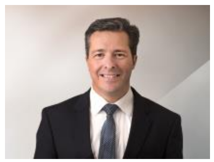
2017 Full-year Results
Debt Investor Update

August 2017

Wesfarmers

Wesfarmers' operating business & management structure

Richard Goyder [1]
Managing Director
Wesfarmers



Terry Bowen [2]
Finance Director
Wesfarmers

Wesfarmers

Rob Scott [1]
Deputy Chief Executive Officer
Wesfarmers

Anthony Gianotti [2]
Deputy Chief Financial Officer
Wesfarmers

Coles

John Durkan
Managing Director
Coles

coles

Home Improvement

Michael Schneider
Managing Director
Bunnings Group

BUNNINGS

Department Stores

Guy Russo
Chief Executive Officer
Department Stores

Kmart
Target

Officeworks

Mark Ward
Managing Director
Officeworks

Officeworks

Industrials

David Baxby
Managing Director
Industrials

Wesfarmers Chemicals, Energy & Fertilisers
Wesfarmers Industrial and Safety
Wesfarmers Resources

1. On 14 February 2017 it was announced that Richard Goyder will retire towards the end of CY2017 and that Rob Scott will join the Board as Managing Director at the conclusion of the 2017 Annual General Meeting in November 2017. Rob Scott became the Group's Deputy Chief Executive Officer effective 14 February 2017.
2. On 29 May 2017 it was announced that Terry Bowen will retire towards the end of CY2017 and that Anthony Gianotti will be the next Chief Financial Officer. Anthony Gianotti became the Group's Deputy Chief Financial Officer effective 1 July 2017.

Group Performance Summary

Group performance summary

Year ended 30 June ($m)	2017	2016	Var %
Revenue	68,444	65,981	*3.7*
EBIT	4,402	1,346	*227.0*
EBIT (exc. significant items)[1]	4,402	3,607	*22.0*
Net profit after tax	**2,873**	**407**	***n.m.***
Net profit after tax (exc. significant items)[1]	**2,873**	**2,353**	***22.1***
Operating cash flow	4,226	3,365	*25.6*
Net capital expenditure	1,028	1,336	*(23.1)*
Free cash flow	4,173	1,233	*238.4*
Full-year ordinary dividend (cps)	223	186	*19.9*
Net financial debt[2]	4,321	6,537	*(33.9)*
Cash interest cover[3] (R12, times)	25.0	16.8	*48.8*
Fixed charges cover[3] (R12, times)	3.1	2.7	*14.8*

- Record level of earnings & strong increase in return on equity, demonstrating the strength of the Group's conglomerate structure & focus on cash generation & capital efficiency
  - Significantly higher earnings from Industrials, primarily driven by Resources
  - Retail earnings above the prior year supported by continued strong momentum in BANZ, Kmart & Officeworks

n.m. – not meaningful

1. 2016 excludes the following pre-tax (post-tax) amounts: $1,266m ($1,249m) non-cash impairment of Target; $850m ($595m) non-cash impairment of Curragh; & $145m ($102m) of restructuring costs & provisions to reset Target.
2. Interest bearing liabilities less cash at bank & on deposit, net of cross-currency interest rate swaps & interest rate swap contracts.
3. 2016 excludes pre-tax non-cash impairments of $2,116 million relating to Target ($1,266 million) and Curragh ($850 million).

Divisional earnings summary

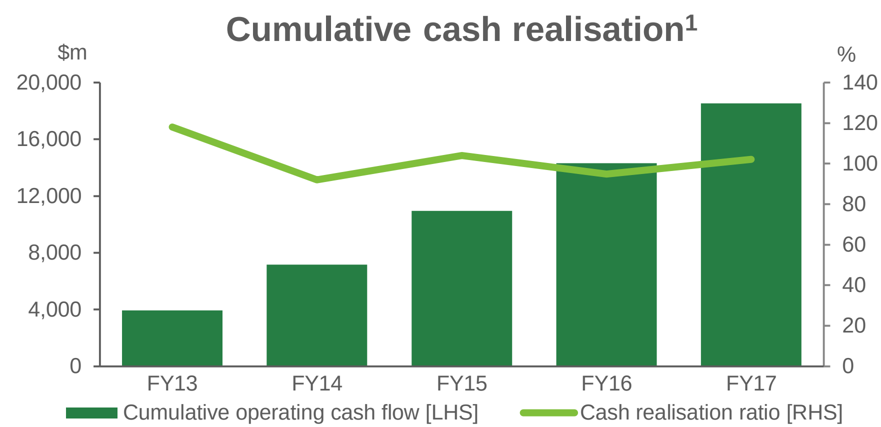
EBIT ($m) Year ended 30 June	2017	2016	Var %	Var $m	% of EBIT
Coles[1]	**1,609**	**1,860**	***(13.5)***	***(251)***	36%
Home Improvement[2]	**1,245**	**1,214**	***2.6***	***31***	28%
Bunnings Australia & NZ	1,334	1,213	*10.0*	*121*	
Bunnings UK & Ireland[2]	(89)	1	*n.m.*	*(90)*	
Department Stores[3]	**543**	**275**	***97.5***	***268***	12%
Target[3]	(10)	(195)	*n.m.*	*185*	
Kmart	553	470	*17.7*	*83*	
Officeworks	**144**	**134**	***7.5***	***10***	3%
Industrials[4,5]	**915**	**47**	***n.m.***	***868***	21%
WesCEF[4]	395	294	*34.4*	*101*	
Industrial & Safety[5]	115	63	*82.5*	*52*	
Resources	405	(310)	*n.m.*	*715*	

n.m. – not meaningful
1. 2017 includes $39m profit on sale of Coles' interest in a number of joint venture properties to ISPT.
2. 2016 includes trading for Homebase from acquisition on 28 February 2016.
3. 2017 includes $13m of restructuring costs associated with the planned relocation of Target's store support office. 2016 includes $145m of restructuring costs & provisions to reset Target.
4. 2017 includes a profit on sale of land of $22m & $33m relating to WesCEF's share of revaluation gains in Quadrant Energy. 2016 includes $32m of costs relating to ceasing PVC manufacturing.
5. 2016 includes $35m in restructuring costs.

Operating cash flows

- Operating cash flows increased by $861m to $4,226m
  - Strong earnings growth & improvement in cash realisation ratio to 102.1%[1]
  - Highly cash generative portfolio
- Lower working capital outflow during the year driven by improved inventory management in Retail
- Unfavourable Industrials movement driven by:
  - WesCEF: higher fertilisers inventory & one-off benefit in prior year from the move to a PVC import model
  - Resources: higher receivables due to higher coal prices & higher sales volumes

Year ended 30 June ($m)	2017	2016
Cash movement inflow/(outflow)		
Receivables & prepayments	58	(51)
Inventory	(296)	(444)
Payables	165	259
Total	**(73)**	**(236)**
Working capital cash movement		
Retail	(11)	(390)
Industrials & Other	(62)	154
Total	**(73)**	**(236)**



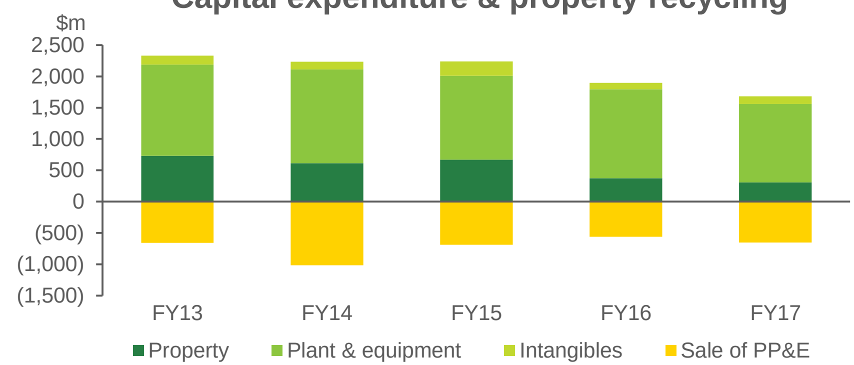
1. Adjusted for significant one-offs, discontinued operations & non-trading items.

Disciplined capital expenditure

- Gross capital expenditure decreased $218m to $1,681m
  - Fewer store openings in BANZ
  - Reduced refurbishment activity in Target
  - Lower capital expenditure across Industrials
- Proceeds from property disposals increased $90m to $653m
  - Sale of Coles' interest in a number of joint venture properties to ISPT
  - Sale of land by WesCEF
- Net capital expenditure reduced 23.1% to $1,028m
- FY18 net capital expenditure of $1.5b to $1.9b expected, subject to net property investment

Year ended 30 June ($m)[1]	2017	2016	Var %
Coles	805	797	*1.0*
Home Improvement	445	538	*(17.3)*
Kmart	154	163	*(5.5)*
Target	71	129	*(45.0)*
Officeworks	36	40	*(10.0)*
WesCEF	44	60	*(26.7)*
Industrial & Safety	34	52	*(34.6)*
Resources	91	116	*(21.6)*
Other	1	4	*(75.0)*
Gross capital expenditure	**1,681**	**1,899**	***(11.5)***
Sale of PP&E	(653)	(563)	*16.0*
Net capital expenditure	**1,028**	**1,336**	***(23.1)***

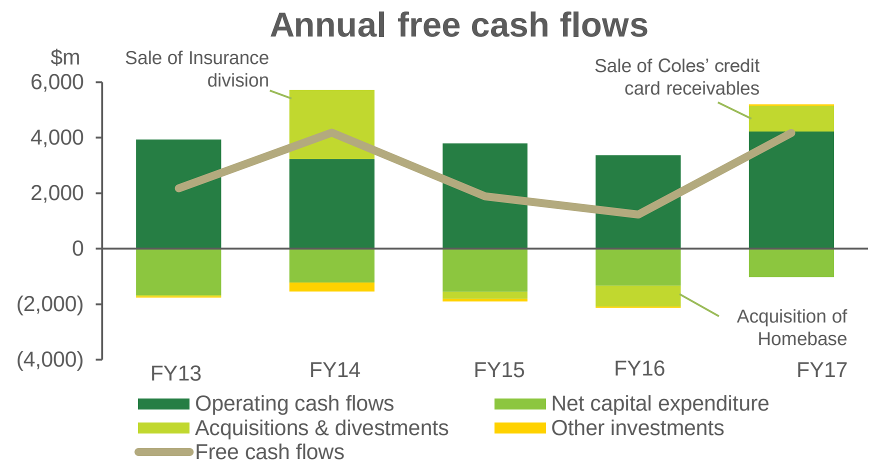
Capital expenditure & property recycling



1. Capital investment provided on a cash basis.

Strong cash flow generation

- FY17 free cash flows of $4,173m, $2,940m higher than last year
  - Higher operating cash flows & lower net capital expenditure
  - Sale of Coles' credit card receivables in February 2017 with net proceeds of $947m
  - Last year included $665m acquisition of Homebase



Coles

coles coles.com.au coles VINTAGE CELLARS first CHOICE liquor BI-LO LIQUORLAND spirit HOTELS coles Financial Services

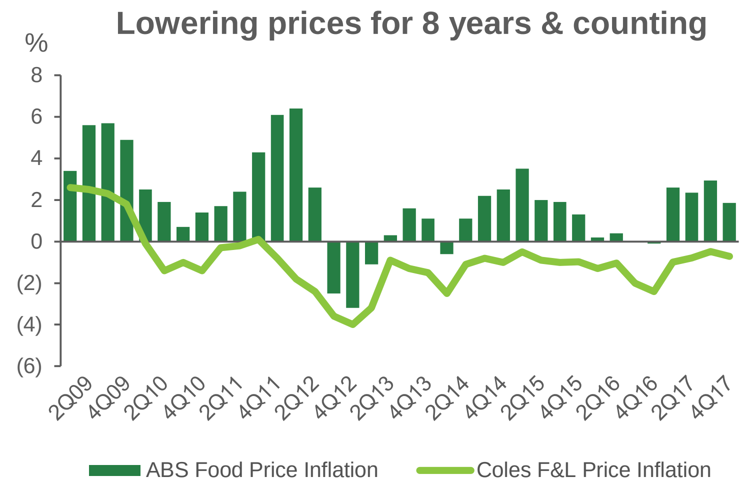
Coles performance summary

Year ended 30 June ($m)		2017	2016	Var %
Coles	**Revenue**[1]	**39,217**	**39,242**	***(0.1)***
	EBIT[2]	**1,609**	**1,860**	***(13.5)***
	EBIT margin[2] (%)	4.1	4.7	
Food & Liquor	**Revenue**[1]	**33,084**	**32,564**	***1.6***
	Headline sales growth[3,4] (%)	2.0	5.1	
	Comparable sales growth[3,4] (%)	1.0	4.1	
	Inflation/(deflation)[4]	(0.8)	(1.7)	
Convenience	**Revenue**	**6,133**	**6,678**	***(8.2)***
	Total store sales growth[4] (%)	4.6	11.1	
	Comp. fuel volume growth[4] (%)	(16.0)	(7.9)	

1. Includes property revenue for 2017 of $16m & for 2016 of $25m.
2. Includes property EBIT for 2017 of $57m & for 2016 of $17m.
3. Includes hotels, excludes gaming revenue & property.
4. 2017 growth reflects the period 27 June 2016 to 25 June 2017 & the 29 June 2015 to 26 June 2016. 2016 growth reflects the period 29 June 2015 to 26 June 2016 & the period 30 June 2014 to 28 June 2015.

Food & Liquor overview

- FY17 EBIT of $1,609m
  - Accelerated proactive investment in customer offer
  - Positive comp sales growth & strong cash flow generation achieved in a low growth environment
  - Includes $39m profit on sale of Coles' interest in JV properties, partially offset by lower Financial Services earnings following the sale of Coles' credit card receivables
- Accelerated investment has led to improvements in the customer offer:
  - 8.2% cumulative deflation from FY09
  - More than 6,000 training courses completed to upskill Fresh Team Members
  - Significant incremental labour hours invested during the year
  - Best availability metrics in five years
  - Continued increase in Fresh contribution



Food & Liquor overview: Investing in the customer offer

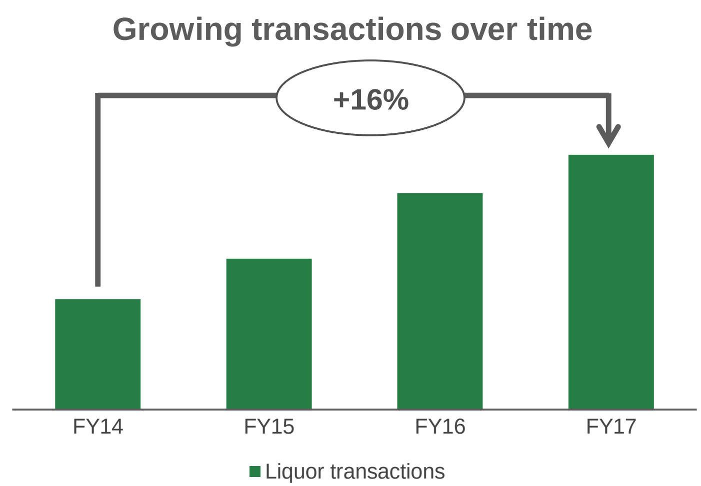
- FY17 characterised by accelerated investment in the customer offer
- Strategic focus on improving each element of the customer offer to ensure Coles retains a strong market position as competition increases
- Investment in Food has been balanced across:
  - Price: a consistent commitment to trusted value
  - Range: providing a better customer offer
  - Service: investment in hours & team members
  - Quality: market-leading fresh quality
  - Availability: the right products, available always
  - Online: accelerating growth through a better offer
- Investment intended to provide sustainable benefits for both customers & shareholders

Food & Liquor overview: Extending into new services & channels

- Delivering convenience with Coles Online
  - Double digit sales growth
  - Increased fulfilment rates & delivery efficiency
  - Second ‘dark store’ to launch in Sydney in early FY18
- Leveraging flybuys to deliver better value
  - Partnership with Virgin Velocity offering more redemption options
  - Growing number of active flybuys customers
  - Double digit growth in points redeemed compared to FY16
- Credit Card distribution agreement with Citi providing solid platform for ongoing growth

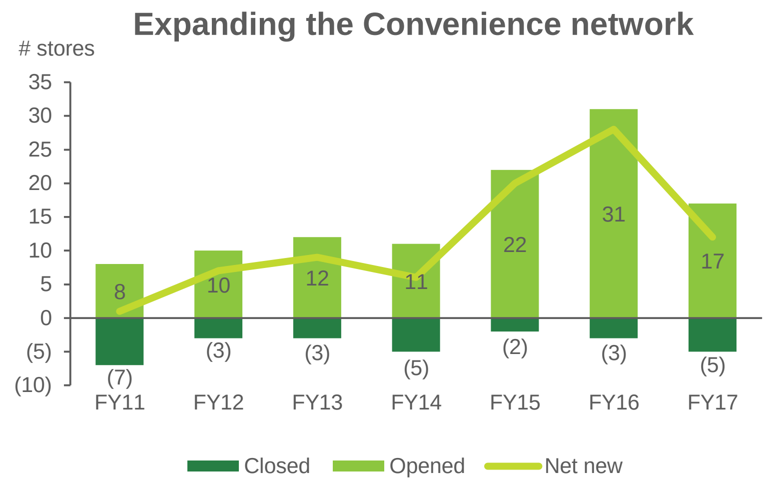
Food & Liquor overview: Liquor transformation

- Positive comparable sales growth achieved through FY17
  - Seven quarters of positive comp sales growth
  - More than 20% growth in Liquor Online
- Acceleration of network optimisation
  - 200 Liquorlands renewed in FY17
  - Four Liquor Market trial stores launched
- Transformation progressing as planned
  - Strong transaction growth achieved
  - Improved price competitiveness & range
  - Improved quality of store network



Convenience overview: Fuelling Convenience

- Convenience shop sales growth remained positive
  - 3.6% transaction growth driven by a compelling customer offering
  - Launch of ‘Big Yum at Little Coles’
  - Compelling value through ‘Every Day’ & Coles Brand drove eleventh consecutive quarter of price deflation (excl. Tobacco)
- Continued to improve the site network
  - 17 new sites opened in FY17
  - 132 sites now upgraded with bold branding
- Fuel volumes declined
  - FY17 headline volumes declined 13.6%, comparable volumes declined 16.0%
  - Commercial negotiations with alliance partner ongoing



Home Improvement

Home Improvement performance summary

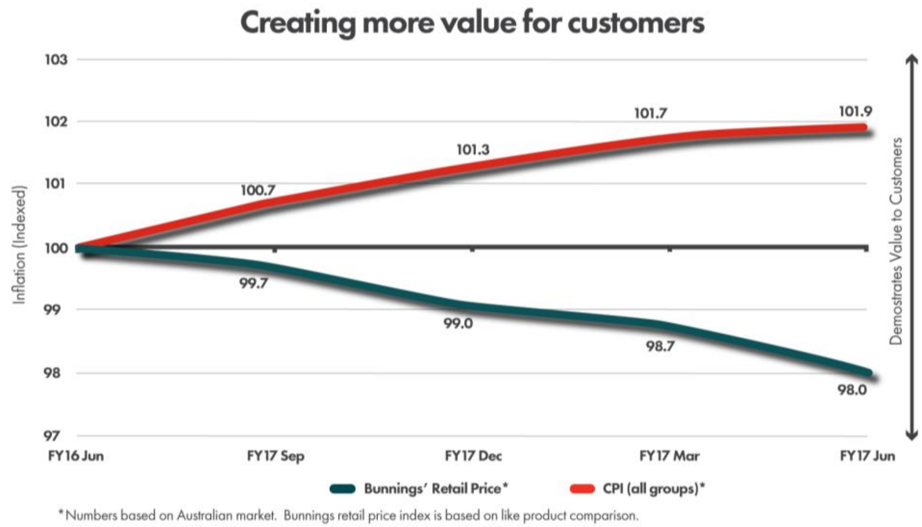
Year ended 30 June ($m)	2017	2016	Var %
Revenue[1]	**13,586**	**11,571**	***17.4***
Bunnings Australia & NZ	11,514	10,575	*8.9*
Bunnings UK & Ireland ($)[1]	2,072	996	*n.m.*
EBIT[1,2,3]	**1,245**	**1,214**	***2.6***
Bunnings Australia & NZ[2]	1,334	1,213	*10.0*
Bunnings UK & Ireland ($)[1,3]	(89)	1	*n.m.*
EBIT margin[1,2,3] (%)	9.2	10.5	

n.m. – not meaningful

1. 2016 includes trading for Homebase from acquisition on 28 February 2016.
2. Includes net property contribution for 2017 of $43m & 2016 of $46m.
3. Includes one-off transition & restructuring costs related to Homebase of £19m ($33m) in 2017 & £13m ($25m) in 2016.

Bunnings Australia & New Zealand overview

- Pleasing & consistent sales growth
  - Total store sales growth of 8.9%; store-on-store growth of 7.3%
  - Positive trading performance across all major regions; consumer & commercial
  - Solid growth across all categories
- EBIT increase of 10.0%
  - Continued value creation & lower prices
  - Productivity gains & disciplined cost control
  - Further positive property divestment outcomes
- Strong capital management discipline
  - Property recycling program
  - Reduced building & fit-out costs embedded
  - Ongoing investment in network refresh
- Expenses recognised for:
  - Store closure provisions due to agreement with Home Consortium for new sites
  - Additional writedowns related to future network changes & in-store display assets



Caringbah, NSW store demolition & proposed new store

Bunnings United Kingdom & Ireland overview

- Revenue of £1.2b ($2.1b), loss before interest & tax of £54m ($89m)
  - Significant disruption impacting performance as Homebase repositioning continues
  - Kitchen & bathroom in transition

Transition & separation

- Core home improvement & garden, 'Always Low Prices'
- Exited non-core products
- Standalone services, concession exits

Building trust

- Team development & engagement
  - Building high-performance culture
- Ceased install & in-home service

Bunnings Warehouse pilots

- Strong supplier support, widest range of trusted brands
- Positive customer feedback
- 15 to 20 pilot stores expected by 31 December 2017, subject to approvals

Department Stores

Department Stores performance overview

Year ended 30 June ($m)		2017	2016	Var %
Revenue	Kmart	5,578	5,190	*7.5*
	Target	2,950	3,456	*(14.6)*
	Total	**8,528**	**8,646**	***(1.4)***
EBIT	Kmart	553	470	*17.7*
	Target[1]	(10)	(195)	*n.m*
	Total	**543**	**275**	***97.5***
EBIT Margin	Kmart	9.9	9.1	
	Target[12]	0.1	(1.4)	

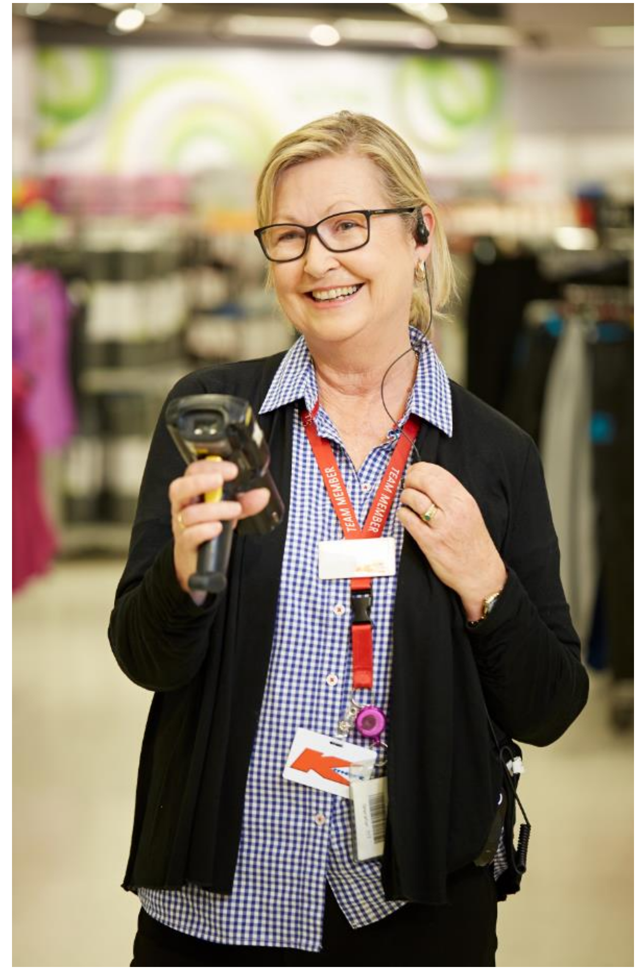
n.m. – not meaningful

1. 2016 excludes pre-tax non-cash impairments of $1,266m.
2. 2017 excludes $13m of restructuring costs associated with the planned relocation of Target's store support office. 2016 excludes $145m of restructuring costs & provisions.

Kmart

Kmart overview

- Continued strong performance
  - Revenue growth of 7.5% to $5.6 billion
  - EBIT up 17.7% to $553m
  - ROC of 43.7%, up 596 bps
- Revenue growth underpinned by increased customer transactions & units sold
  - Strong growth of everyday product ranges
  - Ongoing price investment continuing to resonate with customers
- Earnings benefit from improved margin management & enhanced productivity in stores & supply chain
- Continued investment in the store network:
  - Opened 11 new Kmart stores
  - Completed 33 major Kmart store refurbishments
  - Opened seven new Kmart Tyre & Auto Service centres



Target

Target overview

- EBIT, excluding restructuring costs[1], up $53m
  - Improved margins through better quality of sales
  - Cost base reduction well progressed across stores, supply chain & store support office
- Sales affected by decisive actions taken to transform the business:
  - Removal of loss making products & unprofitable events affected Toys & General Merchandise
  - Prices lowered & levels of promotional activity reduced
  - Reset of merchandise disciplines affected levels of summer stock & fashionability
- Higher cash flows supported by lower levels of working capital & moderated capital expenditure
- Opened one new store & closed four stores (including two Kmart conversions)

1. 2017 excludes $13m of restructuring costs associated with the planned relocation of Target's store support office. 2016 excludes $145m of restructuring costs & provisions.

Officeworks

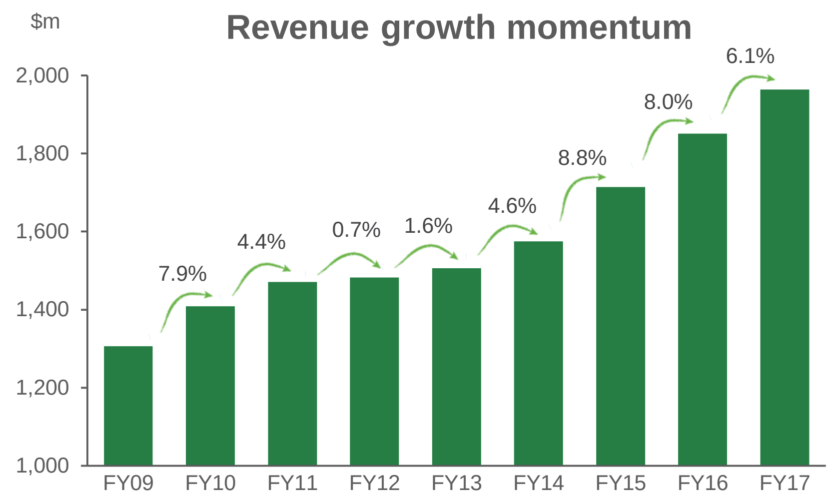
Officeworks performance summary

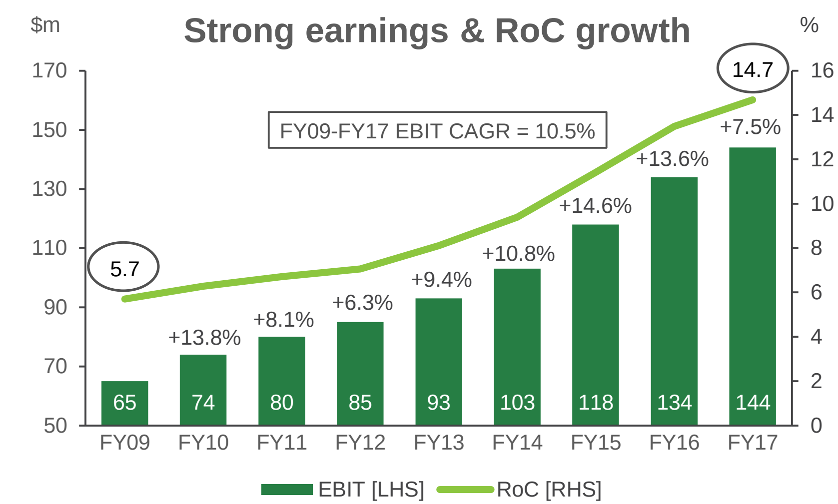
Year ended 30 June ($m)	2017	2016	Var %
Revenue	**1,964**	**1,851**	***6.1***
EBIT	**144**	**134**	***7.5***
EBIT margin (%)	7.3	7.2	
Sales growth[1]	6.1	8.1	

1. 2017 growth reflects the period 1 July 2016 to 30 June 2017 & the period 1 July 2015 to 30 June 2016. 2016 growth reflects the period 1 July 2015 to 30 June 2016 & the period 1 July 2014 to 30 June 2015.

Officeworks overview

- **Pleasing headline results**
  - Revenue growth of 6.1%
  - EBIT growth of 7.5%
  - RoC (R12) up 121 bps to 14.7%
- **Strong focus on customer offer**
  - New & expanded product ranges
  - Merchandise layout & store design changes
  - Relentless focus on providing great service
- **Continued investment in extending reach**
  - Six new stores
  - Ongoing enhancements to the online offer
  - Strong momentum in B2B segment
- **Effective cost control & disciplined inventory management**





Industrials

Industrials performance summary

Year ended 30 June ($m)		2017	2016	Var %
Revenue	Chemicals, Energy & Fertilisers[1]	1,639	1,820	*(9.9)*
	Industrial & Safety	1,776	1,844	*(3.7)*
	Resources	1,746	1,008	*73.2*
	Total	**5,161**	**4,672**	***10.5***
EBIT	Chemicals, Energy & Fertilisers[2]	395	294	*34.4*
	Industrial & Safety[3]	115	63	*82.5*
	Resources[4]	405	(310)	*n.m.*
	Total	**915**	**47**	***n.m.***

n.m. – not meaningful
1. Includes interest revenue from Quadrant Energy loan notes & excludes intra-division sales.
2. 2017 includes a profit on sale of land of $22m & $33m relating to WesCEF's share of revaluation gains in Quadrant Energy. 2016 includes $32m of costs relating to ceasing PVC manufacturing.
3. 2016 includes $35m of restructuring costs associated with the 'Fit for Growth' transformation.
4. 2016 excludes $850m pre-tax non-cash impairment of Curragh assets.

Chemicals, Energy & Fertilisers overview

- Revenue affected by lower PVC & fertiliser volumes as well as lower fertiliser & ammonia commodity prices, partially offset by higher natural gas & electricity revenue
- EBIT & RoC increased despite lower revenue
  - Higher Chemicals earnings, driven by lower ammonia input pricing in 1H17 & cessation of PVC manufacturing
  - Higher Kleenheat earnings across all segments, with strong growth in natural gas retail
  - Lower Fertiliser earnings relative to the above-average season in 2016
  - One-off profit of $22m from sale of land & $33m relating to WesCEF's share of revaluation gains in Quadrant Energy
- Key achievements included:
  - Construction of AN emulsion plant commenced, underpinned by a long-term offtake agreement
  - Secured a new explosive-grade AN contract, partially offsetting the expiry of a key contract in July 2017

Industrial & Safety overview

- Revenue down 3.7%
  - Blackwoods' revenue showing signs of stabilising following a prolonged period of decline
  - Workwear Group affected by lower sales in industrial wear & FX translation of UK sales
  - Growth in Coregas through 'Trade N Go' & NZ expansion (Supagas acquisition)
- Underlying EBIT up 17.3%, with higher earnings across all businesses
  - Improved category management in Blackwoods
  - Lower operating costs in Workwear Group
  - Coregas expansion into NZ, higher bulk sales & further 'Trade N Go' rollout
- Transformations of Blackwoods & Workwear Group continued
  - 'Go-to-market channels' realigned to better meet customer needs & target growth opportunities
  - Service Improvement Program enhancing communication & delivery to customers
  - Merchandising & pricing strategies delivering margin benefits
  - Investment in frontline staff training to increase technical expertise to better serve customers

Resources overview

- Strong production & earnings recovery, with EBIT increasing $715m
- 73.2% increase in revenue
  - Significant increases in metallurgical & thermal coal prices during FY17
  - Lower hedge book losses of $92m ($147m in FY16)
- 12.5% increase in metallurgical coal production despite impact of weather disruptions in 1Q FY17 & Cyclone Debbie in 4Q FY17)
  - Continued implementation of productivity initiatives & revised mine plan
- Improvements in underlying mine cash costs offset by wet weather disruptions & the opportunistic use of truck & shovel fleet to maximise production
- Obligations to Stanwell reduced FY17 EBIT by $186m
- Settlement of Stanwell litigation during 1H17 resulting in a one-off provision adjustment of $35m

Group Outlook

Outlook

Group

- Given diverse business operations & strong balance sheet, the Group remains generally optimistic in its outlook
- Cash generative portfolio, capital disciplines & strong balance sheet position the Group well to take advantage of growth opportunities where satisfactory returns to shareholders can be delivered
- Continue to evaluate opportunities to create shareholder value through proactive portfolio management
  - Progressing strategic review of Resources
- Ensure sustainability through responsible long-term management

Outlook (continued)

Retail

- Coles to focus on further improvements in fresh quality, merchandising & availability, while continuing to drive operational efficiencies to support investments in value & service; sales & margin pressures expected to persist in a very competitive environment
- Positive outlook for BANZ given current trading momentum & established market position; trading anticipated to remain challenging in Homebase & Bunnings pilot store program will be progressed
- Kmart to continue to drive growth by delivering better products at lower prices & investing in stores; Target transformation progressing to deliver further improvements in performance
- Officeworks to continue to implement its ‘every channel’ strategy to drive growth across both stores & online

Industrials

- WesCEF’s earnings expected to be affected by an anticipated oversupply in the WA EGAN market although good work undertaken to secure new contracts; solid sales momentum expected in Energy
- Industrial & Safety well-positioned following strategic reset to drive growth & operational efficiencies
- Resources to remain focused on strong operational productivity & cost control; earnings expected to be affected by higher Stanwell rebate, with coal prices expected to remain volatile

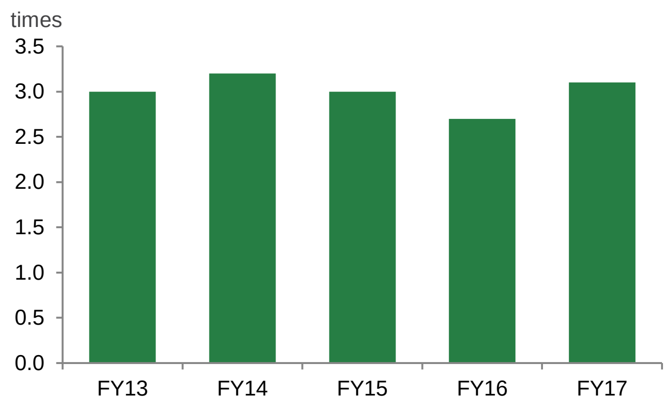
Debt Management

Maintaining strong balance sheet and credit metrics

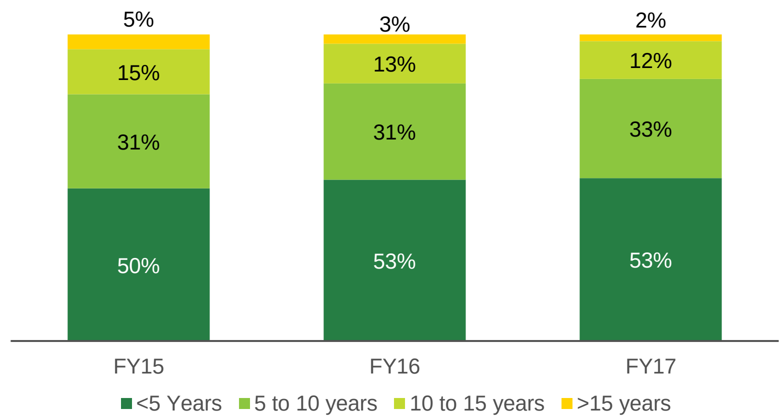
Strong balance sheet

- Continued strength in Group's debt service position
  - Net financial debt[1] of $4.3 billion at 30 June 2017; significantly decreased from $6.5 billion at 30 June 2016
  - Repaid $500 million domestic bond in November 2016 and more than $900 million in bank debt following sale of Coles' credit card receivables in February 2017
  - Strong liquidity position, supported by $2.9 billion of undrawn bank facilities
- Strong credit ratings: Moody's A3 (stable); Standard & Poor's A- (negative)
- Disciplined management of off-balance sheet leases
  - Lease commitments over 10 years reduced by 6.0 percentage points since FY15

Fixed charges cover ratio (times) [2]



Weighted average lease term



1. Interest bearing liabilities less cash at bank & on deposit, net of cross currency swaps & interest rate swap contracts.
2. 2016 excludes pre-tax non-cash impairments of $2,116m relating to Target ($1,266m) & Curragh ($850m).

Financial discipline is core to Wesfarmers' strategy

Maintaining prudent capital structure and strong credit rating is important to Wesfarmers

Ability to raise capital and maintain balance sheet strength

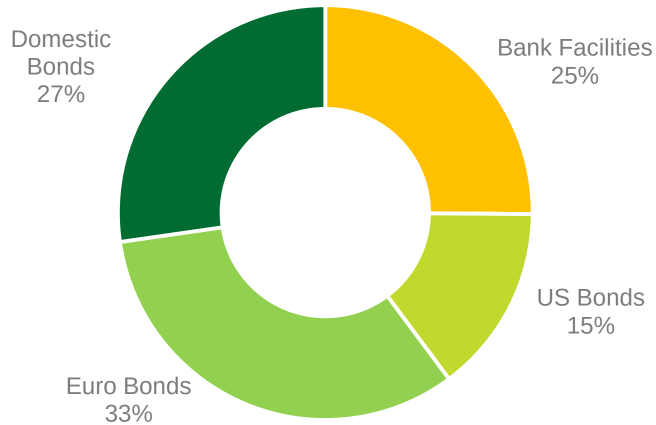
- Recent activity
  - Feb 17: Received ~ A$947 million from sale of Coles' credit card receivables; proceeds have been used to repay Group debt
  - Feb 17: Reduced committed bank facilities by A$1,000 million; renewed maturing facilities with current banking group
- Future maturities
  - Mar 18: US$750 million (A$728 million) five-year US 144A bond
  - Ongoing refinancing of bank facilities
- Future activities
  - Continue to monitor debt capital markets for favorable issuance opportunities subject to funding requirements
  - Euro debt investor update (non deal) scheduled for October 2017

Pro-active debt management

Refinancing objectives

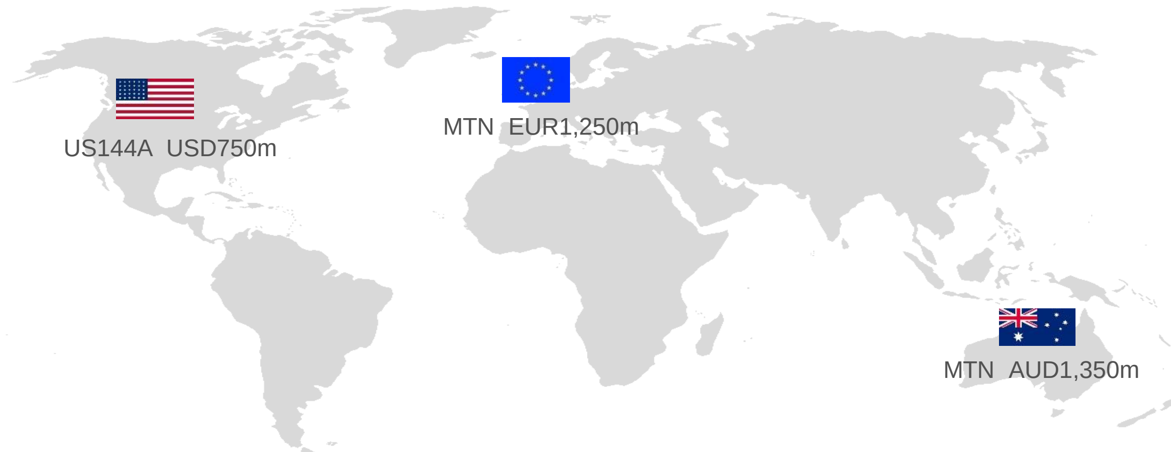
- Continued focus on maturity profile and maintaining liquidity headroom in revolving bilateral bank facilities
- Commitment to maintain diversity of funding sources including the domestic and international debt capital markets
- Standard terms and conditions across all DCM programmes, with a common guarantee structure that applies to all funding arrangements

Funding Diversity at 30 June 2017

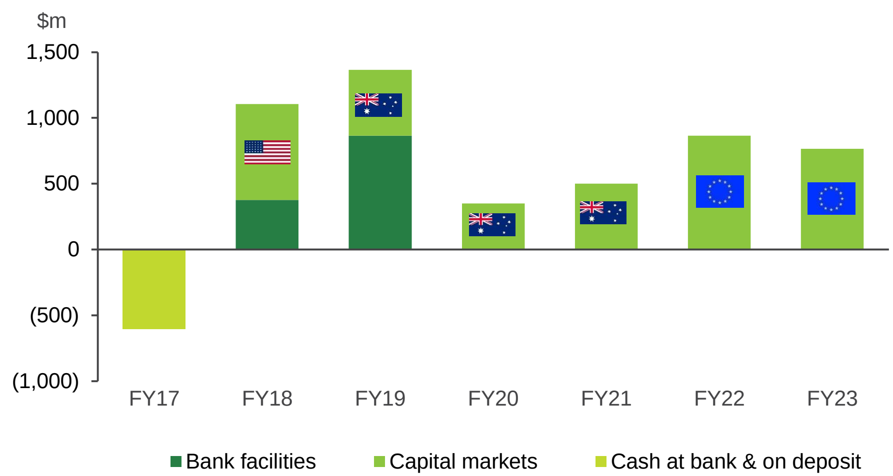


Pro-active debt management

Geographical DCM Funding Diversity

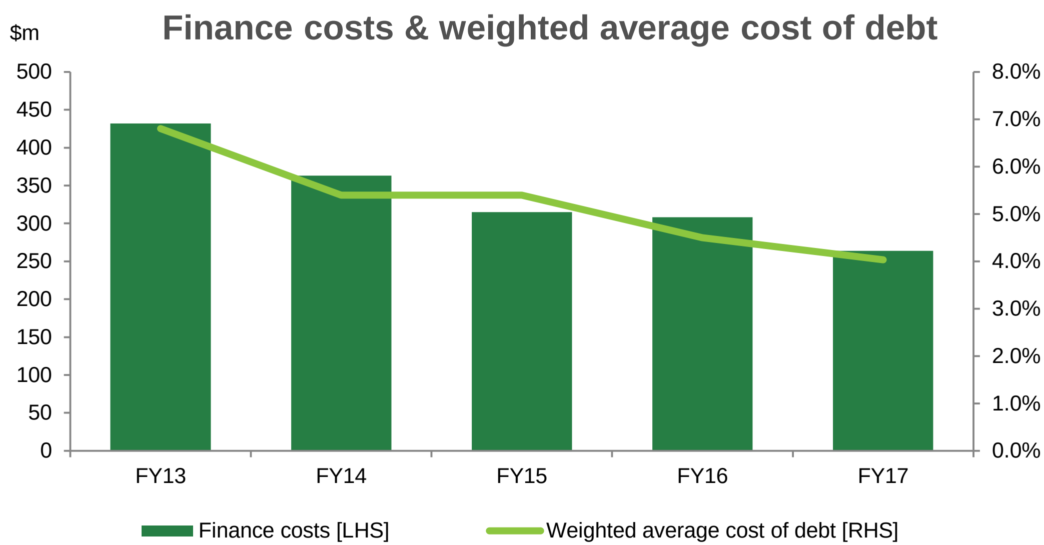


Maturity Profile at 30 June 2017



Reduced funding costs

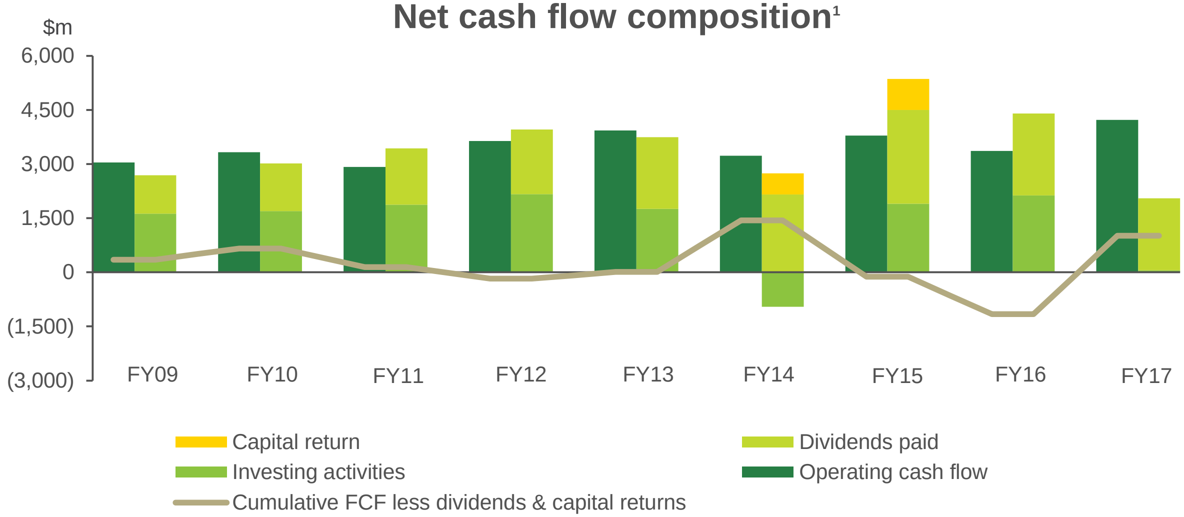
- ‘All-in’ effective borrowing cost further reduced from 4.50% in FY16 to 4.04% in FY17
- Reflects active management of liquidity headroom, debt sources & the benefit of lower base rates



Capital management considerations

- Dividend policy takes into account through the cycle free cash flow requirements and debt refinancing
- Dividend investment plan neutralised since FY09 final dividend until FY16 interim dividend
- DIP not neutralised for FY16 final dividend and FY17 interim dividend to support the balance sheet and credit metrics; neutralisation of the DIP via on-market acquisition re-instated for FY2017 final dividend
- Focus on maintaining strong credit metrics
- Continue strong focus on operational productivity, cost control & capital discipline

Net cash flow composition[1]



1. Investing activities total $53m (net) in 2017: includes $947m received from sale of Coles credit card receivables to Citi.

Questions

Wesfarmers