One on 8 June. Comparable sales slowed through the quarter as restrictions were lifted with June sales growth back to high single digits.

New Zealand Food¹

Basket dynamics in Q3 and Q4 were materially different to H1 as customers shopped less frequently with bigger baskets. However, as restrictions eased over the quarter, shopping behaviour started to trend back towards pre-COVID behaviour. Fewer customer visits and only one member of the same household shopping, had an impact on active loyalty members in the second half.

Online sales momentum was again a highlight, increasing by 44.5% on a normalised basis in F20 and 74.8% in Q4 with record penetration of 11.9% of sales. Online capacity was rapidly added in April to meet additional demand and included the opening of the first eStore in Auckland in April and the conversion of existing stores to dedicated online hubs.

New Zealand Food's franchise stores (FreshChoice and SuperValue) continued to perform strongly in the quarter aided by local shopping and the roll out of online capability in 58 stores.

Average prices increased by 2.3% in Q4 (2.6% excluding Tobacco), a reduction on Q3 as Countdown resumed a full program of specials. By the end of the year, 4,000 products were on Countdown's 'Great Price' everyday low-price program. Average selling price growth reflected customers buying large pack sizes across the store, as well as a mix impact with strong growth in categories with higher prices.

Normalised gross profit as percentage of sales increased 67 bps on last year, due to ongoing stock loss reductions and mix improvement through growth in Own Brands and Health Foods, as well as increased use of data-driven tools in category management such as the promotional effectiveness tool.

Normalised CODB as a percentage of sales increased by 60 bps for the year which was primarily driven by additional costs during COVID-19 (including personal protective equipment, cleaning, security and additional team costs) of \$65 million and higher team member wages with the implementation of a new enterprise agreement in H1 F20. Team costs will increase faster than inflation over the three-year term of the agreement.

Normalised EBIT increased by 10.7% with the normalised EBIT margin increasing by 7 bps compared to the prior year. Normalised H2 EBIT increased by 15.1%.

Funds employed declined by 5.2% on a normalised basis due to higher trade payables due to the timing of month end payments compared to last year. ROFE increased by 81 bps (normalised) to 8.8% due to EBIT growth and lower average funds employed.

During the quarter, one store was opened ending the year at 182 Countdown stores and one new eStore opened in Penrose. All but one of the stores temporarily closed and converted into dedicated online hubs have reopened, along with one store temporarily closed given its CBD location. Due to the resumption of Level Three restrictions in Auckland in the last few weeks, one Metro CBD store has temporarily closed in Q1 F21.

In June, the Food for Good foundation was established, with an immediate \$1 million donation to food welfare and food rescue charities across New Zealand.

Through the Better Together Recognition Award, over 13,000 New Zealand team members are now shareholders in Woolworths Group.

¹ Growth for New Zealand Food is quoted in New Zealand dollars

² Normalised results and growth reflect adjustments to F19 for the 53rd week impact and if AASB 16 had been in place in F19

BIG W

\$ MILLION	REPORTED F20 (52 WEEKS)	REPORTED F19 (53 WEEKS)	CHANGE	NORMALISED ¹ F19 (52 WEEKS)	NORMALISED ¹ CHANGE
Sales	4,106	3,797	8.2%	3,717	10.5%
EBITDA/(LBITDA) before significant items	207	(5)	n.m.	147	40.3%
Depreciation and amortisation	(168)	(80)	110.6%	(178)	(5.4)%
EBIT/(LBIT) before significant items	39	(85)	n.m.	(31)	n.m.
Significant items	-	(371)	n.m.	(371)	n.m.
EBIT/(LBIT) after significant items	39	(456)	n.m.	(402)	n.m.
Margins before significant items					
Gross margin (%)	31.8	31.1	70 bps	31.2	60 bps
Cost of doing business (%)	30.9	33.4	(250) bps	32.1	(117) bps
EBIT/(LBIT) to sales (%)	0.9	(2.3)	319 bps	(0.8)	176 bps
Sales per square metre (\$)	3,962	3,629	9.2%	3,552	11.5%
Funds employed	947	204	n.m.	1,105	(14.3)%
Return on average funds employed (%) ²	3.6	(23.0)	n.m.	(2.4)	6.0 pts

Operating metrics

YEAR ON YEAR (%)	Q4'20 (12 WEEKS)	Q3'20 (13 WEEKS)	Q2'20 (13 WEEKS)	Q1'20 (14 WEEKS)
Customer metrics				
VOC NPS (Store and Online)	58	63	59	59
Store-controllable VOC	77%	80%	77%	79%
Sales productivity metrics (growth)	Normalised			
Total sales	30.8%	9.5%	2.9%	2.6%
Comparable sales	30.5%	9.9%	3.2%	4.4%
Volume productivity metrics (growth)				
Comparable transactions	3.6%	(2.6)%	(1.0)%	1.3%
Comparable items per basket	10.3%	5.5%	0.9%	2.5%
Comparable items	14.3%	2.8%	(0.1)%	3.9%

BIG W X

YEAR ON YEAR (%)	Q4'20 (12 WEEKS)	Q3'20 (13 WEEKS)	Q2'20 (13 WEEKS)	Q1'20 (14 WEEKS)
Sales productivity metrics	Normalised			
Online sales (\$ million)	92	57	74	38
Online sales growth	180.9%	73.2%	24.4%	21.2%
Online penetration	8.4%	6.5%	6.1%	4.1%
Loyalty				
Everyday Rewards scan rates (%)	48.7	49.0	48.8	47.2

Trading performance

BIG W's total sales for the year were \$4.1 billion, a normalised increase of 10.5% on the prior year. BIG W's offer continued to resonate with customers, with comparable sales increasing 11.2%. While BIG W's sales growth was solid before the onset of COVID-19, sales accelerated through Q4 with comparable sales up 31.8% on an Easter-adjusted basis. Sales growth was driven by an increase in items per basket as well as more customer visits during the quarter. Store-controllable VOC was 77% in June, three points below the prior quarter and last year, largely due to challenges with stock availability.

All major categories experienced positive sales growth in Q4. Apparel sales ended the quarter strongly resulting in good sell-through and lower levels of markdown. Everyday & Home categories benefitted from demand for home appliances and office equipment, heating, and cleaning. Toys & Leisure also experienced growth in the quarter with a strong toy sale event.

Online sales increased by 181% in Q4 on a normalised basis with online penetration of 8.4%, up from 4.0% in Q4 F19, supported by the roll out of 18 additional hub stores, the introduction of contactless drive-up and lay-by online convenience solutions.

Online sales increased 67% in F20 on a normalised basis, in part due to increased demand for Home Delivery and Pick up following the onset of COVID-19.

BIG W

During the year, BIG W lived its purpose of making a real difference for families and continued its Free Books for Kids initiative in partnership with The Wiggles. Over 3.4 million items were also donated to charities to support bushfire-affected schools and communities in partnership with Good360. Following the onset of COVID, BIG W focused on the safety of customers and team, investing \$16 million in additional COVID related costs including cleaning services and personal protective equipment. In response to changing customer preferences, BIG W moved to digital distribution of all catalogues, and introduced #bigdaysathome content series and 'Wiggly Wednesdays' Facebook Live event with The Wiggles.

Normalised gross profit as a percentage of sales increased by 60 bps for F20, with the margin increase of 137 bps in H1 partly offset by a shift in category mix during H2 towards lower margin categories including Leisure and Toys.

Normalised CODB as a percentage of sales reduced by 117 bps, resulting from strong cost management and sales growth fractionalising fixed costs during H2, offsetting investment in safety and the impact of the new enterprise agreement in Q1.

BIG W's turnaround remains on track, reporting full-year EBIT of \$39 million, a normalised increase of \$70 million on F19. Normalised EBITDA increased by 40.3%.

At the end of June, inventory levels were below typical levels due to increased sales, with average inventory days reducing by 15.4 days compared to the prior year. Inventory levels will be rebuilt over the course of F21. As a result, funds employed declined by 14.3% (normalised). ROFE increased to 3.6% due to the improvement in EBIT and lower funds employed.

BIG W closed four stores during the year as part of the ongoing network review, with total store numbers now at 179. As previously announced, Monarto DC will close in F21 and BIG W recently announced that a further three stores will close at the end of January 2021.

BIG W will continue to focus on creating a distinctive customer value proposition, by providing great quality products at low prices, convenient ways to shop in-store and online, and delivering solutions in key destination categories as well putting the safety of its team and customers first.

¹ Normalised results and growth reflect adjustments to F19 for the 53rd week impact and if AASB 16 had been in place in F19

² Before significant items

Endeavour Drinks

\$ MILLION	REPORTED F20 (52 WEEKS)	REPORTED ¹ F19 (53 WEEKS)	CHANGE	NORMALISED ² F19 (52 WEEKS)	NORMALISED ² CHANGE
Sales	9,275	8,590	8.0%	8,441	9.9%
EBITDA	826	609	35.7%	790	4.4%
Depreciation and amortisation	257	105	145.2%	252	1.7%
EBIT	569	504	12.9%	538	5.7%
Gross margin (%)	23.1	22.9	22 bps	22.9	20 bps
Cost of doing business (%)	17.0	17.0	(5) bps	16.6	45 bps
EBIT to sales (%)	6.1	5.9	27 bps	6.4	(24) bps
Sales per square metre (\$)	19,579	18,541	5.6%	18,222	7.4%
Funds employed	3,592	3,168	13.4%	3,959	(9.3)%
Return on average funds employed (%)	15.1	16.3	(126) bps	13.8	122 bps

Operating metrics

YEAR ON YEAR (%)	Q4'20 (12 WEEKS)	Q3'20 (13 WEEKS)	Q2'20 (13 WEEKS)	Q1'20 (14 WEEKS)
Customer metrics				
BWS VOC NPS (Store and Online)	70	71	69	67
Dan Murphy's VOC NPS (Store and Online)	76	75	73	75
Sales productivity metrics (growth)	Normalised			
Total sales	23.2%	9.5%	4.6%	4.9%
Comparable sales	21.2%	8.9%	1.8%	3.2%

EndeavourX

YEAR ON YEAR (%)	Q4'20 (12 WEEKS)	Q3'20 (13 WEEKS)	Q2'20 (13 WEEKS)	Q1'20 (14 WEEKS)
Sales productivity metrics	Normalised			
Online sales (\$ million)	162	155	177	143
Online sales growth	47.8%	43.1%	11.3%	20.7%
Online penetration	7.1%	6.9%	6.9%	6.5%
Loyalty				
My Dan's members (million)	4.5	4.3	4.1	3.7
Everyday Rewards scan rates - BWS (%)	41.1	40.2	39.4	39.2
My Dan's scan rates (%)	56.5	50.6	48.7	42.3

Trading performance

Endeavour Drinks' customer metrics improved in F20 with VOC NPS reaching record highs for both Dan Murphy's and BWS. Online VOC NPS also improved on the prior year, despite the pressure from surges in online demand arising from COVID.

Endeavour Drinks' total sales increased by 9.9% (normalised) to \$9.3 billion for the year, with comparable sales increasing 7.9%. In Q4, total sales grew at 23.2% on a normalised basis with higher in-home consumption due to government restrictions significantly limiting on-premise consumption. The strong sales growth seen from the end of March, when on-premise restrictions came into effect, was in contrast to a softer pre-COVID performance in Q3 which was impacted by bushfires across many parts of New South Wales and Victoria, and a subdued trading environment in Q2 and Q3.

COVID had a material impact on F20 performance, with unprecedented demand starting as lockdowns came into effect at the end of March, creating capacity pressure both in-store and online. The team responded quickly, adding capacity and implementing a range of measures, including the redeployment of team members from Hotels to stores, and adjustments to product supply arrangements including an expanded range with local suppliers and shortened payment terms for small suppliers. Significant health and safety measures were introduced to protect team and customers across both Dan Murphy's and BWS.

Dan Murphy's investments in improving in-store and digital customer experience and localised store range, delivered positive results, with June VOC NPS result of 76 an improvement of two points compared to last year. My Dan's loyalty program also continues to resonate with customers, with members reaching a record 4.5 million at the end of the year, an increase of 29% on the prior year. In response to COVID-19, Dan Murphy's accelerated the launch of a contactless pick up service in April, which is now available in around half the fleet. Dan Murphy's added one new store in the quarter, growing the network by 11 for the year to 241 stores. New stores included the new format Hawthorn, Victoria store and smaller format store in Elanora Heights, NSW.

Endeavour Drinks

BWS continued to deliver solid results, achieving VOC NPS of 70 in June, an increase of 5 points on last year. BWS added 10 net new stores in the quarter growing the network by 23 for the year to 1,369 stores, including two Smart Stores in Paddington, NSW and Millers Junction, Victoria. BWS also opened its first Value Store format in Mt Druitt, NSW which is focused on meeting the needs of value-driven customers through a tailored range and value-based offers. Roll out of the updated store Renewal format continued with 94 store Renewals completed in the year. BWS' convenience offering also expanded with On Demand delivery now available in over 950 stores, the new BWS app launched in September 2019, and a new partnership with Uber Eats commencing in Victoria.

EndeavourX's investment in digital and fulfilment capabilities delivered normalised online sales growth of 28.6% to \$637 million in F20, with online penetration increasing to 6.9%. In Q4, online sales growth accelerated due to COVID-19, increasing by 47.8% on a normalised basis compared to the prior year, achieving penetration of 7.1%. Both BWS and Dan Murphy's delivered strong sales growth with BWS online sales doubling in H2, albeit from a lower base. Other initiatives included an extension of Endeavour Marketplace's (Direct from Supplier) service and local ranging programs to assist small producers with a route to market. Approximately 400 new suppliers have been added, offering over 4,000 new products online and in stores.

Endeavour Drinks sales per square metre increased by 7.4% on a normalised basis with rolling 12-month sales growth exceeding net average space growth of 2.3%.

Gross margin was up 20 bps on a normalised basis at 23.1% for the full year. Margin growth was lower in Q4 due to COVID-19 impacts, including a mix shift to value products and larger pack sizes, as well as the increase in online sales at a higher cost to fulfil.

Normalised CODB as a percentage of sales increased by 45 bps, impacted by \$13 million in COVID-19 related costs, higher team wages under new enterprise agreements for store teams, higher salaried team increases, targeted investments in digital, online and in-store customer experience and the write-off of IT legacy assets no longer in use in H2. COVID-19 related costs included investment in team and customer safety such as personal protective equipment, cleaning and security.

Normalised EBIT increased by 5.7% in F20 with the EBIT margin declining by 24 bps. Normalised H2 EBIT increased by 4.2% with H2 EBIT margin declining by 58 bps due to the higher costs in H2 described above.

Normalised ROFE increased by 122 bps on the prior year reflecting the EBIT improvement. Normalised funds employed was lower due to increased trade and other payables.

¹ Comparatives have been re-presented to reflect the transfer of the Summergate business from Endeavour Drinks to Australian Food

² Normalised results and growth reflect adjustments to F19 for the 53rd week impact and if AASB 16 had been in place in F19

Hotels

\$ MILLION	REPORTED F20 (52 WEEKS)	REPORTED F19 (53 WEEKS)	CHANGE	NORMALISED ¹ F19 (52 WEEKS)	NORMALISED ¹ CHANGE
Sales	1,320	1,671	(21.0)%	1,639	(19.5)%
EBITDA	405	372	8.8%	593	(31.4)%
Depreciation and amortisation	233	111	109.2%	242	(3.0)%
EBIT	172	261	(34.3)%	351	(51.0)%
Gross margin (%)	83.0	83.6	(65) bps	83.6	(67) bps
Cost of doing business (%)	70.0	68.0	197 bps	62.2	771 bps
EBIT to sales (%)	13.0	15.6	(262) bps	21.4	(838) bps
Funds employed	4,065	2,068	96.6%	4,042	0.6%
Return on average funds employed (%)	4.2	12.9	(8.7) pts	8.7	(4.4) pts

Trading performance

Hotels' sales declined by 19.5% (normalised) compared to the prior year to \$1.3 billion. Hotels' sales in H1 increased by 6.2% but in H2, sales were materially impacted by the closure of venues from 23 March due to government-mandated restrictions. Sales in Q3, where venues were closed for two weeks in the quarter, declined 12.9%. In Q4, venues were closed for most of the quarter, with sales declining by 86.3% on a normalised basis. Venues began to reopen from the end of May but with different operating conditions by state.

Normalised gross margin as a percentage of sales declined by 67 bps due to changes in business mix.

Hotels CODB as a percentage of sales increased materially due to unavoidable costs incurred following the onset of COVID with little or no revenue due to venues being shut or operating materially below capacity. Despite strong cost control, Hotels continued to incur costs primarily related to occupancy, team costs and depreciation. Hotels has not received any JobKeeper payments.

EBIT of \$172 million was 51.0% below the prior year on a normalised basis with an EBIT margin of 13.0%. In H2, Hotels reported a loss before interest and tax of \$52 million, reflecting losses incurred due to COVID-driven trading restrictions.

Hotels normalised funds employed was broadly in line with the prior year with normalised ROFE declining due to lower EBIT.

Six venues were added during the year bringing the fleet to 334 venues including five managed clubs.

¹ Normalised results and growth reflect adjustments to F19 for the 53rd week impact in F19 and if AASB 16 had been in place in F19

Discontinued operations

\$ MILLION	F20 (52 WEEKS)	F19 (53 WEEKS)
Sales		
Petrol	-	3,696
EBIT		
Petrol (before significant items)	-	112

Trading performance

The sale of **Woolworths Petrol** to EG Group completed on 1 April 2019 with sales and EBIT only attributable to Woolworths Group until that date.

Central overheads

Central overheads before significant items of \$151 million was in line with previous guidance. The increase compared to F19 reflects a \$50 million one-off payment from Caltex and a \$37 million impairment reversal on a property subsequently classified as available for sale in the prior year.

The restatement relating to salaried team member remediation impacted central overheads by \$2 million in F19. However, H1 F19 central overheads was restated by \$26 million (charge) for in-year costs related to the half and H2 F19 central overheads restated by \$24 million (gain). The gain in H2 F19 was due to the reversal of a \$50 million provision previously booked in H2 F19, partially offset by the H2 in-year costs of \$26 million. For F21, central overheads are expected to be approximately \$160 million with additional investment in risk and compliance resources in F21 to support the resolution of the salaried team member remediation, and higher insurance costs.

Group balance sheet

Group balance sheet as at 28 June 2020

\$ MILLION	REPORTED 28 JUNE 2020	REPORTED ¹ 30 JUNE 2019	CHANGE
Inventory	4,434	4,280	154
Trade payables	(5,843)	(5,219)	(624)
Net investment in inventory	(1,409)	(939)	(470)
Trade and other receivables	894	827	67
Other creditors, provisions, and other liabilities	(4,516)	(4,573)	57
Fixed assets, investments, loans to related parties and convertible notes	8,953	8,443	510
Net assets held for sale	333	225	108
Intangible assets	7,717	7,793	(76)
Lease assets	12,062	-	12,062
Other assets	136	-	136
Total funds employed	24,170	11,776	12,394
Net tax balances	992	307	685
Net assets employed	25,162	12,083	13,079
Cash and borrowings	(1,863)	(2,063)	200
Other financial assets and liabilities	461	464	(3)
Net debt (excluding lease liabilities)	(1,402)	(1,599)	197
Lease liabilities	(14,278)	-	(14,728)
Total net debt	(16,130)	(1,599)	(14,531)
Net assets	9,032	10,484	(1,452)
Non-controlling interests	290	383	(93)
Shareholders' equity	8,742	10,101	(1,359)
Total equity	9,032	10,484	(1,452)

KEY RATIOS - CONTINUING OPERATIONS BEFORE SIGNIFICANT ITEMS

Closing inventory days (based on cost of sales)	36.0	37.6	(1.6)
Closing trade payable days (based on cost of sales)	(47.4)	(46.0)	(1.4)
Normalised ROFE	13.7%	14.1%	(49) bps

Closing inventory of \$4,434 million increased by \$154 million primarily due to an increase in grocery and freezer inventory at year end in Australian Food to support COVID-19 related demand. This was partially offset by lower BIG W inventory across all categories due to higher sales. Closing inventory declined by 1.6 days with average inventory days from continuing operations declining by 2.5 days.

Trade payables of \$5,843 million increased by \$624 million compared to F19 primarily due to the timing of end of month payments after year end in F20 compared to before year end in F19, and higher purchases in Australian and New Zealand Food and Endeavour Drinks to support increased trading conditions.

Other creditors, provisions and other liabilities of \$4,516 million were broadly in line with F19. An increase in provisions for salaried team remediation, Endeavour Group transformation costs and the NSW supply chain transformation costs was offset by a reduction in onerous contract provisions relating to leases, which were de-recognised on adoption of AASB 16.

Fixed assets, investments, loans to related parties and convertible notes of \$8,953 million increased by \$510 million. Additions of \$2,229 million during the year mainly related to investment in new stores, refurbishments of existing stores, IT infrastructure and property development were partially offset by depreciation of \$1,300 million and transfers to net assets held for sale of \$332 million.

Lease assets of \$12,062 million reflected \$12,239 million on the adoption of AASB 16, \$1,182 million of new leases and remeasurements during the period, partially offset by lease depreciation of \$1,158 million.

Total funds employed increased by \$12,394 million largely due to the recognition of lease assets on the adoption of AASB 16.

Net tax balances of \$992 million increased \$685 million from F19 mainly due to the recognition of net deferred tax assets associated with the lease assets and lease liabilities on adoption of AASB 16.

Total net debt (excluding lease liabilities) of \$1,402 million was \$197 million below F19 due to net cash generated during the year.

The increase in **total net debt** reflects the recognition of lease liabilities upon the adoption of AASB 16.

Total equity declined by \$1,452 million, largely due to the initial application of AASB 16 of \$1,329 million.

Normalised ROFE² from continuing operations before significant items was 13.7% a decrease of 49 bps on the prior year. ROFE increased for all businesses, except for Hotels, due to venue closures during COVID-19.

¹ Certain comparatives have been re-presented to conform with the current period's presentation to better reflect the nature of the financial position and performance of the Group. The impact of the costs to remediate salaried team members has been corrected by the restatement of each of the affected financial statements line items for prior periods in accordance with the requirements for the correction of an error under AASB 108. The impact of the restatement is disclosed in Appendix Four

² F19 AASB 16 analysis has been prepared for the purposes of ROFE. The F20 calculation includes the actual values for all three points whereas F19 includes an estimate for two of the three points for funds employed.

Group cash flow

Group cash flows for the 52 weeks ended 28 June 2020

\$ MILLION	REPORTED F20 (52 WEEKS)	REPORTED ¹ F19 (53 WEEKS)	CHANGE
EBITDA - continuing operations	5,086	3,573	42.4%
EBITDA - discontinued operations	-	1,200	n.m.
EBITDA	5,086	4,773	6.6%
Increase in inventories	(152)	(34)	341.5%
Increase in trade payables	632	239	164.4%
Increase in provisions	223	79	191.5%
Net change in other working capital and non-cash	278	(1,199)	(122.7)%
Cash from operating activities before interest and tax	6,067	3,858	57.4%
Interest paid - leases	(701)	-	n.m.
Net interest paid - non-leases	(155)	(166)	(6.6)%
Tax paid	(650)	(744)	(12.6)%
Total cash provided by operating activities	4,561	2,948	54.9%
Proceeds from the sale of property, plant and equipment, assets held for sale, and businesses and investments	295	1,859	(84.2)%
Payments for the purchase of property, plant and equipment and intangible assets	(2,149)	(1,991)	7.8%
Other	(91)	(114)	(19.6)%
Total cash used in investing activities	(1,945)	(246)	689.2%
Repayment of lease liabilities	(1,066)	-	n.m.
Payments for share buy-back	-	(1,701)	n.m.
Payments for shares held in trust	(102)	(60)	68.1%
Dividends paid (including to non-controlling interests)	(1,199)	(1,318)	(8.9)%
Free cash flow after equity and lease related financing activities	249	(377)	n.m.

Cash flow from operating activities before interest and tax was \$6,067 million, an increase 57.4% on prior year driven by a 42.4% increase in EBITDA from continuing operations. In F20, EBITDA was impacted by the implementation of AASB 16 where fixed rent has been replaced by depreciation and interest.

Normalised EBITDA from continuing operations before significant items increased by 2.7% but declined by 1.4% after significant items.

Cash flow from **net working capital and non-cash movements** increased compared to the prior year due to an increase in trade payables and provisions, offset by higher inventory levels at year end. F19 included a non-cash gain on sale of Petrol to EG Group of \$1,088 million.

The **cash realisation ratio** was 124.4%. The cash realisation ratio benefitted from higher trade payables due to additional purchases to support COVID-driven sales and payment timing in New Zealand.

Interest paid increased due the inclusion of \$701 million lease interest under AASB 16. **Tax paid** declined by 12.6% due to lower tax instalments paid and higher tax refunds compared to the prior year.

Proceeds from the sale of property, plant and equipment, assets held for sale, and businesses and investments was \$295 million, a decrease of 84.2% on the prior year mainly as a result of the sale of the Petrol business to EG Group in F19.

Payments for the purchase of property, plant and equipment and intangible assets was \$2,149 million, 7.8% above the prior year. The increase is primarily due to new stores and increased property development activity.

Dividends paid of \$1,199 million declined by 8.9% reflecting the payment of a 10 cents per share special dividend in H1 F19.

¹ Certain comparatives have been re-presented to conform with the current period's presentation to better reflect the nature of the financial position and performance of the Group. The impact of the costs to remediate salaried team members has been corrected by the restatement of each of the affected financial statements line items for prior periods in accordance with the requirements for the correction of an error under AASB 108. The impact of the restatement is disclosed in Appendix Four.

Capital management

Woolworths Group has a capital management framework which allocates capital to sustain and grow its businesses and maximise shareholder returns. This is underpinned by strategies to provide the Group with continued access to capital markets, and to maintain solid investment grade credit ratings. The Group's credit ratings¹ are BBB (stable outlook) according to S&P and Baa2 (stable outlook) according to Moody's.

Financing transactions during F20

In May 2020, the Group issued \$1.0 billion of Australian Medium Term Notes consisting of a \$400 million tranche maturing in May 2025 and a \$600 million tranche maturing in May 2030. The Medium Term Notes have been issued to refinance the Group's US Senior Notes maturing in September 2020 and European Medium Term Notes maturing in November 2020. This continues the Group's focus on lowering effective interest rates and lengthening the weighted average maturity.

Upcoming maturities

In September 2020, the US\$617 million US Senior Notes are due to mature and in November 2020 the JPY20 billion European Medium Term Notes are also due to mature. The Group has refinanced all of these upcoming maturities with the Australian Medium Term Notes issued in May 2020.

In April 2021, the US\$438 million US Senior Notes are due to mature. The Group intends to refinance this maturity.

In November 2020, the Group's \$500 million bank guarantee facility is due to mature. The purpose of this facility is to support the Group's WorkCover obligations as a 'self-insurer', where bank guarantees are issued in favour of Australian WorkCover authorities and is underpinned by the international surety market. The Group intends to refinance this maturity, with the final facility limit depending on the amount of the Group's obligations which varies over time.

Events after financial year end

On 19 August 2020, Woolworths Group announced its intention to extend its strategic partnership with PFD Food Services by acquiring a 65% equity interest in the business as well as acquiring 26 freehold properties for a purchase consideration of \$552 million. The transaction is subject to ACCC approval and the satisfaction of customary closing conditions with completion expected by the end of calendar year 2020.

¹ These credit ratings have been issued by a credit rating agency which holds an Australian Financial Services Licence with an authorisation to issue credit ratings to wholesale clients only and are for the benefit of Woolworths Group's debt providers.

New store rollout plans and outlook

New store rollout plans from continuing operations

Store rollout is supported by detailed plans for the next three to five years identifying specific sites.

	F20 NET STORE OPENINGS (INCL. ACQUISITIONS)	MEDIUM TERM ANNUAL TARGET (NET)
Australian Food		
Woolworths Supermarkets	6	10 - 20 new full range supermarkets
Metro Food Stores	21	15-30 new Metros
New Zealand Food		
Countdown	2	3 - 4 new supermarkets
Franchise stores	-	
BIG W	(4)	Only where previously committed
Dan Murphy's	11	6 - 10 new stores
BWS (including attached)	23	6 - 10 new stores (standalone)
Hotels (ALH Group)	6	Acquire as appropriate opportunities arise

Current trading and outlook

	TOTAL SALES GROWTH F21 (8 WEEKS)
Australian Food	11.9%
New Zealand Food (NZD)	8.3%
BIG W	21.1%
Endeavour Drinks	23.7%
Hotels	(31.3)%
Group sales	12.4%
Group online sales	84.6%
	F21 (8 WEEKS)
Total COVID-19 costs (\$m)	107 ¹
% of sales	1.1%

Woolworths Group CEO, Brad Banducci, said: "While we have got off to a strong start to F21, the outlook for the remainder of the year is very difficult to predict as evidenced by recent events in Victoria and New Zealand.

"Unfortunately, we expect to be living and working with COVID for the foreseeable future. We support government measures to contain the virus and support the economy but expect conditions to remain volatile and challenging. As a result, our focus on value, range and convenience will continue and we will not compromise on creating a COVIDSafe environment for all our customers and team.

"Sales growth in the first eight weeks of F21 has been strong across all of our businesses except for Hotels. However, the resurgence in COVID cases and increased restrictions, particularly in Victoria, has also led to higher costs to operate in a COVIDSafe way. For the first eight weeks, incremental COVID-related costs have been approximately \$107 million (excluding typically higher team and Supply Chain costs due to higher sales volumes). Currently, we are assuming that some level of elevated sales and costs will continue for the remainder of H1 F21.

"**Australian Food** sales have remained strong in the first eight weeks of F21 with total sales increasing by 11.9%, despite cycling the very successful Lion King Ooshies promotion. For F21, our priorities in Australian Food will include further growing digital and eCommerce, continuing to improve our fresh experience and using Agile and data-driven teams to transform our operating model. Despite the likely higher COVID-related costs in F21, we have a strong productivity agenda for the year including delivering benefits from the MSRDC, fully embedding Woolworths Supermarkets' customer operating model and continuing our Simpler for Stores program. The profitability of Meat is expected to remain under pressure due to higher input costs.

"**New Zealand Food** sales have slowed relative to H2 F20 with sales for the first eight weeks increasing by 8.3%. Sales spiked again following the re-emergence of COVID cases and resumption of restrictions but have since settled. Priorities for F21 include continued care and support for team and customers, building on value, fresh and health offerings, accelerating digital and eCommerce growth and developing simpler and smarter ways-of-working.

"**BIG W** sales growth remains strong in the first eight weeks of F21, increasing by 21.1%. However, from 5 August, 22 stores in metro Melbourne have been closed to in-store customers. Since then, we have seen sales slow to mid-single digits. We also need to ensure that our shelves are full of the products that customers are looking for in the current environment. Inventory levels are below typical levels but we expect inventory to improve from mid-September. BIG W's F21 priorities include continuing to live our purpose, creating a distinctive, digital business and becoming a simpler, data-led business.

Contact

"In **Endeavour Drinks**, sales growth has also remained strong at 23.7% as the business continues to benefit from greater in-home consumption. Priorities include innovating the customer and team experience; differentiating the core customer offer through range, value and service; and redesigning the businesses end-to-end operating model. In **Hotels**, our focus is to continue to adapt to the uncertain operating environment to provide the best experience for our customers and provide certainty for our teams. Currently 80 hotels and five managed clubs remain closed in Victoria while other venues continue to operate under the applicable state conditions. Despite a continued material impact on sales in F21 to date, Hotels was profitable in July but below last year. Profit for the year is highly dependent on the level of restrictions in place and the ability to operate by state.

"We continue to progress the separation of **Endeavour Group**, with a separation still planned for calendar 2021 with the specific timing subject to regular review.

"We expect F21 to be yet another transformative year for our **Xbusinesses**. All businesses have rapidly increased capacity and added new services in response to customer demand during the COVID period. We think that this has accelerated customers' adoption of digital and eCommerce and will require all our online businesses to continue to innovate and scale-up our customer offerings.

"In summary, while there are many uncertainties in the year ahead, we will continue to be guided by our Purpose, Agile Ways-of-Working and Core Values and are committed to making COVIDSafe and COVIDCare part of everything we do. We have an experienced and resilient team, our business in a strong financial position, and we are focused on continuing to create better experiences for our customers, team and shareholders in F21."

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FOR FURTHER INFORMATION CONTACT:

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Appendices

Appendix One: ASIC Regulatory Guide 230 Disclosing Non-IFRS Financial Information and glossary

The earnings and dividend announcement for the 52 weeks ended 28 June 2020 contains certain non-IFRS financial measures of historical financial performance, balance sheet or cash flows. Non-IFRS financial measures are financial measures other than those defined or specified under all relevant accounting standards and may not be directly comparable with other companies' measures but are common practice in the industry in which Woolworths Group operates. Non-IFRS financial information should be considered in addition to, and is not intended to be a substitute for, or more important than, IFRS measures. The presentation of non-IFRS measures is in line with Regulatory Guide 230 issued by the Australian Security and Investments Commission in December 2011 to promote full and clear disclosure for investors and other users of financial information and minimise the possibility of being misled by such information.

These measures are used by management and the directors as the primary measures of assessing the financial performance of the Group and individual segments. The directors also believe that these non-IFRS measures assist in providing additional meaningful information on the underlying drivers of the business, performance and trends, as well as the financial position of the Woolworths Group. Non-IFRS financial measures are also used to enhance the comparability of information between reporting periods (such as comparable sales), by adjusting for non-recurring or uncontrollable factors which affect IFRS measures, to aid the user in understanding the Woolworths Group's performance. Consequently, non-IFRS measures are used by the directors and management for performance analysis, planning, reporting and incentive setting purposes and have remained consistent with the prior year. Non-IFRS measures are not subject to audit or review.

Glossary

ACCC	Australian Competition and Consumer Commission
Cash realisation ratio	Operating cash flow as a percentage of Group net profit after tax before depreciation and amortisation
Comparable sales	Measure of sales which excludes stores that have been opened or closed in the last 12 months and demonstrable impact on existing stores from store disruption because of store refurbishment or new store openings/closures
Cost of doing business (CODB)	Expenses which relate to the operation of the business
Customer 1 st Ranging	Developing a clearly defined range to provide an easier shopping experience for the customer
Customer fulfilment centre (CFC)	Dedicated online distribution centres
Drive	Convenient options for customers to pick up online orders through Drive up or Drive thru facilities
eStore	Store which utilises automation for the fulfilment of online orders
Free cash flow	Cash flow generated by the Woolworths Group after equity related financing activities including dividends and repayment of lease liabilities
Funds employed	Net assets employed, excluding net tax balances
MFC	Micro-fulfilment centre
MSRDC	Melbourne South Regional Distribution Centre
Net assets employed	Net assets excluding net debt and other financial assets and liabilities
Net Promoter Score (NPS)	A loyalty measure based on a single question where a customer rates a business on a scale of zero to 10. The score is the net result of the percentage of customers providing a score of nine or 10 (promoters) less the percentage of customers providing a score of zero to six (detractors)
On-demand/express delivery	An express or scheduled delivery service providing online orders at the customer's convenience
Pick up	A service which enables collection of online shopping orders in-store or at select locations
Renewals	A total store transformation focused on the overall store environment, team, range and process efficiency (including digital)

Appendices

Glossary continued

Return on Funds Employed (ROFE)	ROFE is calculated as EBIT before significant items for the previous 12 months as a percentage of average (opening, mid and closing) funds employed including significant items provisions
Sales per square metre	Total sales for the previous 12 months by business divided by average trading area
Simpler for Stores	Simplification of end-to-end processes for store teams, improving customer experience and productivity
Smart Store	A store that employs technology to improve process efficiency for customers and team members
Total net debt	Borrowings less cash balances including debt hedging derivatives and lease liabilities
Stock loss	The value of stock written-off, wasted, stolen, cleared, marked-down or adjusted from all stores nationally (sometimes expressed as a percentage of sales)
Voice of Customer (VOC)	Externally facilitated survey of a sample of Woolworths Group customers where customers rate Woolworths Group businesses on several criteria. Expressed as the percentage of customers providing a rating of six or seven on a seven-point scale
VOC NPS	VOC NPS is based on feedback from Woolworths Rewards members. VOC NPS is the number of promoters (score of nine or 10) less the number of detractors (score of six or below)
Voice of Supplier (VOS)	A survey of a broad spectrum of suppliers facilitated by an external provider. The survey is used to provide an ongoing measure of the effectiveness of business relationships with the supplier community. VOS is the average of the suppliers' rating across various attributes scored as a percentage of suppliers that provided a rating of six or seven on a seven-point scale
Voice of Team (VOT)	Survey measuring sustainable engagement of our team members as well as their advocacy of Woolworths as a place to work and shop. The survey consists of nine sustainable engagement questions, three key driver questions and two advocacy questions

Other non-IFRS measures used in describing the business performance include:

- Earnings before interest, tax, depreciation and amortisation (EBITDA)
- Normalised EBIT
- Volume productivity metrics including transaction growth, items per basket and item growth
- Trading area
- Fixed assets and investments
- Net tax balances
- Closing trade payable days
- Change in average prices
- Easter-adjusted metrics
- Cash flow from operating activities before interest and tax
- Significant items
- Free cash flow after equity related financing activities excluding dividends
- Net investment in inventory
- Net assets held for sale
- Closing inventory days
- Average inventory days
- Margins including gross profit, CODB and EBIT/(LBIT)
- EBIT - pre-AASB 16

Appendices

Appendix Two: Reconciliation of reported EBIT to normalised EBIT and NPAT

Reconciliation from F19 reported EBIT to F19 normalised NPAT

Normalised results reflect adjustments in F19 to remove the impact of the 53rd week in F19 and if AASB 16 had been in place in F19.

\$ MILLION	AUSTRALIAN FOOD	NEW ZEALAND FOOD	BIG W	ENDEAVOUR DRINKS	HOTELS	UNALLOCATED	GROUP
Continuing operations before significant items							
F19 reported EBIT	1,827	277	(85)	504	261	(62)	2,722
Net impact on EBIT of AASB 16 and 53 rd week	272	43	54	34	90	17	510
F19 normalised EBIT	2,099	320	(31)	538	351	(45)	3,232
Finance costs							(830)
Income tax expense							(721)
Non-controlling interest							(57)
F19 normalised NPAT							1,624

Reconciliation from F20 reported EBIT to F20 normalised NPAT

Normalised results reflect adjustments to F20 if AASB 16 had not been in place in F20.

\$ MILLION	AUSTRALIAN FOOD	NEW ZEALAND FOOD	BIG W	ENDEAVOUR DRINKS	HOTELS	UNALLOCATED	GROUP
Continuing operations before significant items							
F20 reported EBIT	2,232	358	39	569	172	(151)	3,219
Net impact on EBIT of AASB 16	(311)	(49)	(57)	(57)	(95)	(1)	(570)
F20 normalised EBIT	1,921	309	(18)	512	77	(152)	2,649
Finance costs							(142)
Income tax expense							(769)
Non-controlling interest							(47)
F20 normalised NPAT							1,691

Appendix Three: Significant items

2020	PROFIT BEFORE INCOME TAX \$M	INCOME TAX BENEFIT \$M	PROFIT FOR THE PERIOD \$M
Continuing operations			
Australian Food			
NSW supply chain transformation costs	(176)	53	(123)
Unallocated			
Endeavour Group transformation costs	(230)	45	(185)
Salaried team member remediation	(185)	56	(129)
Total Group significant items	(591)	154	(437)

Appendix Four: Restatement for salaried team member remediation

	RESTATEMENT		TOTAL \$M
	F19 OPENING RETAINED EARNINGS \$M	F19 PROFIT FOR THE PERIOD \$M	
Pre-F18 payment shortfall (including ex-gratia period)	(263)	-	(263)
F19 payment shortfall	-	(52)	(52)
Payment shortfall to salaried team members for prior periods	(263)	(52)	(315)
Less: provisions recognised	-	50	50
Payment shortfall to salaried team members for prior periods, net of provisions recognised	(263)	(2)	(265)
Income tax benefit	79	1	80
Payment shortfall to salaried team members for prior periods, net of tax	(184)	(1)	(185)

Appendices

Appendix Five: Quarterly sales summary

\$ MILLION	Q4'20 (12 WEEKS)	Q4'19 (13 WEEKS)	CHANGE	NORMALISED ¹ CHANGE
Continuing operations				
Australian Food	9,780	9,674	1.1%	9.3%
New Zealand Food	1,600	1,532	4.5%	13.0%
<i>New Zealand Food (NZD)</i>	1,703	1,618	5.3%	13.9%
BIG W	1,091	915	19.3%	30.8%
Endeavour Drinks	2,248	1,974	13.8%	23.2%
Hotels	51	404	(87.4)%	(86.3)%
Group sales	14,770	14,499	1.9%	10.2%

	Q1'20 (14 WEEKS)	Q2'20 (13 WEEKS)	H1 F20 (27 WEEKS)	Q3'20 (13 WEEKS)	NORMALISED ¹ Q4'20 (12 WEEKS)	NORMALISED ¹ H2 F20 (25 WEEKS)	NORMALISED ¹ F20 (52 WEEKS)
TOTAL SALES GROWTH %							
Australian Food	7.8	4.9	6.4	11.3	9.3	10.4	8.3
New Zealand Food (AUD)	8.0	6.2	7.1	14.8	13.0	14.0	10.5
<i>New Zealand Food (NZD)</i>	4.6	5.0	4.8	13.7	13.9	13.8	9.1
BIG W	2.6	2.9	2.8	9.5	30.8	20.4	10.5
Endeavour Drinks	4.9	4.6	4.7	9.5	23.2	15.9	9.9
Hotels	5.5	7.0	6.2	(12.9)	(86.3)	(48.2)	(19.5)
Continuing operations	7.1	4.9	6.0	10.7	10.2	10.5	8.1

COMPARABLE SALES GROWTH %	Q1'20	Q2'20	H1 F20	Q3'20	Q4'20	H2 F20	F20
Australian Food	6.6	3.8	5.1	10.3	8.9	9.7	7.3
New Zealand Food (NZD)	4.8	4.5	4.7	13.4	13.9	13.6	8.9
BIG W	4.4	3.2	3.7	9.9	30.5	20.6	11.2
Endeavour Drinks	3.2	1.8	2.5	8.9	21.2	14.7	7.9
Hotels	3.6	5.9	4.7	2.4	n.m.	n.m.	n.m.

Comparable sales dates

Comparable sales growth in F20 is calculated by comparing the following weeks.

	Q1'20	Q2'20	Q3'20	Q4'20
F20	1 July 2019 – 6 Oct 2019	7 Oct 2019 – 5 Jan 2020	6 Jan 2020 – 5 April 2020	6 April 2020 – 28 June 2020
F19	2 July 2018 – 7 Oct 2018	8 Oct 2018 – 6 Jan 2019	7 Jan 2019 – 7 April 2019	8 April 2019 – 30 June 2019

¹ Normalised results and growth reflect adjustments in F19 to remove the impact of the 53rd week in F19

Endnotes

Appendix Six: Five-year store and trading area analysis

STORES (NUMBER)	2020 FULL YEAR	2019 FULL YEAR	2018 FULL YEAR	2017 FULL YEAR	2016 FULL YEAR
Continuing operations					
NSW & ACT	334	324	317	312	303
QLD	242	237	234	234	237
VIC	265	253	249	244	242
SA & NT	78	78	79	80	84
WA	101	101	98	94	94
TAS	31	31	31	31	32
Summergate	1	1	2	2	2
Thomas Dux	-	-	-	3	5
Australian Food	1,052	1,025	1,010	1,000	999
New Zealand Food	182	180	181	184	184
BIG W	179	183	183	185	186
Freestanding Liquor (incl. Dan Murphy's)	420	405	398	387	373
Attached Liquor	585	572	560	550	544
ALH Retail Liquor Outlets	605	599	585	580	569
Endeavour Drinks	1,610	1,576	1,543	1,517	1,486
Hotels (includes clubs)	334	328	323	329	331
EziBuy	-	-	-	-	5
Total continuing operations	3,357	3,292	3,240	3,215	3,191
Discontinued operations					
Woolworths Petrol	-	-	534	531	527
Home Improvement	-	-	-	-	106
Total Group	3,357	3,292	3,774	3,746	3,824
Wholesale customer stores (continuing operations)					
Super Value and Fresh Choice	70	70	69	65	64
Statewide Independent Wholesale	220	220	220	220	220
Total continuing operations	290	290	289	285	284
Discontinued operations (Home Timber & Hardware wholesale)	-	-	-	-	349
Total wholesale customer stores	290	290	289	285	633
Trading area (sqm)					
Australian Food	2,382,764	2,330,830	2,281,866	2,252,709	2,229,714
Countdown	405,425	404,032	405,274	415,970	417,966
BIG W	1,021,775	1,045,260	1,046,333	1,055,838	1,061,413
Endeavour Drinks	479,055	468,884	460,841	446,083	430,691

Appendices

Appendix Seven: New stores and refurbishments

FOURTH QUARTER	GROSS NEW STORES (INCL. ACQUISITIONS)	NET NEW STORES (INCL. ACQUISITIONS)	RENEWALS/ REFURBISHMENTS
Australian Food (including Metro Food Stores)	11	10	23
New Zealand Food	1	1	1
BIG W	-	(1)	-
Endeavour Drinks	19	11	13
Hotels	2	2	12
Total Group	33	23	49

FULL YEAR	GROSS NEW STORES (INCL. ACQUISITIONS)	NET NEW STORES (INCL. ACQUISITIONS)	RENEWALS/ REFURBISHMENTS
Australian Food (including Metro Food Stores)	30	27	69
New Zealand Food	3	2	3
BIG W	-	(4)	1
Endeavour Drinks	55	34	95
Hotels	7	6	40
Total Group	95	65	208

n.m. Not meaningful

Certain comparatives have been re-presented to conform with the current period's presentation to better reflect the nature of the financial position and performance of the Group.

This announcement contains certain non-IFRS measures that Woolworths Group believes are relevant and appropriate to understanding its business. Refer to Appendix One for further information. Ratios and percentage changes referenced throughout this document are calculated on unrounded figures

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