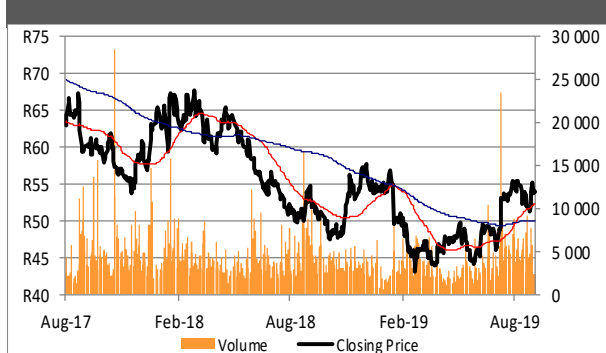


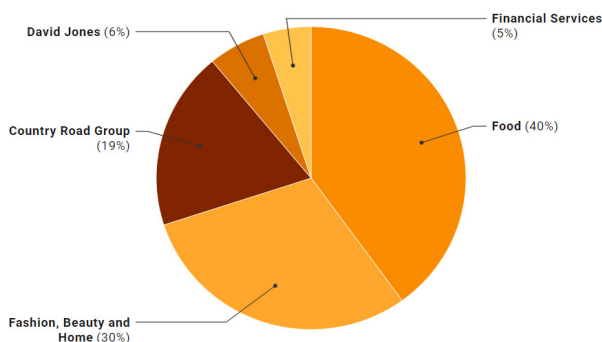
SHARE INFORMATION

Share Code	WHL
Industry	Diversified Retail
Sector	Consumer Discretionary
Market Capital (ZAR m)	55 360
Current Price (ZAR)	53,87
Target Price	58,00
Price - 52 Week High:	58,42
Price - 52 Week Low:	43,05
Dividend Yield	3,54%
Beta 5 Year (JSE All Share)	0,51

SHARE PRICE PERFORMANCE**



Segment contribution to net profit



VALUATION RATIOS **

Period	P/E	P/SALES	EV/EBITDA
Last 12 Months	16,2x	0,8x	12,7x
Current Year Est	14,8x	0,7x	8,8x
Expected	13,3x	0,7x	8,0x

** Data provided by Thomson Reuters

CONTACT US

Reception	+27 (11) 202 2712
Dealing Desk	+27 (11) 202 2716
Website	www.psg.co.za/oldoak
Blog	www.oldoak.co.za

WOOLWORTHS HOLDINGS LTD (JSE:WHL)

Recommendation: HOLD

Woolworths Holdings is a South African-based retail group. In South Africa, the group trades through Woolworths, a respected chain of retail stores offering discerning customers a selected range of quality clothing, food, homeware, beauty and financial services under its own brand name. Woolworths Holdings also owns Country Road Ltd, a leading Australian clothing and homeware retailer; and David Jones, an Australian department store chain. Woolworths Financial Services is a joint venture between Woolworths and Barclays Africa Group, with Barclays Africa Group owning 50%.

FUNDAMENTAL/TECHNICAL OVERVIEW

Last week Woolworths reported its annual results for the year ended 30 June 2019. Total revenue increased by 6.6%, headline earnings per share declined by 1% to 342.9 cents per share and the board declared a final gross dividend of 98.5 cents per share, a decrease of 24.5% on the prior year's 130.5 cents per share.

The Food segments contributed 29.8% to total profit before tax; Fashion, Beauty and Home 29.8%; David Jones 6.39%; Country Road Group 18.85% and the Financial Services division 5%. The food segment continued to grow market share. Comparable sales increased by 5.4%, and operating profit rose by 5.4%. Fashion, Beauty and Home comparable sales increased by 1%. Full-year operating profit declined by 1.1% but significantly improved in the second half, up by 15.7%. Woolworths Financial Services reflected a positive year-on-year growth of 7.45%.

David Jones continued to experience difficulties due to the disruption from the Elizabeth Street store refurbishments and a slowdown in the Australian economy. An impairment charge of A\$437 million was recognised, reducing the valuation of David Jones to approximately A\$965 million. Despite record low-interest rates, consumer spending remained depressed by high levels of indebtedness and a cooling housing market. Country Road Group's sales grew by 0.5%, with sales growth slowing in the second half in line with the market.

In South Africa, management believes consumer spending is expected to remain constrained. However, they do expect the Food segment to continue to trade ahead of the market and the fashion, beauty and home division to continue its turnaround. In Australia, management expects the retail market will continue to be tough with heavy discounting and promotional activity. The company will continue to focus on reducing costs, improving cash flows, and strengthening the balance sheet.

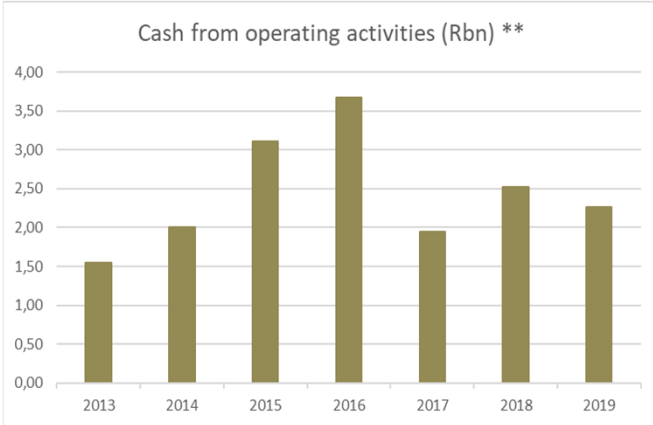
As at the time of writing, Woolies traded on a trailing price to earnings ratio of 16.22 and dividend yield of 3.54%. Total debt to equity rose from 1.06x to 1.53x. Net debt to EBITA and the interest coverage are however well within bank limits. The board reported that it had commenced the process of recruiting a successor for the Group Chief Executive Officer, Ian Moir. Moir will now be based in Australia overseeing the David Jones turnaround.

Research contributors

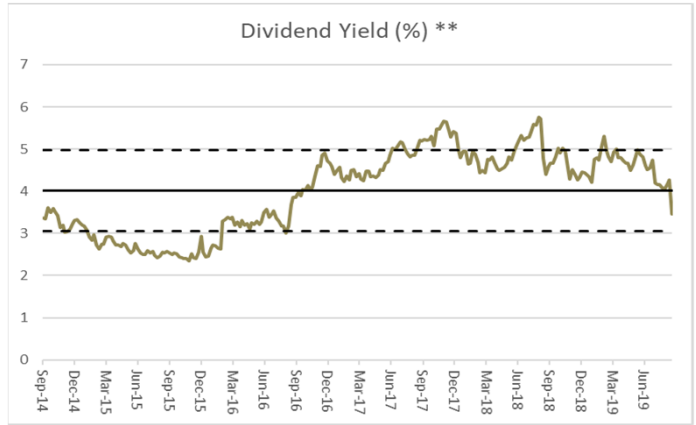
Pieter-Jan van Niekerk, Schalk Louw

EQUITY REPORT

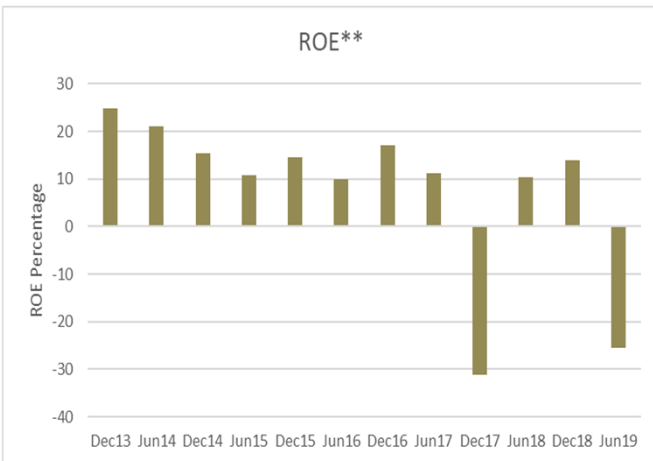
6 SEPTEMBER 2019



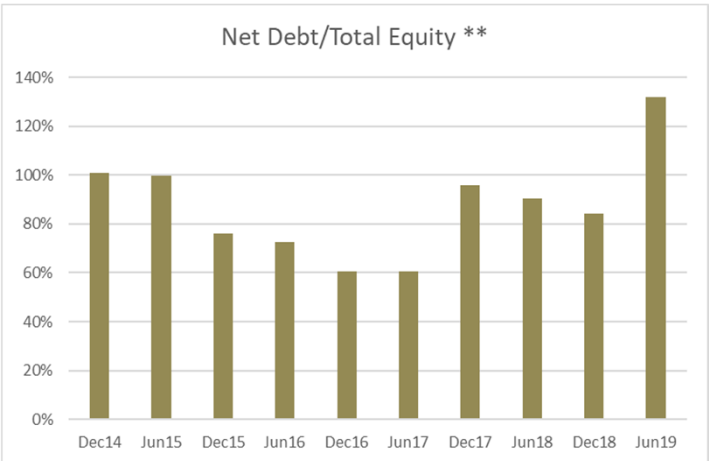
Net cash flow from operations declined marginally during FY19.



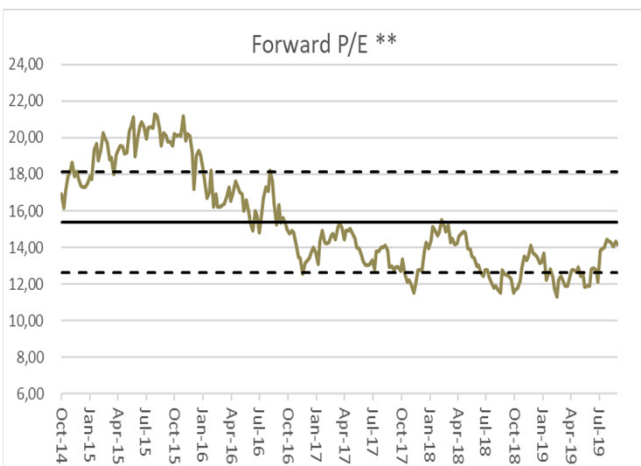
The dividend yield is trading slightly below the mean.



The Group reported a negative ROE due to the David Jones impairment.



Total debt-to-equity increased significantly since FY18.



The company's forward PE is at 14.14, which is below the long-term average of 15.38.

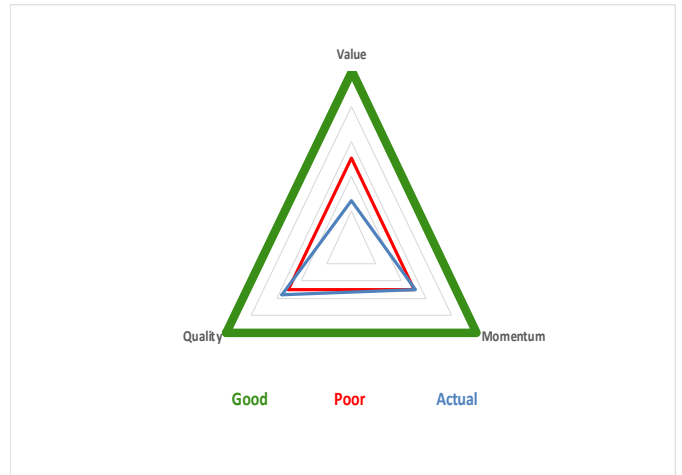
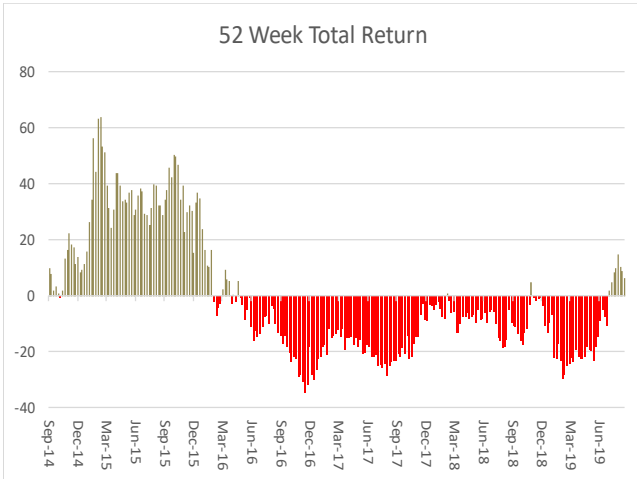


The company's PB is trading at 3,8, which is slightly below the long-term average of 4.64.

** Data provided by Thomson Reuters

EQUITY REPORT

6 SEPTEMBER 2019



WHL's 52-week low is R43.05 and the 52-week high is R58.42, currently trading just above R54.50. WHL's current 1-year price performance is +3,80% and the share at the time of writing, was trading above its 50-day and 200-day MA's. Support can be found at the 50-day moving average at R52.43 while R58.42 could be a key resistance level.



Disclaimer:

This publication has been issued by PSG Wealth Old Oak and does not represent the official PSG Wealth view. It is confidential and issued for the information of clients only. It shall not be reproduced in whole or in part without our permission. Any unauthorized use, duplication, redistribution or disclosure is prohibited by law. This publication is not to be construed as providing investment services in any jurisdiction where the provision of such services is not permitted. It is provided for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of a security, and we have no responsibility whatsoever arising here from or in consequence hereof. The user assumes the entire risk of any use made of this publication. Any decision to purchase securities mentioned in this publication must take into account existing public information on such security or any registered prospectus. The information contained herein has been obtained from sources which and persons whom we believe to be reliable but is not guaranteed for accuracy, completeness or otherwise. Opinions and estimates constitute our judgement as of the date of this material and are subject to change without notice. This publication does not attempt to identify the nature of the specific market or other risks associated with an investment. Leveraged /Geared positions in securities have the ability to accentuate the profit/loss made on investments. Geared /Leveraged positions are not recommended based on the information contained in this publication. Securities, financial instruments or strategies mentioned herein may not be suitable for all investors and investors must make their own investment decisions using their own independent advisers as they believe necessary and based upon their specific financial situations and investment objectives. Certain investments/recommendations may have tax implications for private customers. Investors should seek advice from a tax advisor before acting on information contained in this publication. The securities described herein are subject to fluctuation in price and/or value and investors may get back less than originally invested. Past performance is not indicative of future results. The employees responsible for the production of this report may from time to time own securities mentioned herein.

Analyst Certification:

The research analyst who prepared this report certifies that the view expressed herein accurately reflect the research analyst's personal views about the subject security and issuer and that no part of his compensation was, is or will be directly or indirectly related to specific recommendations or views contained in this report.