2018 Half-year Results
Debt Investor Update

Wesfarmers

Group Performance Summary

Group performance summary

Half-year ended 31 December ($m)	2017	2016	Var %
Revenue	35,903	34,917	*2.8*
EBIT	1,113	2,429	*(54.2)*
EBIT (exc. significant items)[1]	2,350	2,429	*(3.3)*
Net profit after tax	**212**	**1,577**	***(86.6)***
Net profit after tax (exc. significant items)[1]	**1,535**	**1,577**	***(2.7)***
Operating cash flow	2,897	2,648	*9.4*
Net capital expenditure	686	400	*71.5*
Free cash flow	2,228	2,231	*(0.1)*
Interim ordinary dividend (cps)	103	103	-
Net financial debt[2]	3,864	5,360	*(27.9)*
Cash interest cover[3] (R12, times)	28.8	18.9	*52.4*
Fixed charges cover[3] (R12, times)	3.0	2.7	*11.1*

1. 2017 excludes the following pre-tax (post-tax) amounts: $931m ($1,023m) non-cash impairments, write-offs & provisions for Bunnings UK & Ireland & a $306m ($300m) non-cash impairment of Target.
2. Interest bearing liabilities less cash at bank & on deposit, net of cross-currency interest rate swaps & interest rate swap contracts.
3. 2017 excludes pre-tax significant items of $1,237 million. 2016 excludes pre-tax non-cash impairment of $2,116 million.

Divisional earnings summary

EBIT ($m) Half-year ended 31 December	2017	2016	Var %	Var $m
Bunnings Australia & NZ	864	770	*12.2*	*94*
Bunnings UK & Ireland[1]	(165)	(48)	*n.m.*	*(117)*
Coles[2]	790	920	*(14.1)*	*(130)*
Department Stores[3]	415	387	*7.2*	*28*
Officeworks	68	62	*9.7*	*6*
WesCEF[4]	188	187	*0.5*	*1*
Industrial & Safety	52	52	-	-
Resources	209	138	*51.4*	*71*

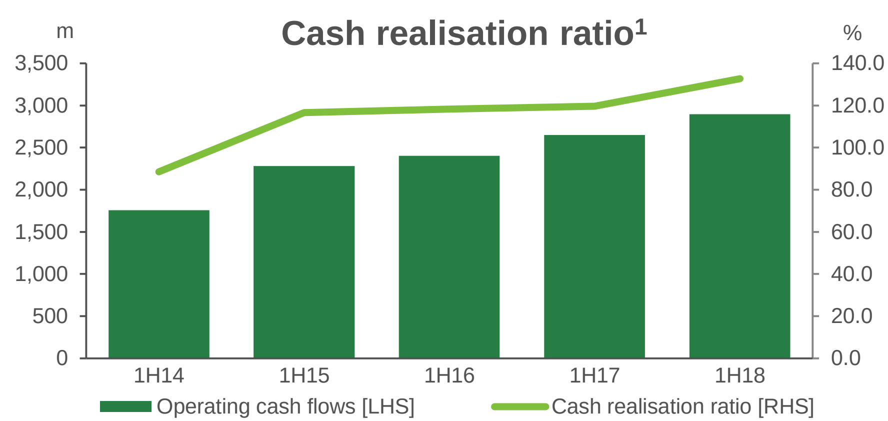
n.m. = not meaningful

1. 2017 excludes pre-tax significant items of $931m including non-cash impairments, write-offs & provisions. 2016 includes $21m of restructuring & one-off repositioning costs.
2. 2016 includes $39m profit on sale of Coles' interest in a number of joint venture properties to ISPT.
3. 2017 excludes a pre-tax non-cash impairment of $306m for Target. 2016 includes $13m of restructuring costs associated with the planned relocation of Target's store support office.
4. 2016 includes a profit on sale of land of $22m.

Operating cash flows & working capital management

- Operating cash flows increased $249m to $2,897m
  - Improvement in cash realisation ratio to 132.6%[1]
  - Highly cash generative portfolio
- Working capital inflow driven by:
  - Stock reduction initiatives in retail
  - Lower fertilisers stockbuild in WesCEF
  - Favourable receivables movement in Resources due to smaller half on half increase in coal prices

Half-year ended 31 December ($m)	2017	2016
Cash movement inflow/(outflow)		
Receivables & prepayments	(169)	(110)
Inventory	(452)	(617)
Payables	1,317	1,136
Total	**696**	**409**
Working capital cash movement		
Retail	837	634
Industrials & Other	(141)	(225)
Total	**696**	**409**



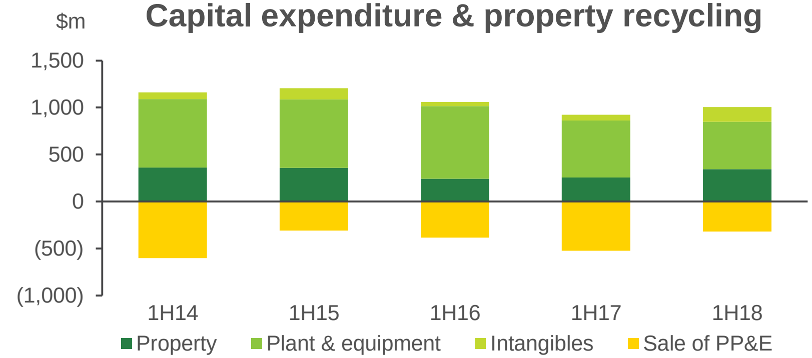
1. Adjusted for significant one-offs, discontinued operations & significant items.

Disciplined capital expenditure

- Gross capital expenditure increased $80m to $1,004m
  - Acquisition of Kmart brand name for $100m
  - Higher number of store openings in BANZ
  - Coles lower due to timing of store refurbishments
  - Commissioning of AN[2] emulsion plant in WesCEF
- Proceeds from property disposals decreased $206m to $318m
  - Disposals in 1H17 related to Coles/ISPT transaction & sale of land in WesCEF
- FY18 net capital expenditure of $1.4b to $1.6b expected, subject to net property investment
- Completion of Curragh sale in 2H18 expected to deliver proceeds of circa $700m

Half-year ended 31 December ($m)[1]	2017	2016	Var %
BANZ	275	212	*29.7*
BUKI	56	16	*n.m.*
Coles	377	463	*(18.6)*
Department Stores	201	123	*63.4*
Officeworks	11	17	*(35.3)*
WesCEF	30	20	*50.0*
Industrial & Safety	19	16	*18.8*
Resources	34	53	*(35.8)*
Other	1	4	*(75.0)*
Gross capital expenditure	**1,004**	**924**	***8.7***
Sale of PP&E	(318)	(524)	*(39.3)*
Net capital expenditure	**686**	**400**	***71.5***

Capital expenditure & property recycling



n.m. = not meaningful
1. Capital investment provided on a cash basis.
2. Ammonium nitrate.

Bunnings Australia & New Zealand

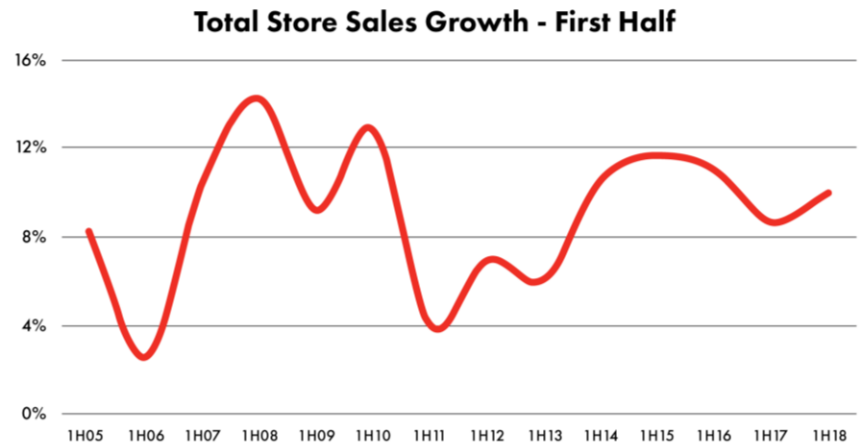
Bunnings Australia & New Zealand performance summary

Half-year ended 31 December ($m)	2017	2016	Var %
Revenue	**6,566**	**5,957**	***10.2***
EBIT[1]	**864**	**770**	***12.2***
EBIT margin[1] (%)	13.2	12.9	
Total store sales growth[2] (%)	10.1	8.4	
Store-on-store sales growth[2] (%)	9.0	6.5	

1. Includes net property contribution for 2017 of $30m & 2016 of $44m.
2. 2017 growth reflects the six months to 31 December 2017 & the six months to 31 December 2016. 2016 growth reflects the six months to 31 December 2016 & the six months to 31 December 2015.

Bunnings Australia & New Zealand overview

- Revenue growth of 10.2%
  - Total store growth of 10.1%; store-on-store growth of 9.0%
  - Positive trading performance across all regions, consumer & commercial & all categories
  - Cycling weather & stock liquidation impacts
- EBIT increase of 12.2%
  - Operating cost leverage
  - Favourable property disposal outcomes
- 11 new stores opened
- Continued focus on strategic agenda
  - Driving stronger growth
  - Strengthening the core
  - Creating better experiences



Bunnings United Kingdom & Ireland

Bunnings United Kingdom & Ireland performance summary

Half-year ended 31 December ($m)	2017	2016	Var %
Revenue	**875**	**1,038**	***(15.7)***
EBIT[1]	**(165)**	**(48)**	***n.m.***
EBIT margin[1] (%)	(18.9)	(4.6)	
Total sales growth[2] (£, %)	(15.2)	n.a.	
Store-on-store sales growth[2] (£, %)	(13.4)	n.a.	

n.m. = not meaningful

n.a. = not applicable

1. 2017 excludes pre-tax significant items of $931m (£531m) including $777m (£444m) impairment of goodwill; store closure provisions of $70m (£40m); inventory writedowns of $66m (£37m) & $18m (£10m) impairment of the Homebase brand name; 2016 includes $21m (£13m) of restructuring & one-off repositioning costs.
2. 2017 growth reflects the six months to 31 December 2017 & the six months to 31 December 2016. 2016 growth reflects the six months to 31 December 2016 & the six months to 31 December 2015.

Bunnings United Kingdom & Ireland overview

- Revenue down 15.7%
  - Significant clearance volumes in prior year
  - Inconsistent store standards
  - New ranges did not offset exit of discontinued lines
- 15 pilots trading as at 31 December 2017
  - Positive customer feedback & community engagement
  - Widest range of trusted brands with strong supplier support
  - Lessons incorporated into more recent pilots
- Leadership team strengthened with additional local expertise
- Five loss-making stores closed during the half
- Current focus on significantly improving execution to improve Homebase trading performance
- Reviewing and refining pilot stores

Coles

Coles performance summary

Half-year ended 31 December ($m)		2017	2016	Var %
Coles	**Revenue**[1]	**19,978**	**20,056**	***(0.4)***
	EBIT[2]	**790**	**920**	***(14.1)***
	EBIT margin[2] (%)	4.0	4.6	
Food & Liquor	**Revenue**[1]	**17,056**	**16,878**	***1.1***
	Headline sales growth[3,4] (%)	1.9	2.2	
	Comparable sales growth[3,4] (%)	0.9	1.3	
	Inflation/(deflation)[4]	(1.6)	(0.9)	
Convenience	**Revenue**	**2,922**	**3,178**	***(8.1)***
	Total store sales growth[4] (%)	0.9	6.4	
	Comp. fuel volume growth[4] (%)	(19.3)	(13.3)	

1. Includes property revenue for 2017 of $7m & for 2016 of $10m.
2. Includes property EBIT for 2017 of $20m & for 2016 of $56m.
3. Includes hotels, excludes gaming revenue & property.
4. 2017 growth reflects the 27 week period 26 June 2017 to 31 December 2017 & the 27 week period 27 June 2016 to 1 January 2017. 2016 growth reflects the period 27 June 2016 to 1 January 2017 & the 27 week period 29 June 2015 to 3 January 2016.

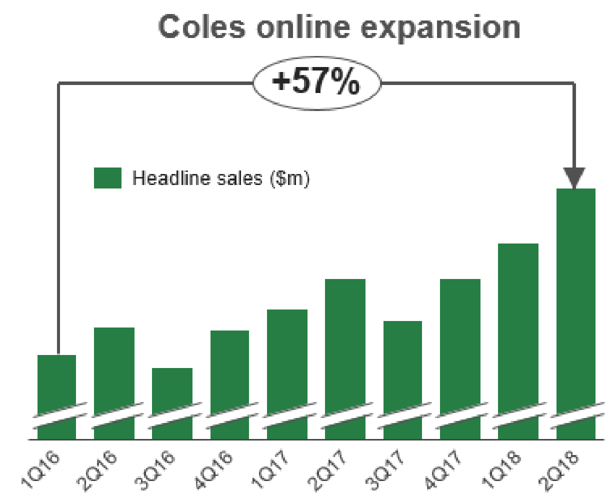
Coles overview

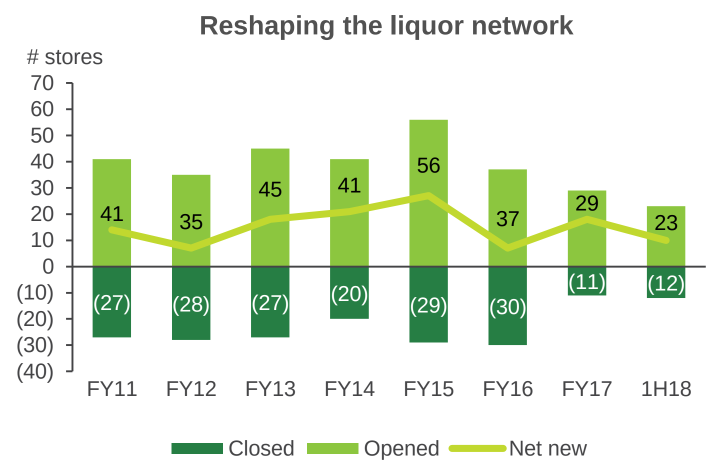
- Customer focus maintained in a competitive market
- Sales momentum improved during the half
  - Stronger Q2 comparable transaction growth, the highest in six quarters
  - Units per basket growth
  - Fresh participation & market share gains
  - Customer satisfaction improvements
- Relatively high level of price deflation in the half
  - Mainly driven by lower fresh produce prices, which abated marginally in 2Q18
- Coles total EBIT decreased by 14.1%
  - Annualisation of customer investment partially offset by efficiency improvements
  - Cycling one-off gains from profit on sale of Coles' interest in JV properties, & lower Financial Services earnings
  - Cash realisation above 100%

Accelerated growth in comparable transactions

Coles overview

- Coles Online continues to improve the customer experience
  - Strong double digit sales & transaction growth
  - Disciplined investment & cost control leading to profitable growth
- Largest 'Online Supermarket' (dark store) in Australia launched in Sydney in 2Q18
- 12 month trial launched with Airtasker
- Click & Collect offering to be rolled out across the supermarket & Coles Express network
- Positive momentum continues in Liquor transformation
  - Nine quarters of comparable sales growth
  - 90 Liquorland renewals completed
- Lower earnings in Convenience driven by lower fuel volumes & commercial terms of Alliance agreement
- A market-leading Convenience store offer
  - Positive comparable store sales growth





Department Stores

Department Stores performance summary

Half-year ended 31 December ($m)		2017	2016	Var %
Revenue		**4,769**	**4,619**	***3.2***
EBIT[1]		**415**	**387**	***7.2***
EBIT margin[1] (%)		8.7	8.4	
Kmart	Total sales growth[2] (%)	8.6	9.1	
	Comparable sales growth[2] (%)	5.4	5.7	
Target	Total sales growth[3] (%)	(6.2)	(17.4)	
	Comparable sales growth[3] (%)	(6.5)	(18.2)	

1. 2017 excludes a pre-tax non-cash impairment of $306m for Target. 2016 includes a provision of $13m for restructuring costs associated with the planned relocation of Target's store support office.
2. 2017 growth reflects the 27 week period 26 June 2017 to 31 December 2017 & the 27 week period 27 June 2016 to 1 Jan 2017. 2016 growth reflects the 27 week period 27 June 2016 to 1 January 2017 & the 27 week period 29 June 2015 to 3 January 2016.
3. 2017 growth reflects the 27 week period 25 June 2017 to 30 December 2017 & the 27 week period 26 June 2016 to 31 December 2016. 2016 growth reflects the 27 week period 26 June 2016 to 31 December 2016 & the 27 week period 28 June 2015 to 2 January 2016.

Department Stores overview

- Revenue growth of 3.2%
  - **Kmart**: continued investment in price resulted in higher customer transactions & units per basket
  - **Target**: further reset of product, price & range, particularly across womenswear, toys & general merchandise
- Continued growth in Kmart earnings supported by improved sell-through of full-priced product & productivity improvements across stores & supply chain
- Lower Target revenue offset by improved trading margins through increased levels of direct sourcing, lower levels of markdown & a favourable sales mix, as well as productivity improvements across stores & supply chain
- Effective working capital management within both brands resulted in strong cash generation
- Strong online growth through range extension & improved customer convenience
- Continued investment in store network
  - Opened five new Kmart stores & six previously approved Target stores; closed two Target stores
  - Completed 11 major Kmart store refurbishments & progressed Target renewal & space trials
  - Opened four new Kmart Tyre & Auto Service centres

Officeworks

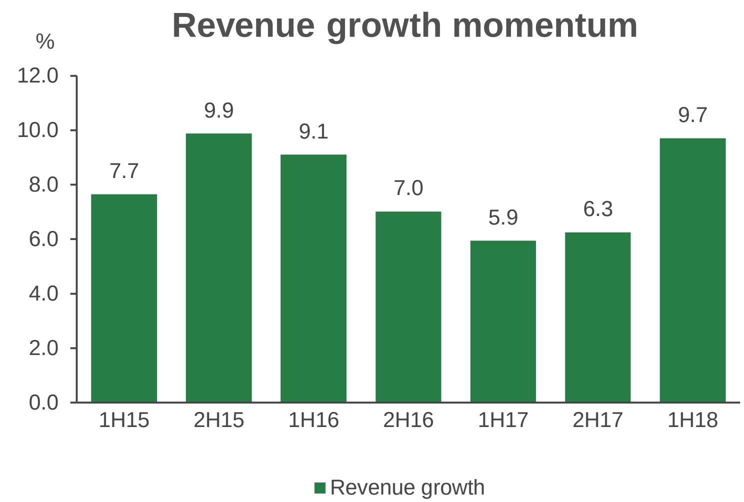
Officeworks performance summary

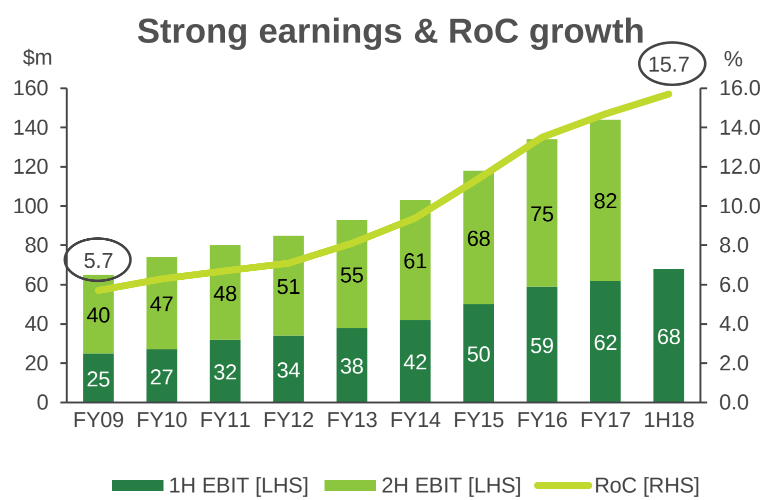
Half-year ended 31 December ($m)	2017	2016	Var %
Revenue	**1,017**	**927**	***9.7***
EBIT	**68**	**62**	***9.7***
EBIT margin (%)	6.7	6.7	
Sales growth[1]	9.8	5.8	

1. 2017 growth reflects the six months to 31 December 2017 & the six months to 31 December 2016. 2016 growth reflects the six months to 31 December 2016 & the six months to 31 December 2015.

Officeworks overview

- Strong headline results
  - Revenue growth of 9.7%
    - ➢ Sales growth in stores & online
  - EBIT growth of 9.7%
    - ➢ Effective gross margin & CODB management
  - RoC (R12) up 1.8 ppts to 15.7%
- Ongoing improvement in customer offer
  - Focus on core offer complemented by new & expanded product ranges
  - Merchandise layout & store design changes
  - Relentless focus on price, range & service
- Continued investment in ‘every channel’ strategy
  - Three new stores, online enhancements
  - Strong momentum in B2B segment maintained





Industrials

Industrials performance summary

Half-year ended 31 December ($m)		2017	2016	Var %
Revenue	Chemicals, Energy & Fertilisers[1]	764	695	*9.9*
	Industrial & Safety	869	884	*(1.7)*
	Resources	1,071	742	*44.3*
	Total	**2,704**	**2,321**	***16.5***
EBIT	Chemicals, Energy & Fertilisers[2]	188	187	*0.5*
	Industrial & Safety	52	52	-
	Resources	209	138	*51.4*
	Total	**449**	**377**	***19.1***

1. Includes interest revenue from Quadrant Energy loan notes & excludes intra-division sales.
2. 2016 includes a profit on sale of land of $22m.

Chemicals, Energy & Fertilisers overview

- Increased revenue, earnings & ROC, supported by strong production performance & solid demand
- Chemicals' earnings increased compared to the previous corresponding period:
  - Strong production across all plants, particularly Ammonia due to disruptions in previous period
  - Commencement of AN[1] emulsion sales & strong AN[1] demand partially offset the impact of an expired contract
  - Buoyant WA gold sector driving strong demand for sodium cyanide
- Strong Kleenheat earnings driven by higher Saudi CP, increased LPG exports & continued growth in natural gas retailing
- Fertilisers' earnings were impacted by competitive pressures on pricing & margins despite volumes increasing
  - Launch of the Decipher platform; allows farmers to easily gather, evaluate & report on key farm nutrition & performance information
- Earnings benefited from insurance proceeds relating to unplanned plant disruptions in the prior year

1. Ammonium nitrate.

Industrial & Safety overview

- Revenue decline of 1.7%
  - Strong demand in the mining & construction sectors did not offset weakness in other sectors & timing of uniform sales in Workwear Group
- Earnings of $52m in line with the previous corresponding period
  - **Blackwoods**: improved trading margins due to better pricing & sourcing disciplines offset by investments in customer service, supply chain & digital
  - **Workwear Group**: higher earnings due to lower operating costs following restructuring in supply chain & strong cost focus
  - **Coregas**: earnings impacted by competitive pressures in the industrial gas market & rising energy input costs
- Transformation programs in Blackwoods & Workwear Group further progressed
  - Focus remains on enhancing the customer experience, & reducing the complexity & cost of the operating model

Resources overview

- Continued strength in coal prices during 1H18 & strong production resulted in 44.3% increase in revenue
  - 1H18 sales mix: Hard 48%; Semi 12%; PCI 40%
  - Lower hedge book losses of $17m ($45m in 1H17)
- 51.4% increase in EBIT due to higher revenue
- Stanwell obligations reduced 1H18 EBIT by $180m (1H17: $74m)
  - Higher export prices resulted in a significant increase in Stanwell export rebate
- Ongoing focus on safety performance programs & safety culture
- Agreement reached to sell Curragh coal mine to Coronado Coal Group for $700m plus a value share mechanism linked to future metallurgical coal prices[1]
  - The sale is subject to a number of conditions precedent

1. Wesfarmers will receive 25% of Curragh's export coal revenue generated above a realised metallurgical price of US$145 per tonne, paid quarterly over the next two years.

Outlook

Outlook

Retail

- BANZ to maintain strong focus on long-term value creation with continued investment in network, lower prices, range innovation & customer service; launch of online special orders
- BUKI review to improve returns ongoing; current focus on significantly improving Homebase trading performance & refine pilot stores
- Coles believes a customer-led approach will best position the business for long-term growth
  - Sales momentum achieved in 2Q18 in supermarkets expected to continue in 2H18
  - Liquor will progress its transformation strategy
  - Lower earnings from Convenience expected due to ongoing impact from changes in the commercial terms with Alliance partner
- Department stores well positioned to grow; Kmart will continue its focus on driving sustainable growth through ongoing investment in price to drive volume & Target focus to continue on improving fashion, sales mix & quality of sales while improving & growing the online offer
- Officeworks to continue to execute against its strategic agenda in competitive environment

Outlook

Industrials

- Production & demand for WesCEF products is expected to remain strong for the remainder of the financial year
- Industrial & Safety market conditions & demand generally expected to remain stable for 2H18
- Resources earnings dependant on export coal pricing & exchange rates, with export market conditions expected to remain volatile in the near term
- Aurizon train derailment in January 2018 & recently announced changes to network operations expected to affect 2H18 coal sales volumes
  - Forecast metallurgical coal sales volume for FY18 to be in the range of 8.5 to 8.8mt, subject to mine operating performance, shipping, weather & infrastructure availability
- Completion of Curragh sale expected in 2H18, subject to satisfying conditions precedent
- Strategic review of Wesfarmers' 40% interest in the Bengalla Mine is ongoing

Outlook

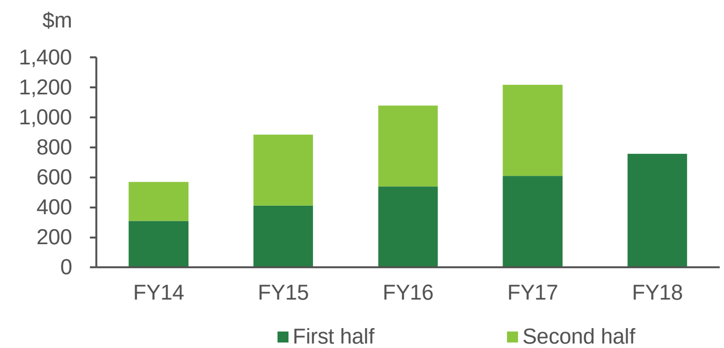
Group

- Continued focus on strong cash flow generation & maintaining strong balance sheet
- Continue to reinforce strong customer offers across all brands
- Attracting, developing & retaining the best talent
- Progressing growth opportunities across divisions through investment & entrepreneurial initiative
- Ensure sustainability through responsible long-term management
- Acceleration of data & digital initiatives across the Group

Developing our digital & data capabilities

- Total retail online sales of $761m, up 22%, for 1H18
- Officeworks continuing to strengthen market-leading ‘every-channel’ proposition
  – Free click & collect and free same day delivery
- Coles investing in improved convenience for online customers
  – Second dark store opened in Sydney
  – Increased fulfilment rates & delivery efficiency
  – Significant expansion in click & collect sites
- BANZ launched online selling for special orders in 2H18
- Department Stores delivering strong online sales growth
- Leveraging flybuys to deliver better value & greater personalisation
  – Growing number of active flybuys customers
  – Strong growth in points redeemed
- Group Centre of Excellence planned to support data/digital innovation & growth

Total retail online sales



Officeworks

Using Google Assistant service to expand ‘every-channel’ proposition

coles

Trialling Airtasker as a solution to offer anytime, anywhere shopping

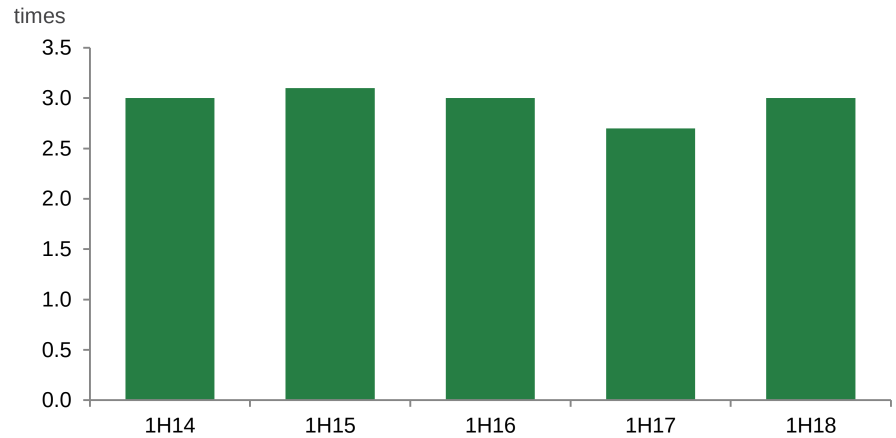
Debt Management

Maintaining strong balance sheet and credit metrics

Strong balance sheet

- Continued strength in Group's debt service position
  - Net financial debt[1] of $3.9b as at 31 December 2017
  - Net financial debt[1] down from $4.3b at 30 June 2017; significantly decreased from $5.4b at 31 December 2016
  - Strong liquidity position, supported by $2.9b of undrawn bank facilities
- Solid credit metrics: Fixed charges cover[2] (R12) at 3.0 times
- Strong credit ratings: Moody's A3 (Stable); Standard & Poor's A- (Stable)

Fixed charges cover ratio (times) (R12)[2]



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2. 2017 excludes pre-tax significant items of $1,237 million. 2016 excludes pre-tax non-cash impairment of $2,116 million.

Financial discipline is core to Wesfarmers' strategy

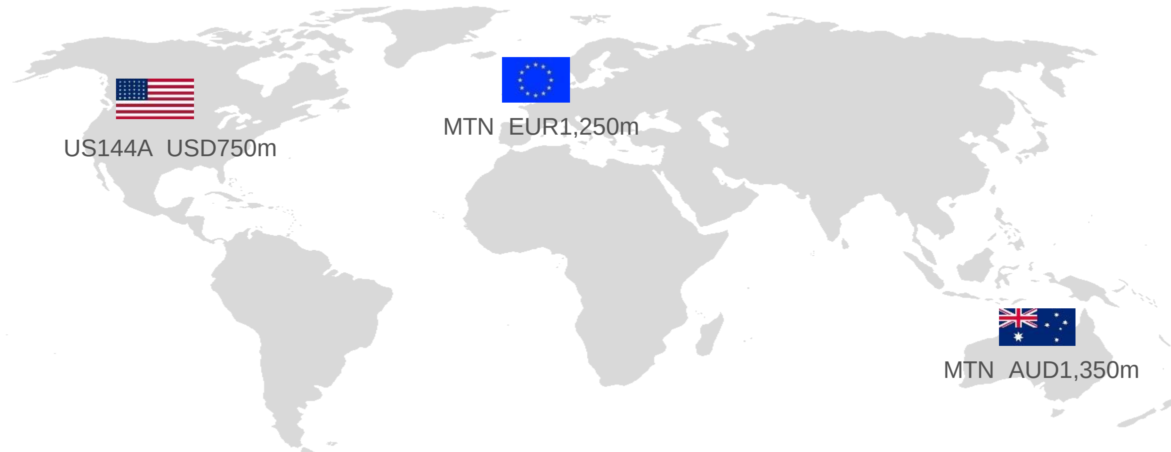
Maintaining prudent capital structure and strong credit rating is important to Wesfarmers

Ability to raise capital and maintain balance sheet strength

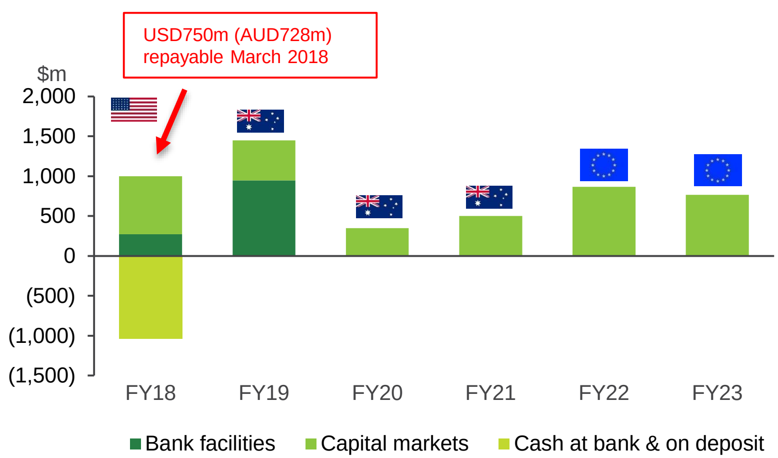
- Recent activity
  - September 2017: Standard & Poor's outlook revised from negative to stable on improved credit metrics
  - October 2017: Euro debt investor update (non deal)
- Future maturities
  - March 18: US$750m (A$728m) five-year US 144A bond
  - Ongoing refinancing of bank facilities
- Future activities
  - Continue to monitor debt capital markets for favorable issuance opportunities subject to funding requirements

Pro-active debt management

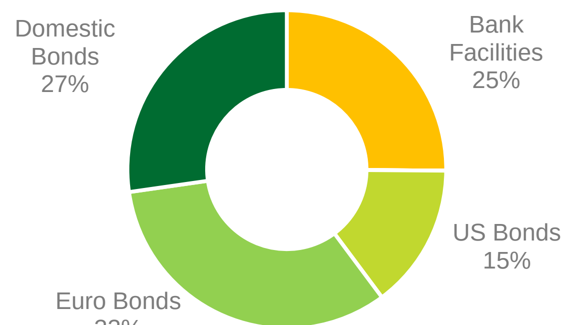
Geographical DCM Funding Diversity



Maturity Profile at 31 December 2017

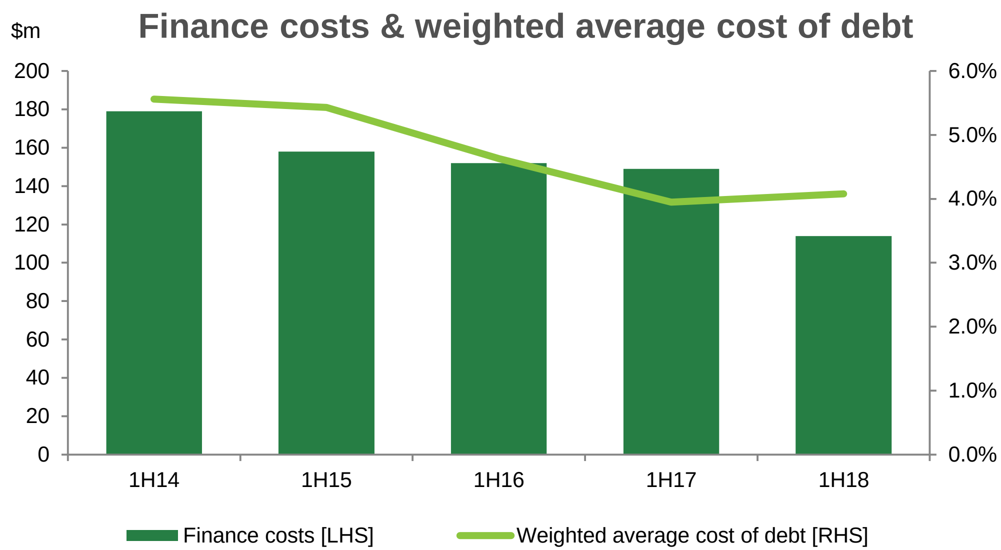


Funding Diversity at 31 December 2017



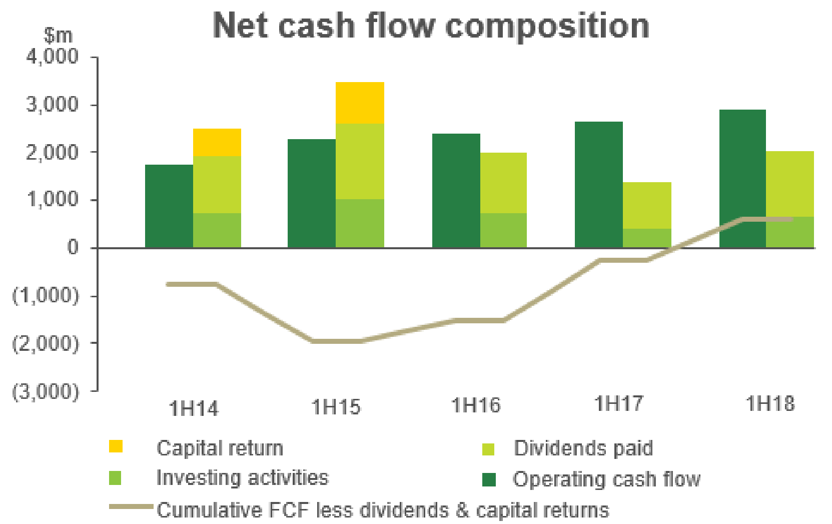
Reduced funding costs

- Finance costs decreased 23.5% to $114m due to lower average debt balance
- ‘All-in’ effective borrowing cost 4.08% consistent with 4.04% in FY17



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 from FY17 final dividend and includes the FY18 interim dividend
- Focus on maintaining strong credit metrics



Questions

Wesfarmers