

**BELL POTTER****WOOLWORTHS (WOW)**

## Reports steady NPAT for FY15

RESULTS	FY14	FY15	CHANGE	CONSENSUS	BELL POTTER ESTIMATES	COMMENTS
Revenue (\$bn)	60.7	60.7	(0.2%)		60.8	
EBIT (\$m)	3775	3748.4	(0.7%)		3754	Group EBIT margin 6.2%
Net profit (\$m)	2452	2453	0.1%	2440	2447	
Dividend (cents)	137.0	139.0	1.5%			Fully franked 72 cps. ex 9 Sep, pay 9 Oct. FY15 payout ratio of 71% vs 70% in FY14.

■ **SEGMENT EBIT:**

- Australian, Food, Liquor, and Petrol up 2.1% to \$3439.8m( reflecting subdued sales growth in H2'15); EBIT margin up 22bps to 7.2%
- NZ super markets up 5.2% to \$326m; EBIT margin up 15bps to 5.55%
- General Merchandise down 25.3% to \$114.27m; EBIT margin down 73 bps to 2.8%
- Hotels down 14.9% to \$234.5m; EBIT margin down 281bps to 15.9%
- Home Improvement (\$224.7m) as compared to (\$169m) in pcp (Approx 20% of Masters stores are now in the new format with average sales per store >30% higher than original format stores. However, Home Improvement lost \$225 million in FY15)

- Net operating cash flow down 3.7% to \$3345m

**Outlook:** "As previously disclosed, we will not provide profit guidance for FY16. We expect investment in price and service to continue to exceed cost savings with the impact of this most pronounced in H1'16 as we look to restore the rate of comparable sales growth in our Australian Food business. We are ensuring that all our divisions are focused on improving sales momentum over the key Christmas trading period."

**Today's share price reaction:** Down 0.9% to \$26.85 (10.12 am)

**Recommendation:** Sell rating likely to be retained. Research report available tomorrow to Bell Potter clients.

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