

Wesfarmers Limited

Strategy Briefing Day

28 May 2014



100 years
Thousands
of stories



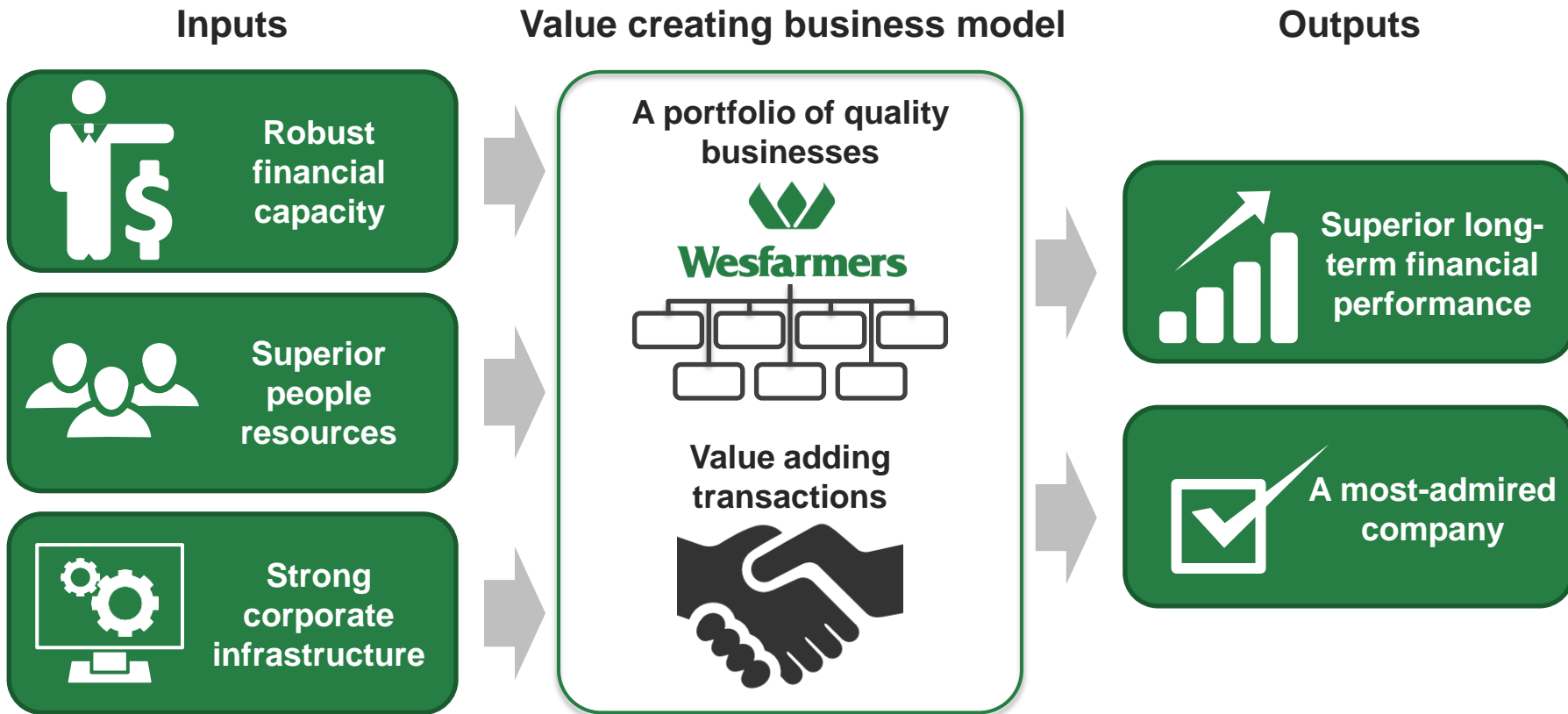
8:15 – 8:45 am	Registration
8.45 – 9.00 am	Richard Goyder – Introduction & Group overview
9.00 – 9.20 am	Terry Bowen – Balance sheet & cash flow
9.20 – 9.45 am	Q&A Panel: Richard Goyder & Terry Bowen
9.45 – 10.40 am	John Durkan – Coles
10.40 – 11.05 am	Morning Tea Break
11.05 – 12.10 pm	John Gillam & Mark Ward – Home Improvement & Office Supplies
12.10 – 12.50 pm	Stewart Butel – Resources
12.50 – 1.20 pm	Lunch Break
1.20 – 2.00 pm	Guy Russo – Kmart
2.00 – 2.40 pm	Stuart Machin – Target
2.40 – 3.05 pm	Afternoon Tea Break
3.05 – 3.45 pm	Olivier Chretien – Industrial & Safety
3.45 – 4.25 pm	Tom O’Leary – Chemicals, Energy & Fertilisers
4.25 – 4.30 pm	Richard Goyder – Close

Introduction & Group overview

Richard Goyder
Managing Director, Wesfarmers Limited

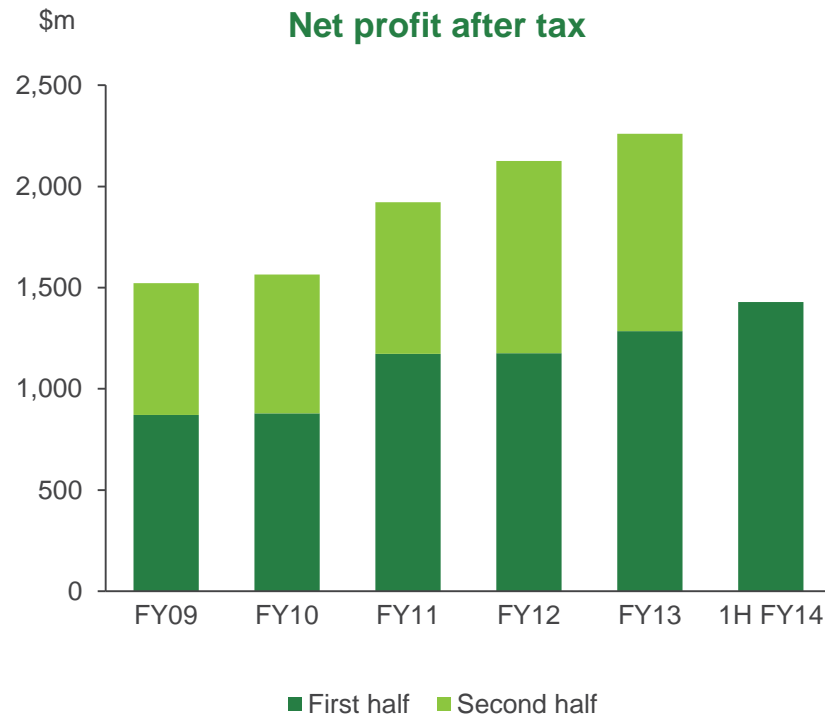


Wesfarmers operating model

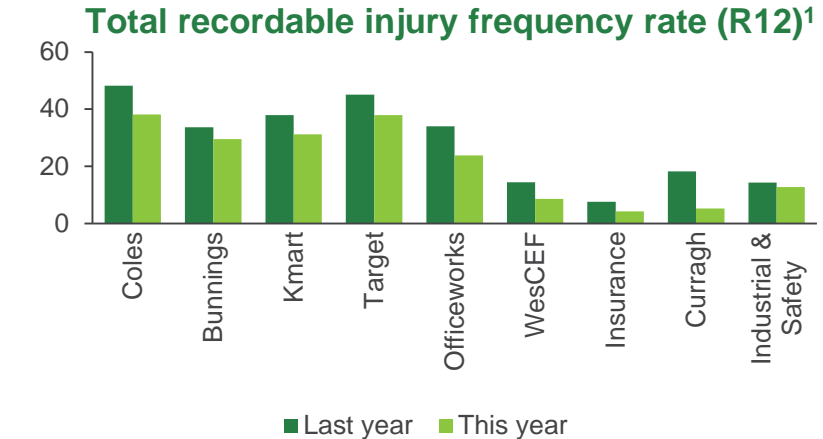
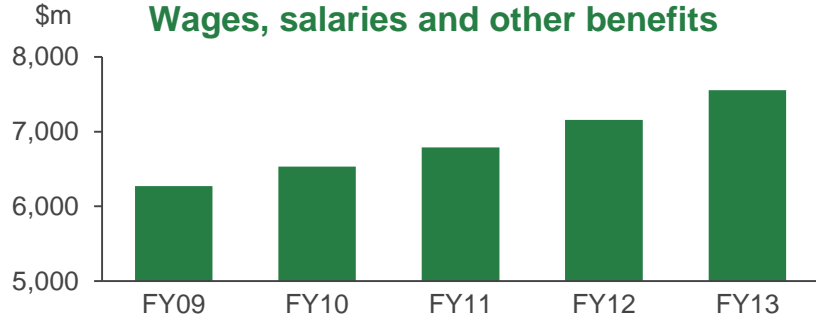


Robust financial capacity

- Cash generative portfolio
- Focus on capital employed
 - Working capital efficiencies
 - Disciplined capital expenditure
- Strong balance sheet
 - Access to diverse sources of debt capital
- Track record of shareholder support



- Ability to attract, motivate & retain high calibre talent
- High-performance culture & a focus on team member development
 - Ability to fill key roles with talent from within the Group
 - Continued focus on diversity
- Significant improvements in safety performance across the Group



¹ Comparison based on R12 LTIFR as at March 2013 & March 2014.

Strong corporate infrastructure

Wesfarmers' core values underpin key corporate systems, processes & initiatives:

- Lean corporate office
- Divisional Boards
- Group wide planning, budgeting & monitoring processes
- Executive talent development & key role succession planning
- Strong governance: centralised statutory accounting, tax, legal, treasury & investor relations
- Business development team: evaluation of value adding transactions & significant capex

Core values

Integrity

Openness

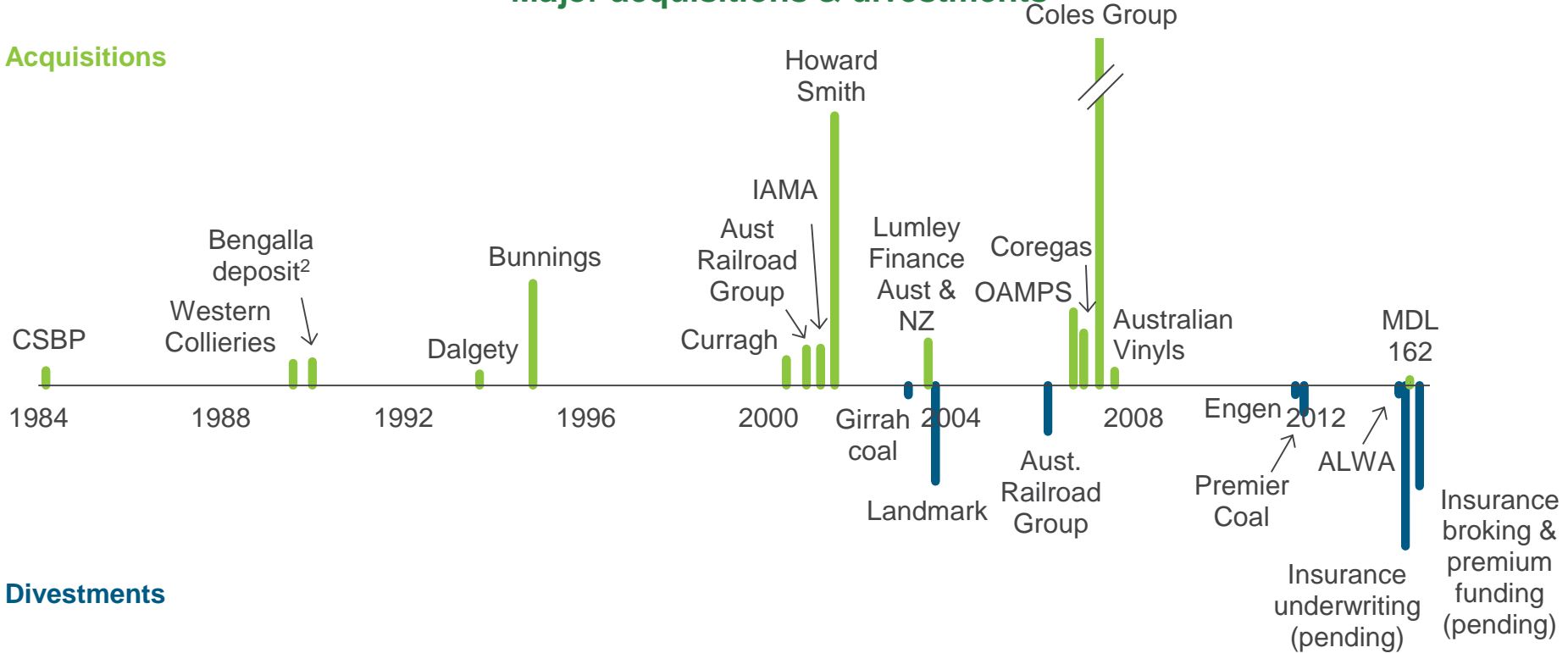
Accountability

Boldness

Disciplined portfolio management

Major acquisitions & divestments¹

Acquisitions



Divestments

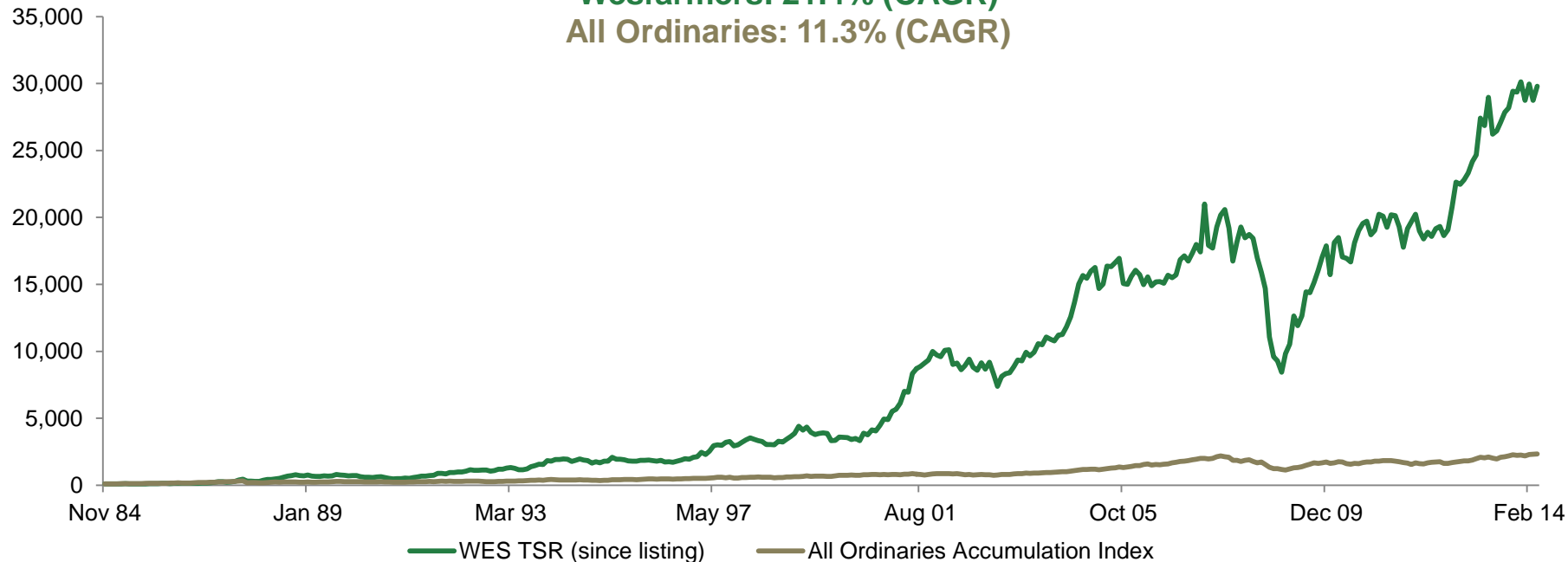
¹ Bar size represents relative CPI-adjusted transaction value.

² Includes capital investment on mine development & exercise of pre-emptive rights.

Superior long-term financial performance

TSR index
(November 1984 = 100)

TSR since November 1984:
Wesfarmers: 21.4% (CAGR)
All Ordinaries: 11.3% (CAGR)



Source: IRESS. Assumes 100% dividend reinvestment on the ex-dividend date, & full participation in capital management initiatives e.g. rights issues, share buybacks.

Most admired company

- Strong financial performance
- Positive engagement with all stakeholders
 - Employees
 - Suppliers
 - Shareholders
 - Government
 - NGOs
 - Community
- Significant community contributions

Group highlights¹

\$7.6b
wages, salaries
& benefits

- 20.5% increase since FY09
- 209,665 team members²

\$1.6b
government
payments

- 30.8% increase since FY09
- Including taxes, levies & royalties

\$2.1b
dividends

- 89.0% increase since FY09
- Supports strong TSR

\$94.9m
direct & indirect
contributions

- 64.5% increase since FY09
- \$51.1 million direct community contributions

¹ 2013 Sustainability report

² As at April 2014

Retail

- Growth in retail businesses to be supported by continued improvements in customer value & offer, range & category innovation, operational productivity, store network optimisation & continued advancement of online offers
- Coles to leverage established growth platform with continued investment in value through productivity improvements & category/in-store innovation
- Bunnings positioned for continued growth via strong levels of investment; strategic agenda to further enhance customer offer
- Focus at Kmart on lowest prices, category growth & investment in store network
- Strengthened leadership team at Target focused on executing transformation plan
- Growth at Officeworks through execution of 'Every Channel' strategy

Industrial

- AN3 commissioning complete
- Focus on strong production performance & driving operational efficiencies
- Current low coal prices affecting short-term results at Resources
- Evaluation of counter cyclical, value accretive opportunities (e.g. MDL 162)

Insurance

- Satisfaction of remaining conditions precedent & transition to new owners

Group

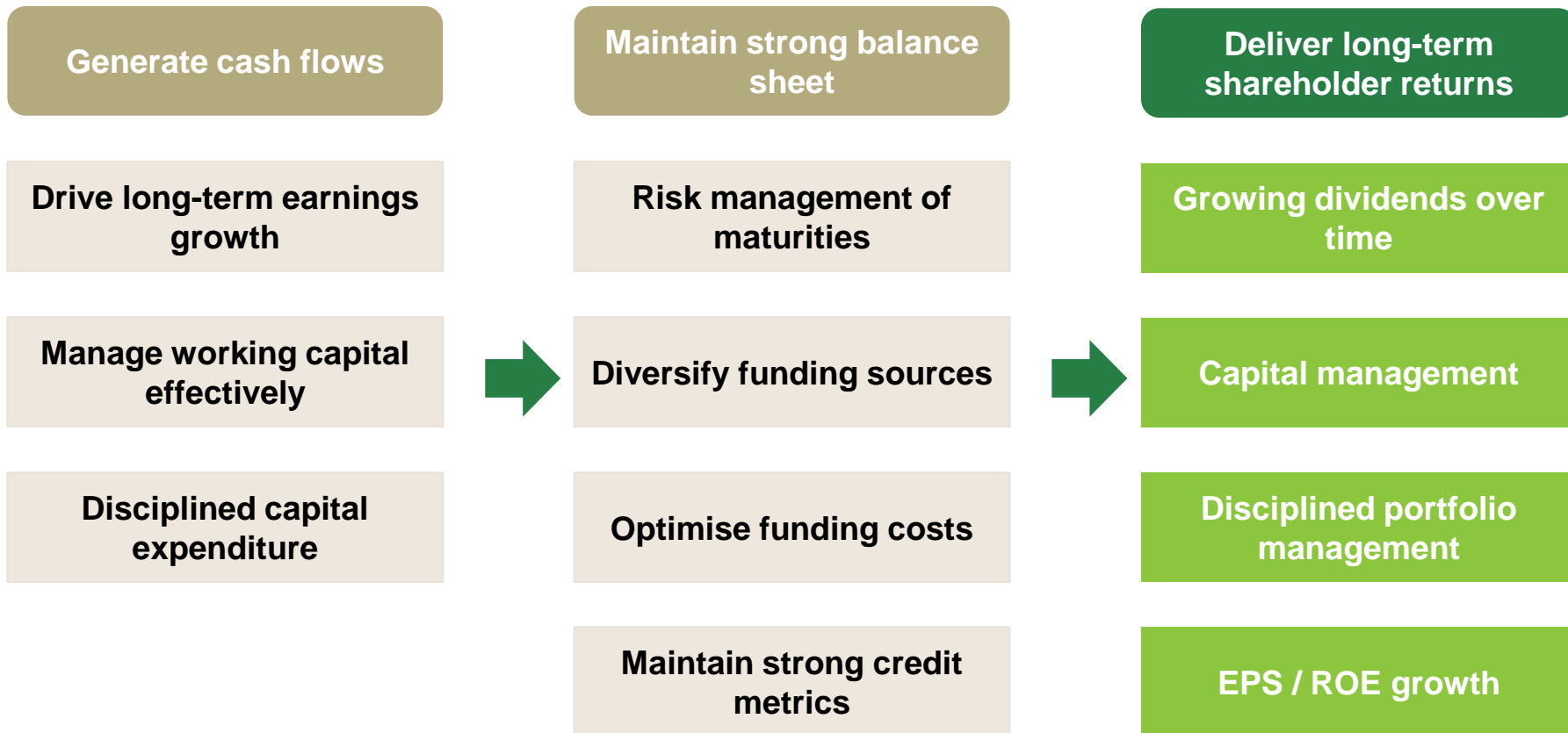
- Continue to evaluate opportunities for value adding transactions
- Further develop human resource capability & drive Group values
- Continue to strengthen corporate infrastructure to provide effective divisional support

Balance sheet & cash flow

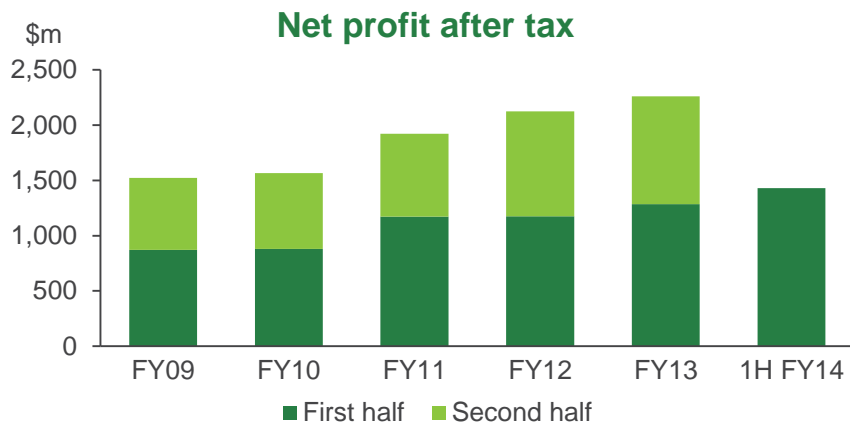
Terry Bowen
Finance Director, Wesfarmers Limited



Focused approach to delivering long-term shareholder returns



Drive long-term earnings growth

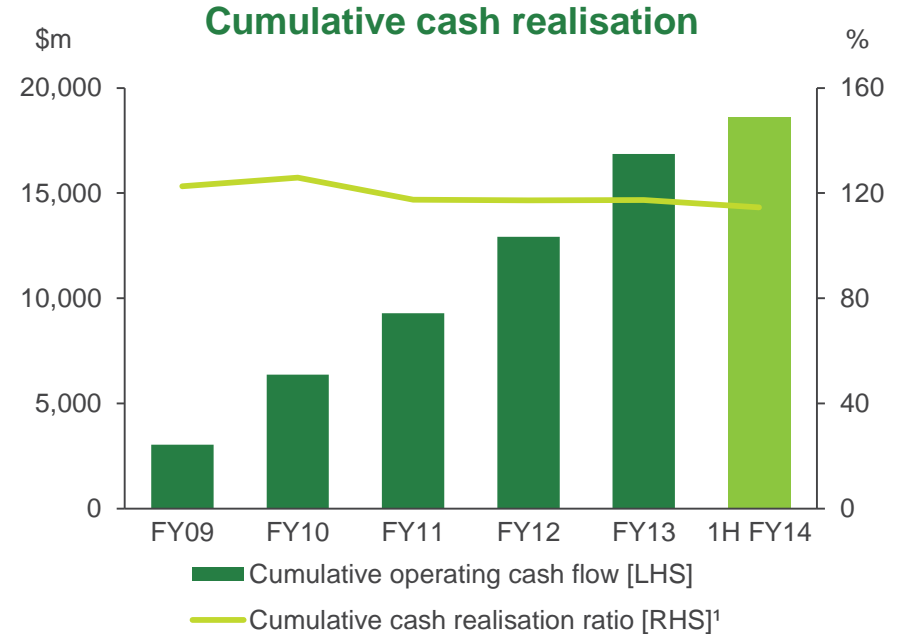


Year ended 30 June (\$m)	2013	2009	% growth
Revenue	59,832	50,982	17.4
EBIT	3,658	2,947	24.1
Net profit after tax	2,261	1,522	48.6

- Retail turnarounds & growth of Bunnings has driven revenue growth
- Increased productivity & operating leverage has supported strong growth in EBIT
- Interest costs significantly reduced through equity raising & successful debt refinancing strategy
- Effective tax rate has increased to approximately 30% (Coles acquisition reduced tax rate post acquisition)
- Profit growth approximately three times sales growth

Existing portfolio yielding strong cash flows

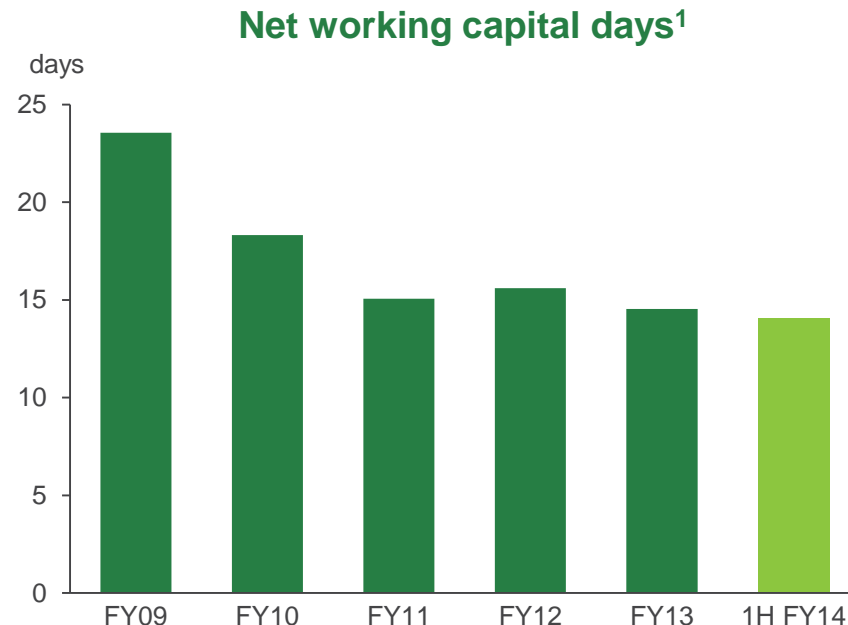
- Portfolio of strong cash generating businesses
- Cumulative operating cash flows of \$18.6 billion since FY09 with strong cash realisation achieved
- High cash realisation expected to continue, albeit likely to moderate (lower working capital cash inflows from retail portfolio)



¹ FY09, FY10 & 1H FY14 adjusted for significant non-cash items.

Manage working capital effectively

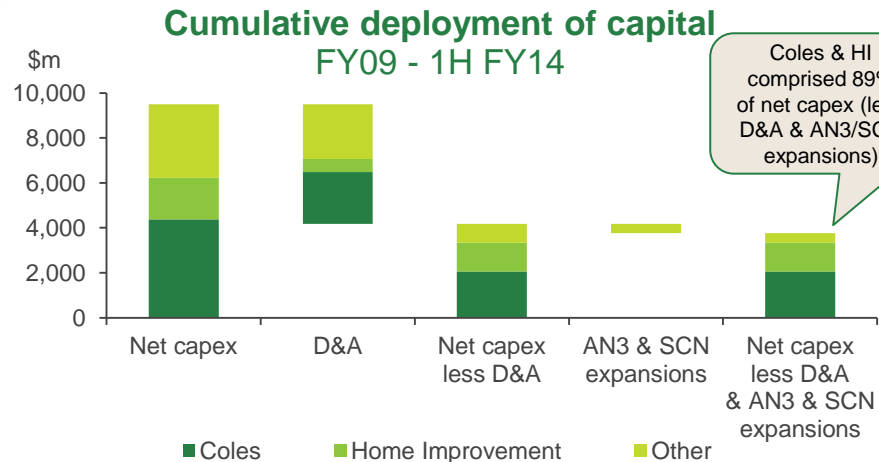
- Significant reduction in net working capital days¹ since FY09 (24 days to 14 days)
 - Cumulative cash release of \$570 million since FY09
 - Adjusting for the impact of business growth, implied working capital release of approximately \$1.3 billion achieved since FY09
- Strong, ongoing focus on working capital efficiencies



¹ Calculated as average net working capital balance divided by R12 revenue multiplied by 365.

Disciplined capital investment

- Net growth capital expenditure (excluding yet to be commissioned¹ industrial capacity) of \$3.8 billion since FY09
- Effective deployment of capital to capture highest growth & returns opportunities
 - Home Improvement maintained strong ROC (1H FY14 ROC² of 37.0% excluding goodwill)
 - Coles ROC² of 16.8% excluding goodwill in FY09 increased to 27.1% in 1H FY14
- Significant recent Chemicals expansions (AN3 & SCN)
- FY14 net capital expenditure estimate of \$1.2 to \$1.5 billion (subject to net property investment)



- Focus on ROC driving active capital management
 - Innovative structures supporting traditional sale & leaseback

¹ As at 31 December 2013.

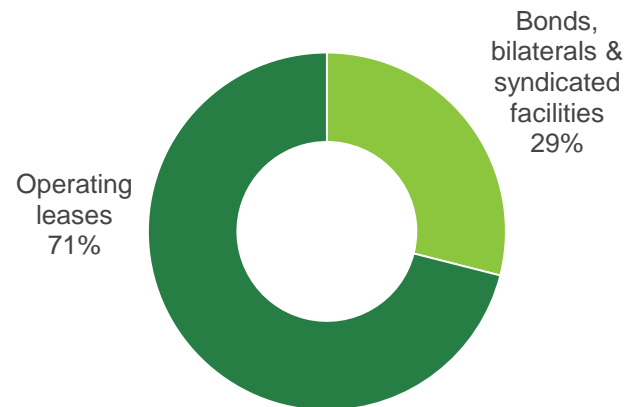
² Rolling 12 months

Composition of committed financial obligations

- Fixed financial obligations (as at 30 June 2013) comprise:

- Operating leases¹ \$13.8b (71%)
- External debt (bonds, etc) \$5.6b (29%)

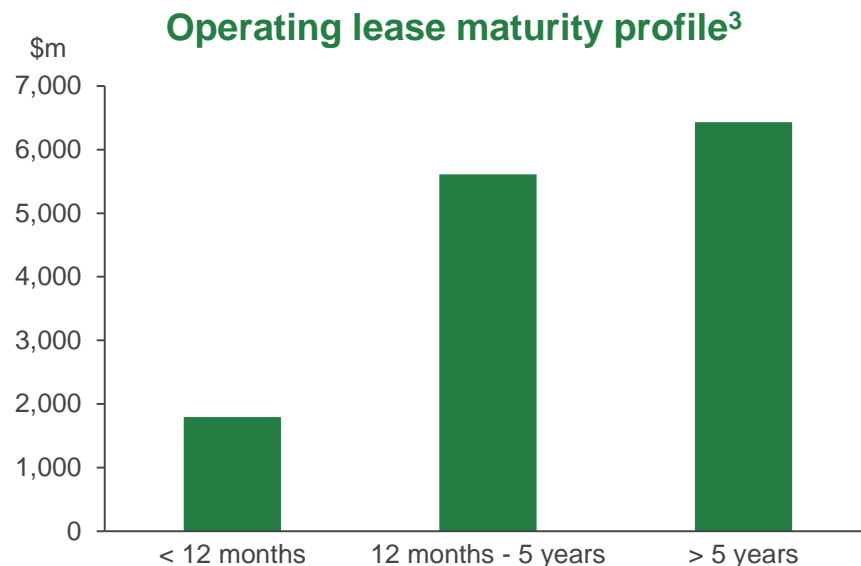
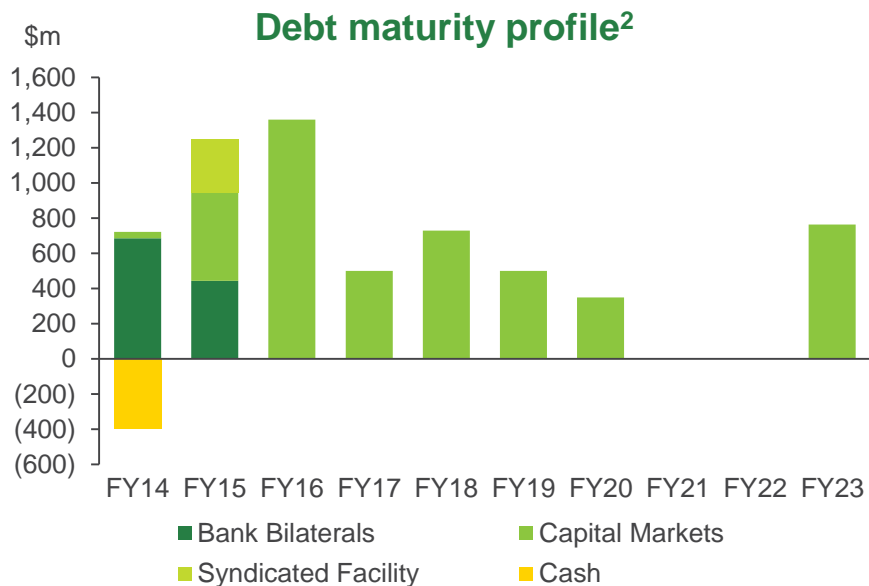
Fixed obligations (30-Jun-13)



¹ Represents future undiscounted minimum rentals payable under non-cancellable operating leases.

Risk management of debt maturities

- Debt strategy to ensure a good maturity spread profile without significant refinancing in any one year
- Lease strategy to ensure security of tenure with options to extend
- Average debt tenor of 3.2 years & average operating lease tenure of 8.2 years¹



¹ Calculated as FY13 occupancy-related expenses divided by operating lease commitments as at 30 June 2013.

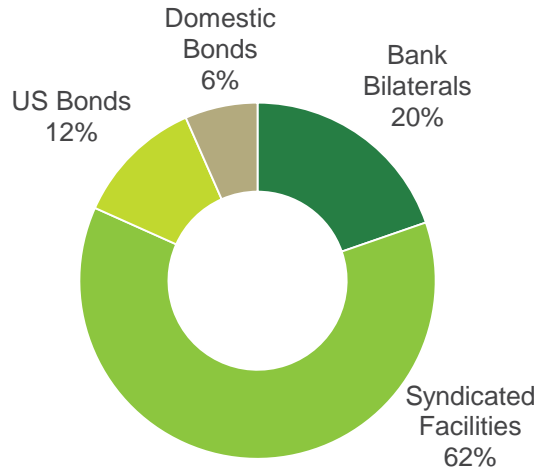
² As at 31 December 2013.

³ As at 30 June 2013. Represents future undiscounted minimum rentals payable under non-cancellable operating leases.

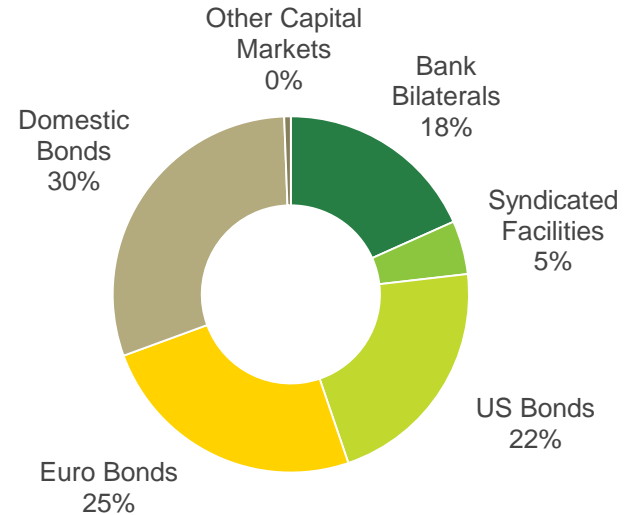
Diversifying funding sources

- Strategy to pre-fund debt maturities & maintain access to diverse debt capital markets

Debt as at 30-Jun-09

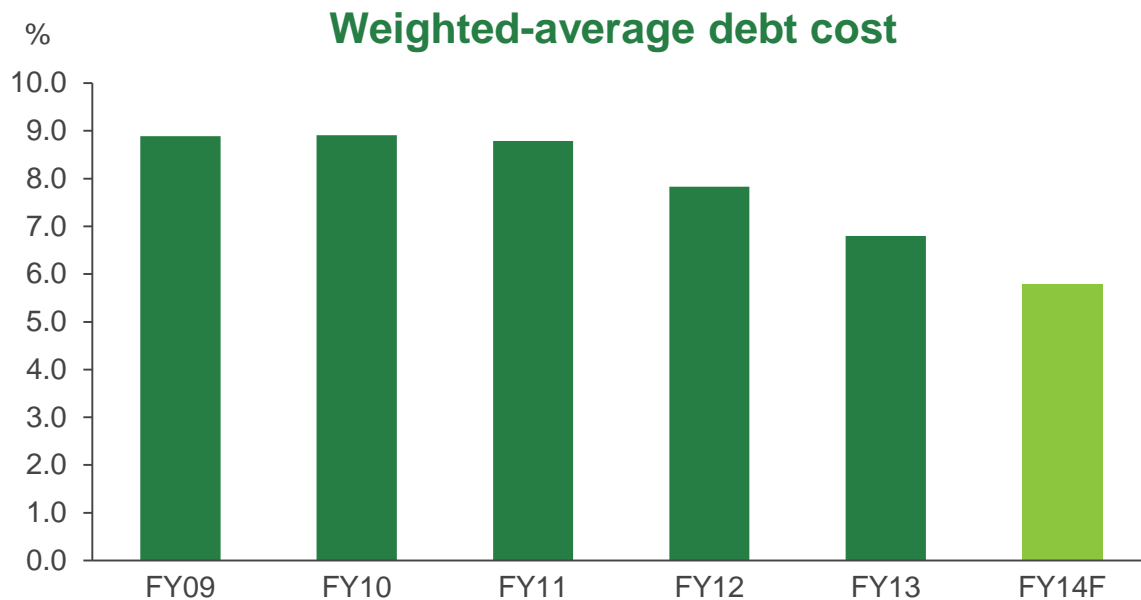


Debt as at 31-Dec-13



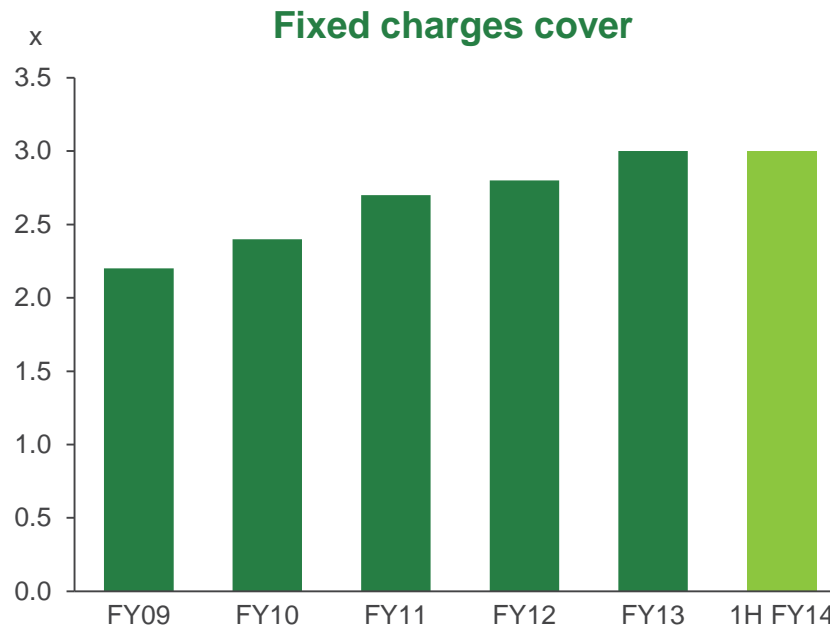
Optimise funding costs

- Weighted-average cost of debt significantly reduced to 5.8% (FY14F)
- Further short-term cost of debt reductions expected, albeit at a moderated rate



Maintaining strong credit metrics

- Solid credit metrics
 - Fixed charges cover¹ of 3.0 times (1H FY14)
 - FFO:debt² of 29.6% (FY13)
- Strong credit ratings
 - Standard & Poor's A- (stable)
 - Moody's to A3 (stable)

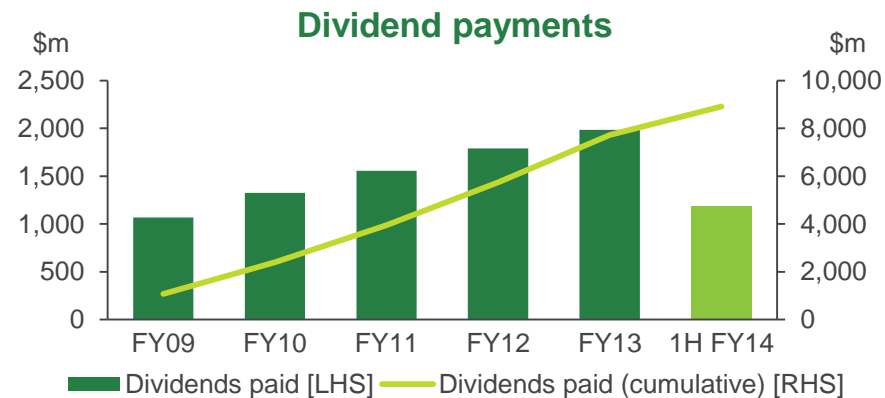
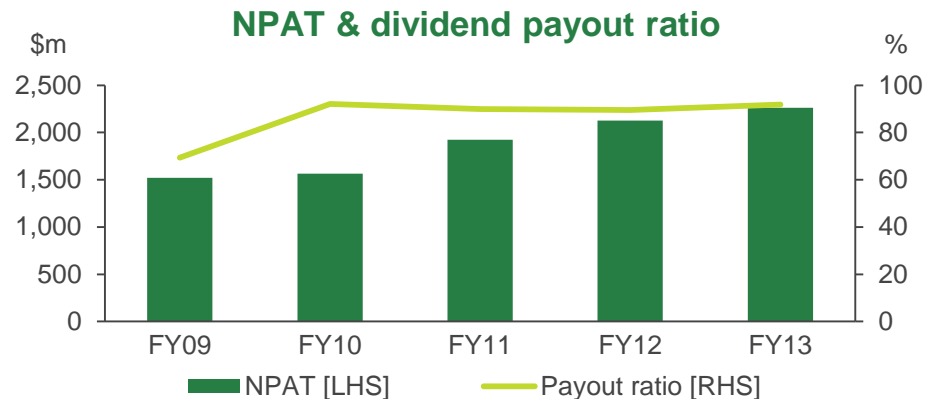


¹ Fixed Charges Cover = (EBITDA + Rental Expense) / (Rental Expense + Finance Costs – Discount rate adjustment)

² FFO:Debt (S&P) = (NPATDA + Depreciation adjustment for capitalisation of non-cancellable operating lease) / (Net Debt + Present Value of future operating lease commitments)

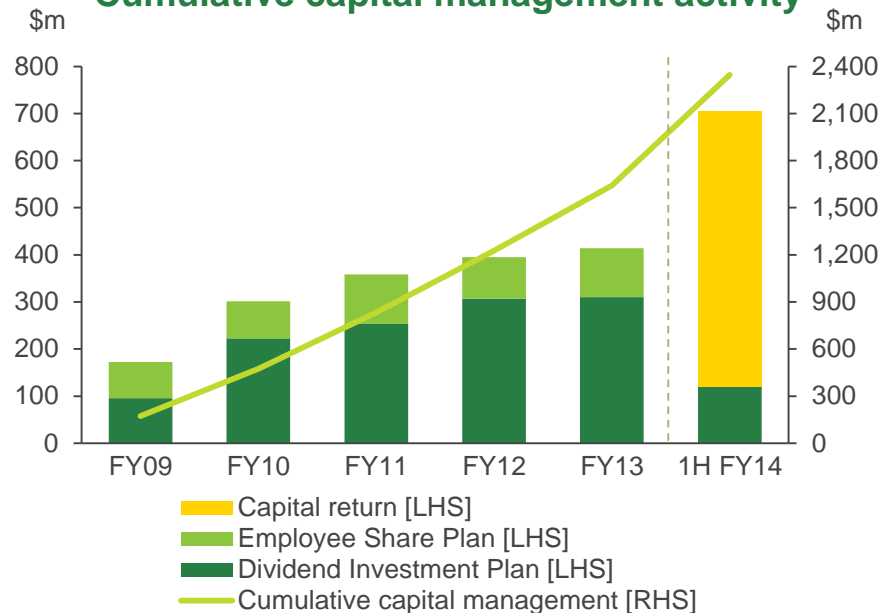
Growing dividends over time

- Seek to deliver stable & growing dividends over time, considering:
 - Current earnings & franking credit availability
 - Current liquidity position & credit rating
 - Forecast free cash flow generation
- Strong payout ratio & dividend growth
 - Seek to return franking credits to shareholders
 - Average payout ratio of 87% from FY09 to FY13
- Dividend distribution of \$8.9 billion since FY09



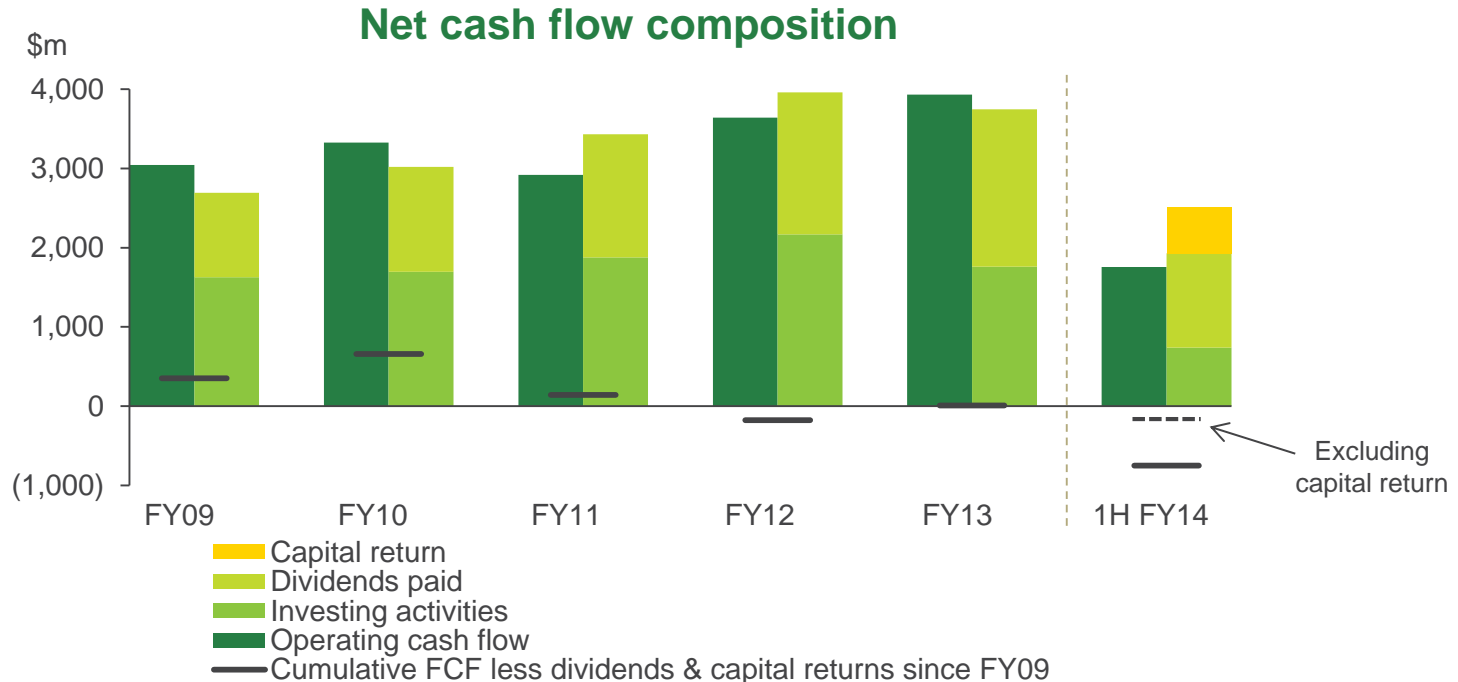
- Capital management of \$2.3 billion since FY09
 - Full neutralisation of Dividend Investment Plan
 - Shares purchased for Employee Share Plan
 - Capital return of 50 cents per share in November 2013, including a proportionate share consolidation, returning \$579 million to shareholders

Cumulative capital management activity

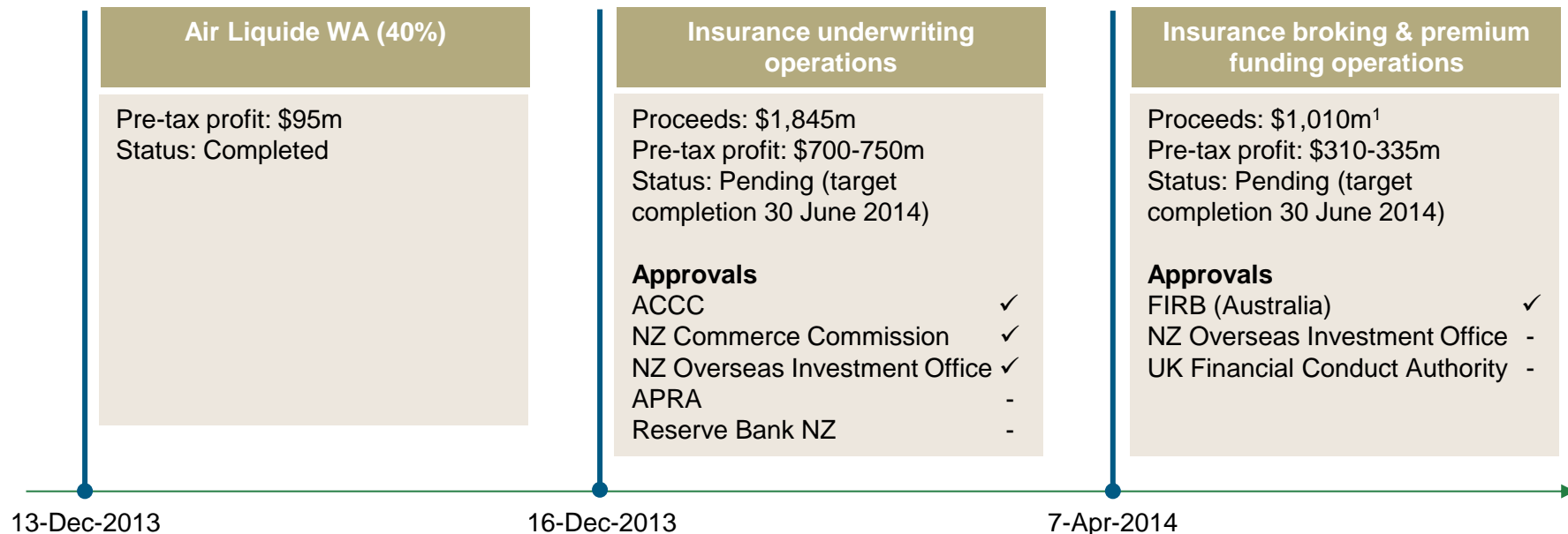


Cash flows have supported strong investment phase & dividend growth

- Cumulative free cash flow has funded significant investment activity, strong dividend distributions & capital management



Value creation: recent portfolio management activity

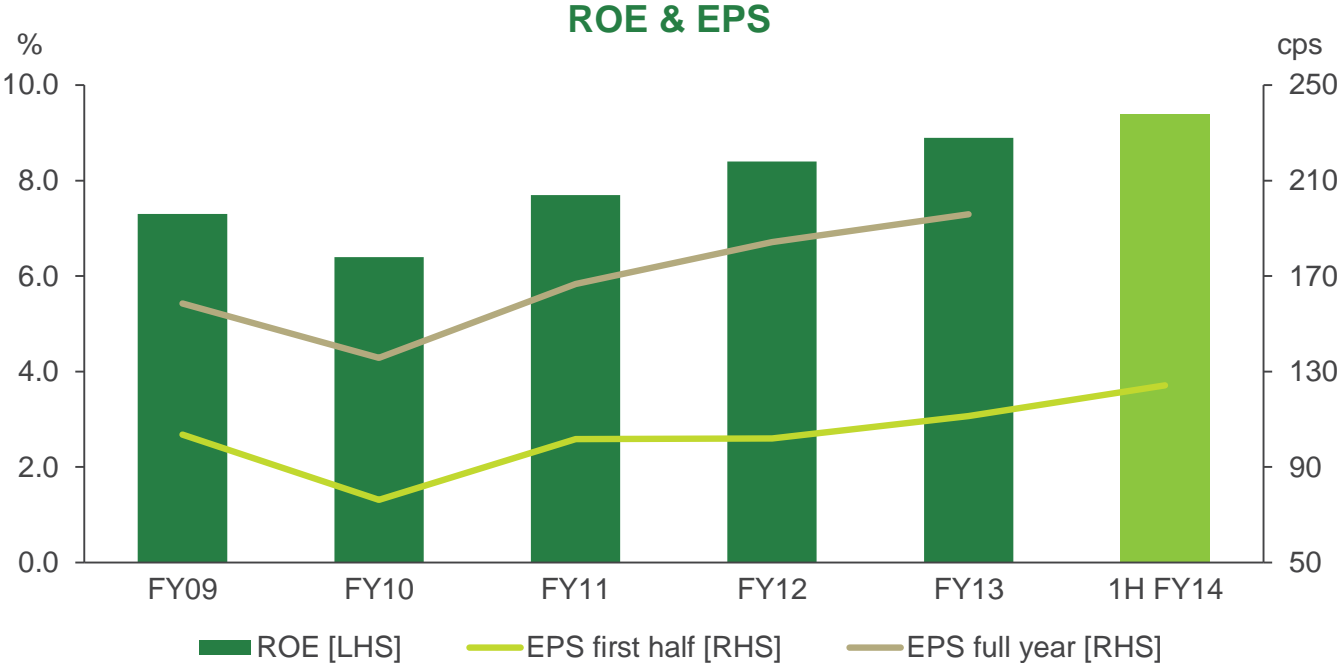


Combined proceeds of \$3.0 billion², approximately \$800 million above consensus sum-of-the-parts valuation at October 2013

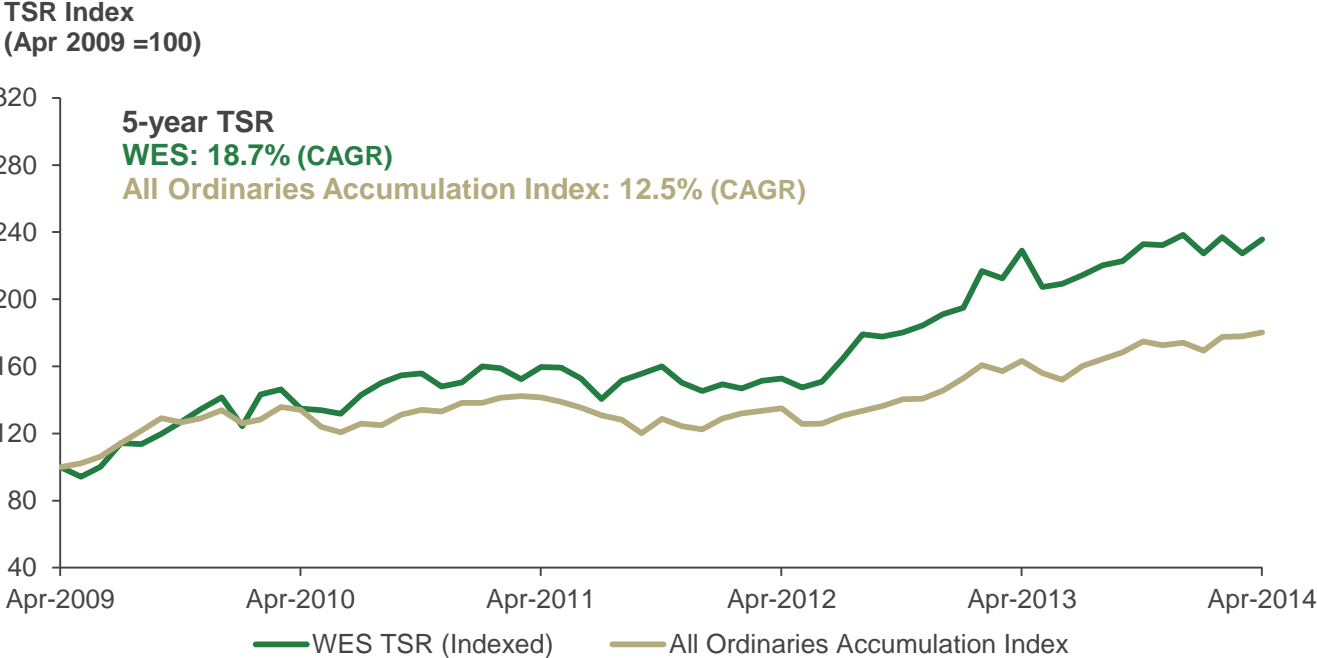
¹ In addition to the purchase price, Wesfarmers will receive a distribution of approximately \$150 million to repay funding of the premium funding operations.

² Includes \$150 million to repay funding of the premium funding operations.

EPS & ROE performance since FY09



Deliver long-term shareholder returns



Source: IRESS. Assumes 100% dividend reinvestment on the ex-dividend date, & full participation in capital management initiatives e.g. rights issues, share buybacks.

Question & Answer

Richard Goyder, Managing Director, Wesfarmers Limited
Terry Bowen, Finance Director, Wesfarmers Limited





The Coles turnaround (FY09 – today)

Truly better value

- Lowered prices
- Stronger value delivery
- More targeted loyalty programs



Stunning quality fresh food

- Built supplier partnerships
- Less waste
- Better quality



The best customer experience

- Implemented a strong store renewal program
- Rolled out new formats
- Developed new categories



Better availability

- Revitalised & optimised the DC network
- Initiated Easy Ordering
- Began building an end-to-end, customer led supply chain



Working smarter

- Improved efficiency
- Focussed on stock loss & goods not for resale
- Stronger operational efficiency

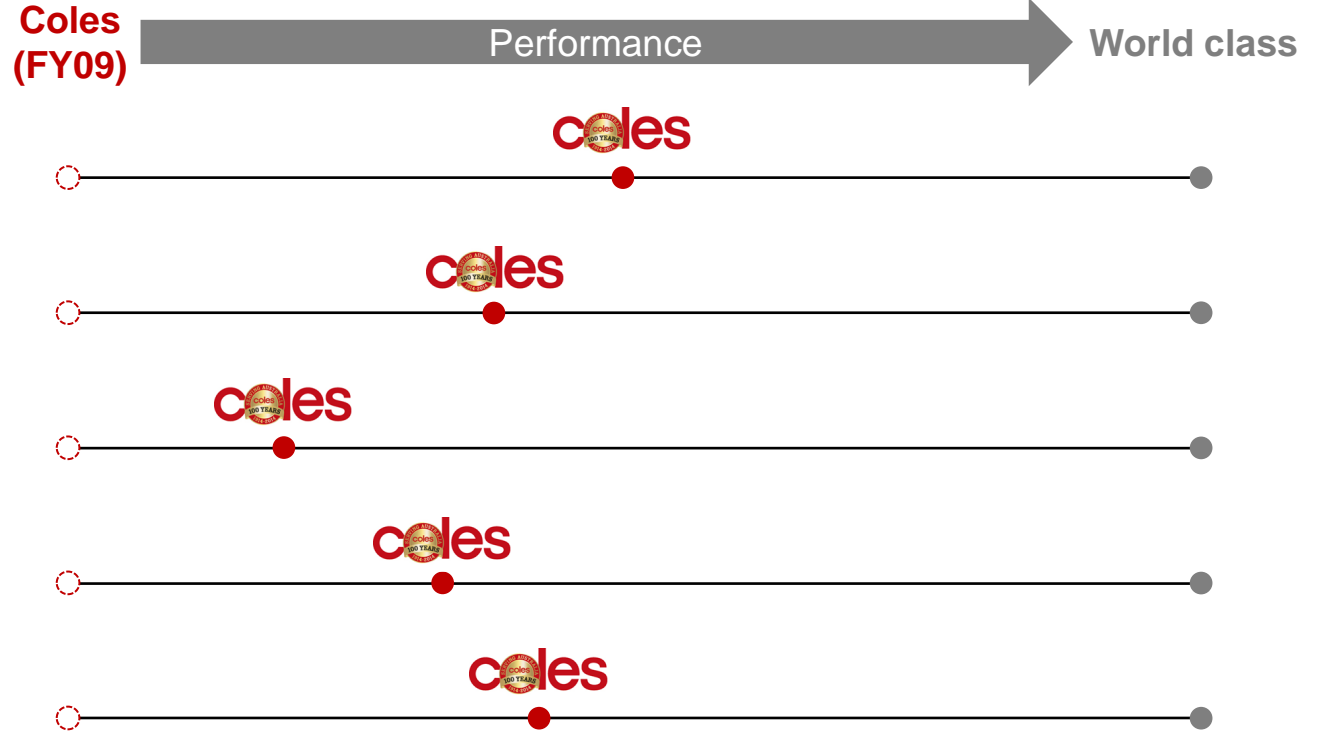


Sold & served with personality

- Restored team member pride
- Absenteeism down over 30%
- Retention up over 30%
- R12 LTIFR down more than 50%



Coles vs. global best practice



Many significant achievements over the last six years, but potential for much more

Increase net space growth

- Opened 103 stores & closed/sold 93 stores since FY09
- Net selling area growth of 1.3% p.a. since FY09
- Solid platform to accelerate space & sales density growth



Improve fresh food

- Coles' share of fresh food still lags dry groceries
- Inconsistent customer experience with almost 50% of the store network not renewed
- Focus on narrowing the gap on quality, range & service inconsistencies



More to do in availability

- Processes, transport & product flow require further work
- Focus on end-to-end supply chain



Lower operating costs

- Cost pressures increasing
- Inefficient & complex above store processes
- Focus on simplifying operations

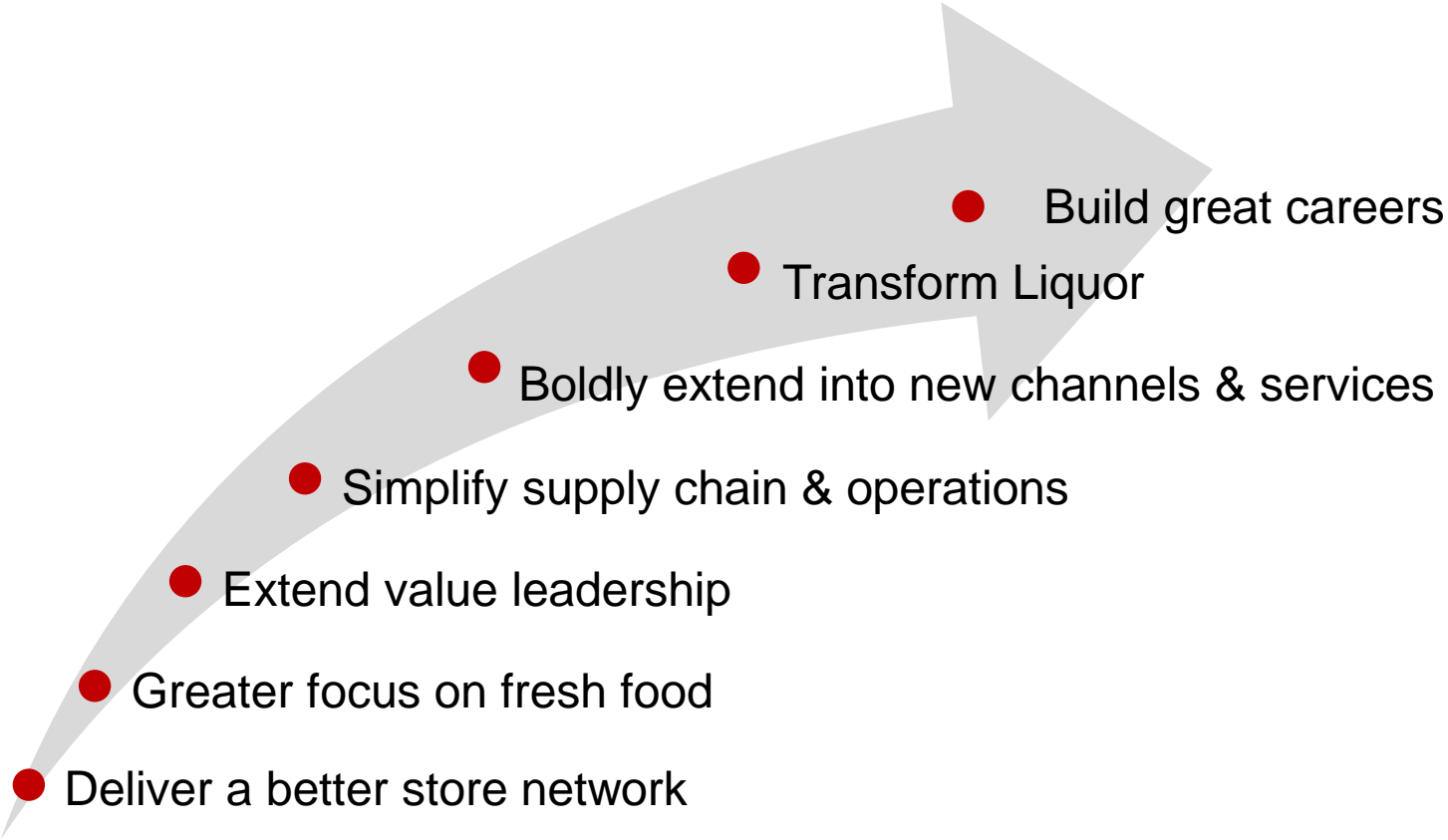


Liquor turnaround

- Sales & profit growth unacceptable
- Focus on improving the customer offer, in-store experience & simplifying the business



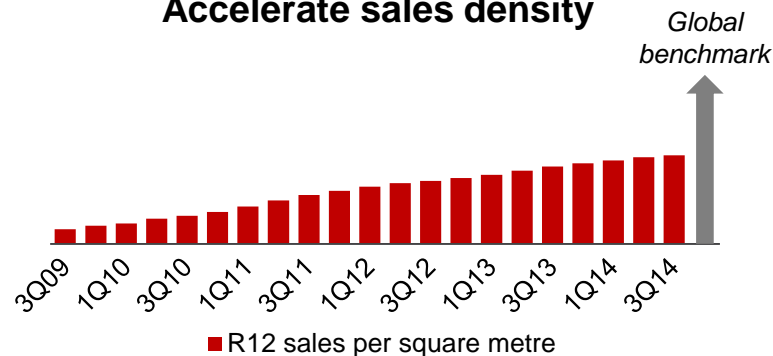
Our growth strategy



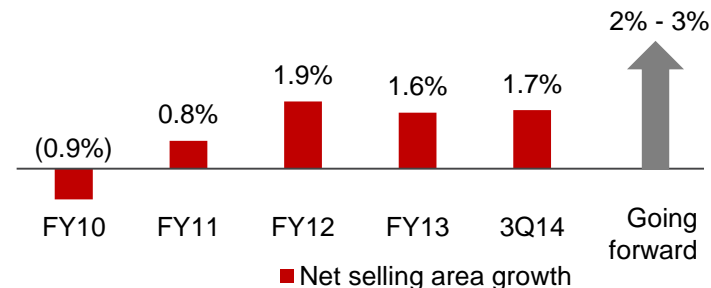
Deliver a better store network

- Accelerate sales density growth
 - Stronger fresh food growth
 - Improve local offering
- Increase space growth
 - Target 2% - 3% p.a. net selling area growth
 - “Bigger, better” new & existing stores
 - Continue focus on priority network gaps & growth corridors
- Continue renewals to ensure a consistent customer experience
 - Faster test, trial & deployment of new concepts
 - Remain focused on ROC

Accelerate sales density



Increase space growth



Greater focus on fresh food

- Build deeper, longer term collaborative partnerships with suppliers
- Secure supply to support future customer demand
- “Australia first” sourcing policy
- Integrated category management
- The “Coles Way” processes & standards for all fresh categories
- Trade skills development



- Deliver better value in fresh categories
- Better quality through ethical & responsible sourcing
- Step change in communication of welfare & quality
- Better availability
- Right range, right store
- New & revised space & formats

- Strong volume growth of more than 30% since FY09
- Providing security
 - Co-invest with suppliers to secure quality & support lower prices
 - Volume commitments to provide greater certainty
 - Longer contract terms to ensure sustainable investment
- Supporting local suppliers
 - Dedicated “Meet the Buyer” events in every state
 - Around 96% of Coles’ fresh fruit & vegetables are grown in Australia

Stronger supplier relationships

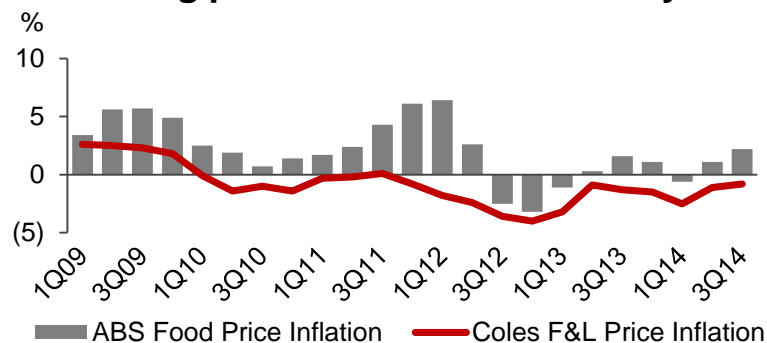
Category	2008 Rank <i>(out of 15)</i>	2013 rank <i>(out of 17)</i>
Business relationships	15	3
Personnel/organisation	14	3
Category/business development	13	2
Retail execution	9	3
Supply change management	10	2
Overall performance	14	3

Source: Advantage Group

Extend value leadership

- Become a trusted price leader
 - Further reduce cost of the weekly shopping basket
 - Grow Coles brand as a compelling value alternative
 - Continue strong promotions
- Drive targeted marketing with flybuis & customer insights
 - flybuis redemptions delivering significant customer value
 - Utilise multiple targeted marketing channels
- Strengthen local area marketing

Lowering prices for more than four years



Build a world class end-to-end supply chain

100 years
Thousands
of stories



Distribution centres



- Continuously improve DC operations
 - Simpler systems & processes
 - Better pick path hit rate & productivity
 - Improve labour planning

Transport (supplier to stores)

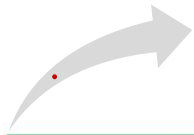


- Increase transparency & control
 - Invest in Coles owned trailers
 - Transparent third party partnerships
 - Roll-out load planning & transport execution tools
- Optimise delivery frequency to stores

Flow



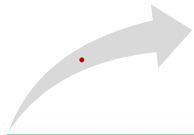
- Deliver the right product through the right channel at the right time
- Drive better availability & longer shelf life
- Reduce inventory days & cost of doing business



Simplify & improve operations

- Significant investment in smarter stores
 - “OneShop” – new point of sale technology
 - “OneTeam” – new workforce management system
- Improve store productivity
 - Complete roll-out of “Easy & Assisted Ordering” for meat, bakery & fresh produce
 - More assisted check-outs in stores
 - Simpler store processes
 - Better rostering & training
- Simplify store support
 - Continued commitment to cost consciousness





Bold growth in online

Progress to date

Best customer offer

- New mobile-enabled website now live
- Wider delivery & Click & Collect reach
- flybuys integration



Great value

- All “Down Down”, multi-buys & catalogue specials available online
- Free delivery with Coles MasterCard
- Free delivery Wednesdays



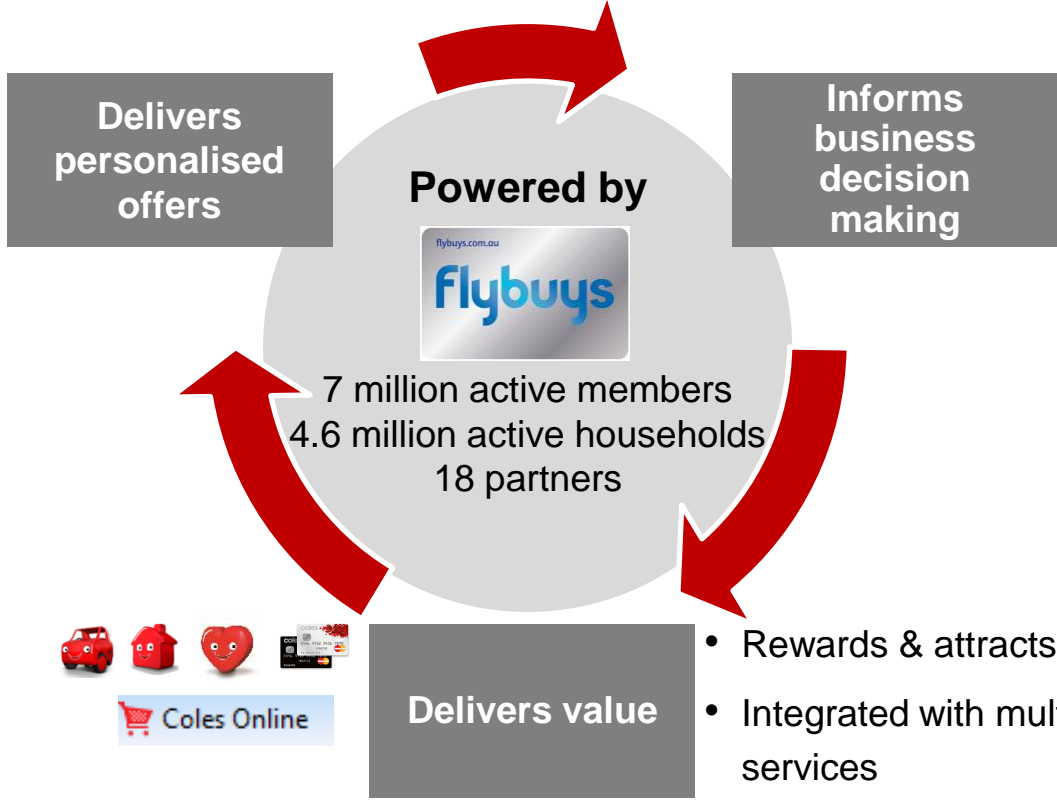
Grow & improve the business

- Strongest growing area
- New picking technology improving productivity
- Extend the reach & capacity of Coles Online



Boldly extend into new channels Flybuys

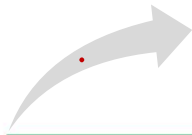
- Multiple targeted channels to deliver value to customers
- One-on-one personalisation with “My weekly special” emails
- Instant activation & point-of-sale connectivity



- Store locations
- Range & space
- New products
- Promotions



- Rewards & attracts customers to Coles
- Integrated with multi-channel & financial services
- Supports category growth



Boldly extend into new channels

Financial services

Truly better value

- Insurance price beat guarantee
- No annual fee credit card
- Highly personalised offers with flybuys
- Fastest way to earn flybuys points



Integrated into core business

- Instant flybuys redemption at point-of-sale
- Trialling in-store kiosks
- Strong in-store spend uplift from financial services customers



Best customer experience

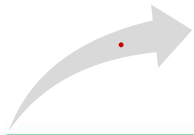
- Dedicated car repair network with 200 partners
- Seven call centres with over 800 customer representatives
- Strong online presence across all mobile devices



New product development

- Launched life insurance
- Australia's first consumer trial of Pay Tag™
- Nine awards won over the last two years
- New Coles financial services products to come

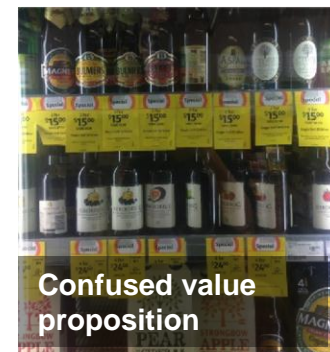
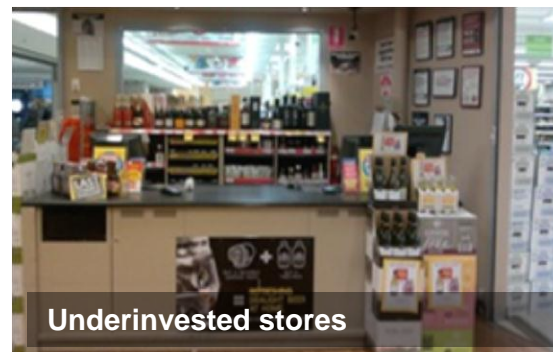


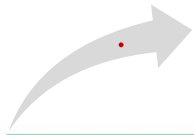


Transform Liquor

An underperforming business with many growth opportunities

- Inferior store network
- Large & confusing range
- Non-compelling value
- Poor layout, signage & visibility
- Inefficient supply chain
- Complex processes & high cost of doing business
- Underinvested stores & team
- Weak online proposition





A customer-led turnaround

Reshape the network

- Optimise network
- Focus on co-location & convenience offering
- Invest in renewals & new space

Rationalise range

- Rationalise & tailor the range
- Cluster stores by customer demographics
- Build deeper supplier relationships

Improve the customer offer & experience

- More trusted prices
- Remove the clutter & improve ease of shop
- Opportunity to grow liquor online

Increase efficiency

- Simplify supply chain & operations
- Lower cost of doing business

Grow our convenience offer

- Expand the network
 - Focus on quality co-located & alliance sites
- Strong fuel offer
 - Optimising mix
 - Leveraging flybuys
 - Improve availability
- Better C-shop offer
 - Expand “Down Down” across key categories
 - Roll-out food & coffee benches
- Simplify in-store & above store operations



Reward & recognise team members

- Recognise service & community contributions
- Continue commitment to safety



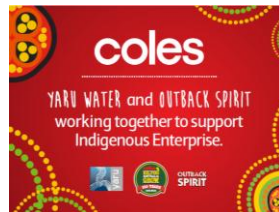
Improving sustainability

- Reduce greenhouse gas emission, water usage, waste & landfill
- Ethical, responsible & environmental standards for all Coles brand suppliers



Helping indigenous Australians

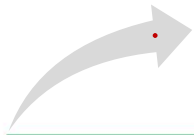
- Triple Indigenous team members by 2020
- Nine “First Step” Indigenous training programs completed
- Supporting Indigenous enterprises



Supporting the community

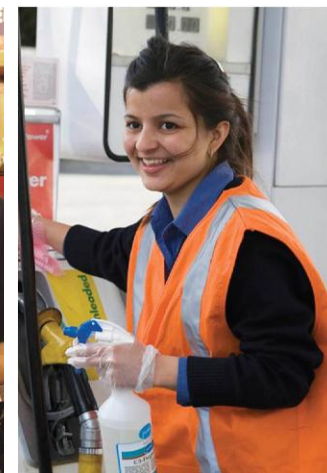
- Over \$38.5 million for charities, community programs & disaster relief in FY13
- Pledged to raise \$5 million for Australian armed services members & families in FY15





Build great careers

- Drive team member engagement
 - Recognise & celebrate service
 - Develop a flexible workplace
 - Encourage diversity
 - Create a consistent & positive safety culture through behaviour-based safety programs
- Attract, retain & develop talent
 - Double support centre graduate intakes in FY15
 - More than 1,000 attending the Retail Leaders program in FY14
 - Invest in fresh food trade skills



Our growth strategies

- Accelerate sales density & increase space growth
- Drive strong fresh food growth
- Value leadership remains crucial
- Simplify & improve supply chain, in-store & above store operations
- Differentiate Coles through new growth channels
- Transform Liquor
- Create a powerful culture to attract, retain & develop talent



Questions

John Durkan
Chief Operating Officer



Home Improvement & Office Supplies

John Gillam
Managing Director, Home Improvement & Office Supplies



1. Bunnings



.....

2. Officeworks



.....

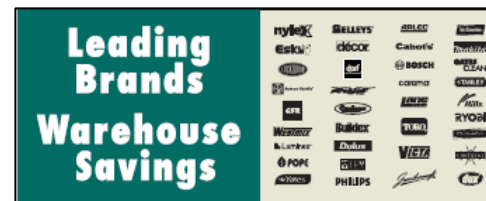
3. Q&A



LOWEST PRICES.

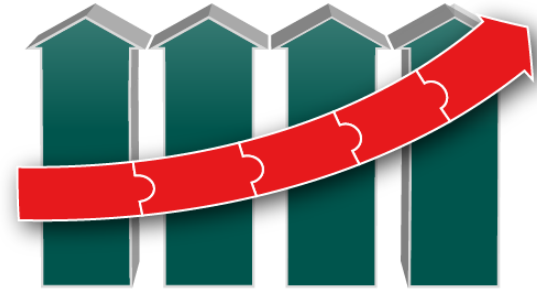
WIDEST RANGE.

BEST SERVICE.



Long-term value creation

1. A winning offer to customers
2. An engaged, focused & committed team
3. Business behaviour that builds trust
4. Sustainable satisfactory shareholder returns



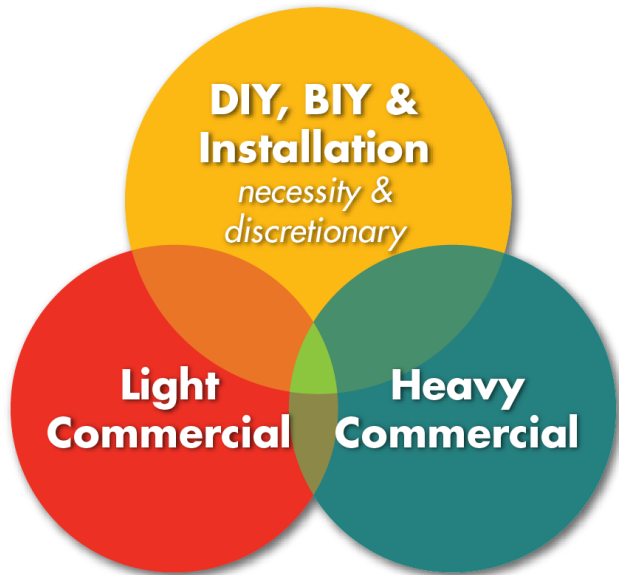
ADDRESSABLE MARKET EXPANDED BY EVOLUTION



ADDRESSABLE MARKET WIDER THAN HOME IMPROVEMENT & OUTDOOR LIVING

- Bunnings focus:
 - Grow the market
 - Grow our share

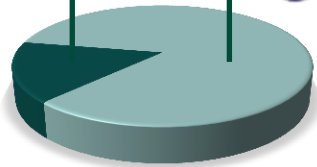




- Wide array of competitors
 - Dual consumer / commercial focus prevalent
 - Most participants of scale “vertically capable”

Multiple Drivers

- Household disposable income
- Renovation activity
- Housing
 - churn, value & formation
- Weather
- Lifestyle / demographic trends
- Government activity
- Technology

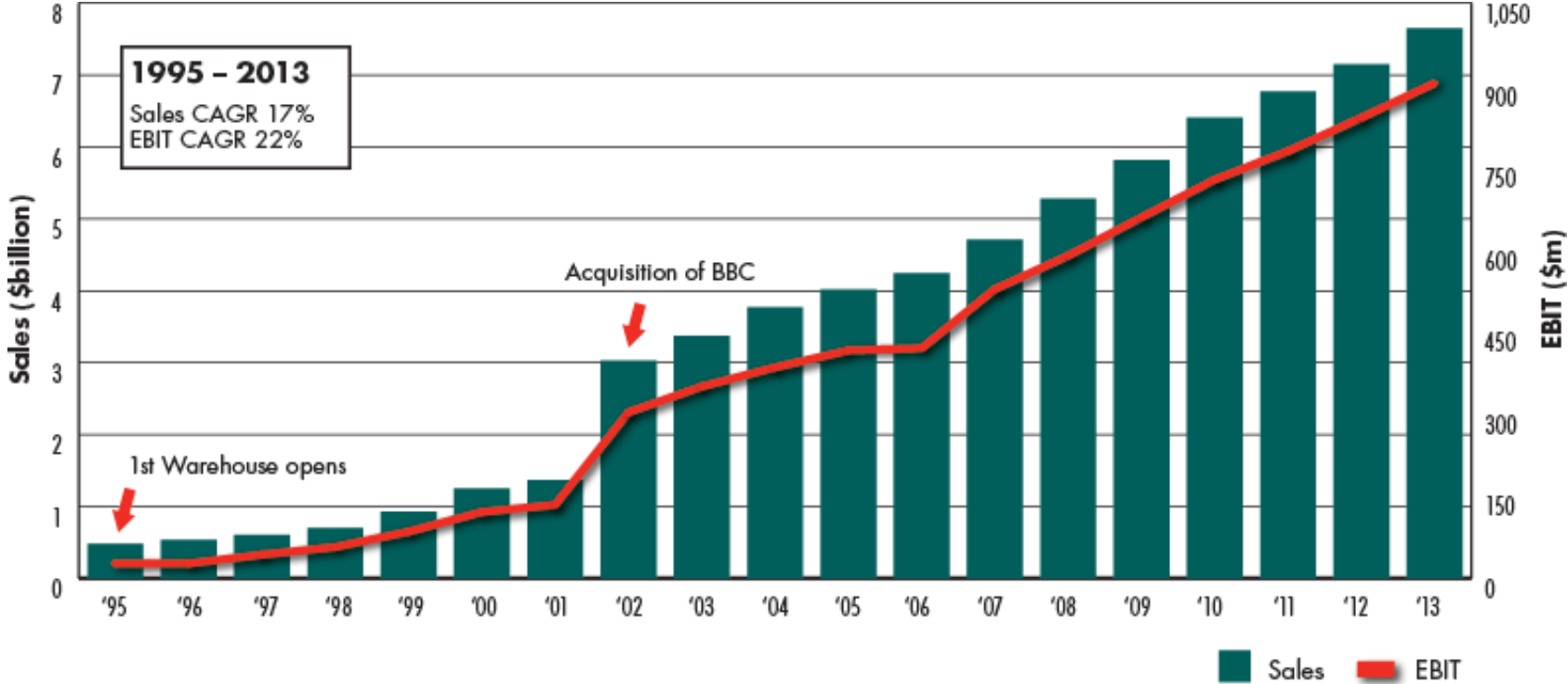


Varied Formats

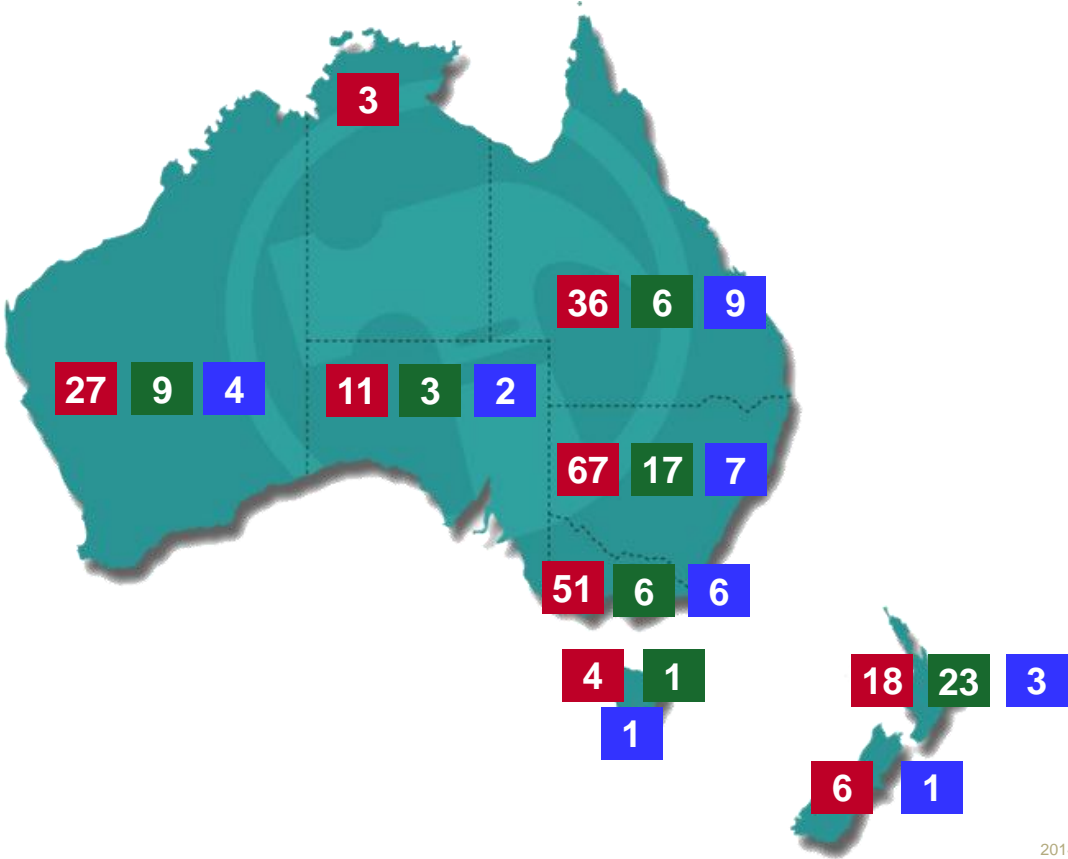
1. Category specialists
2. Hard goods mass merchants
3. Traditional hardware
4. Suppliers direct-to-market
5. DDS & supermarkets
6. HIOL category killer

nb: online activity prevalent in all formats

Bunnings: sales & EBIT growth



Bunnings: network



As at May 2014

- 223 Warehouse stores
- 65 Small format stores
- 33 Trade Centres





*conscious choices
across all activities
to give customers
the best offer*



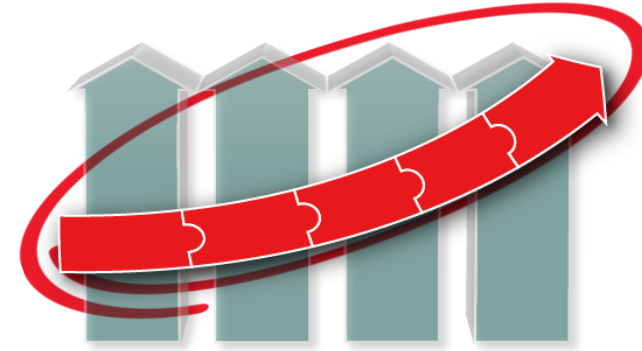
- Our strategic agenda is a framework to:
 - Focus on customers, team & community
 - Grow the market
 - Grow our share of the market
 - Create long-term shareholder value



Today's discussion focused on “drivers of growth”

“Stronger business”

- These work focus areas underpin growth & long-term success
- Significant outcomes being achieved
 - Material gains for customers, team, suppliers, CODB & brand trust
 - Strategic approach to productivity
 - Further benefits expected in FY15

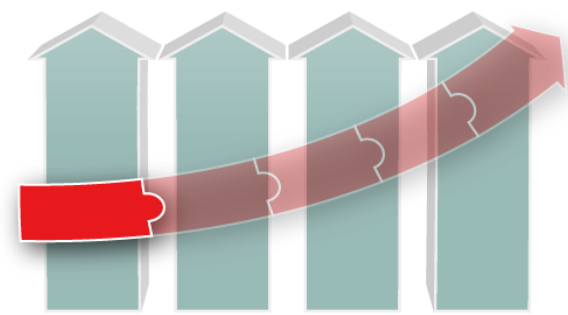


Drivers of growth

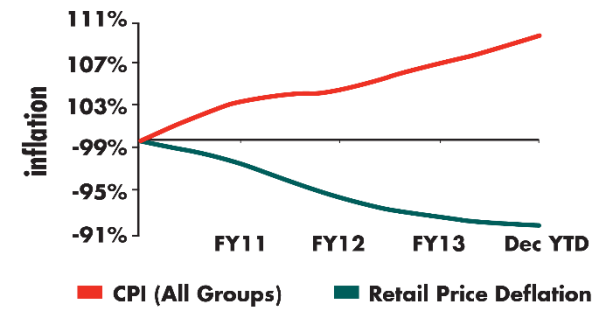
1. More customer value



- Lowest prices ...
... bedrock of a winning offer
- Ongoing focus on creating “breathtaking value”
- Funded by productivity & cost actions



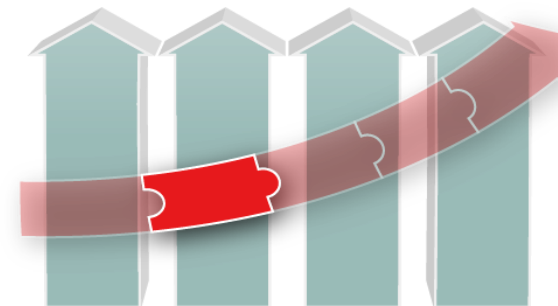
Creating more value for customers



Drivers of growth

2. Better customer experiences

- Consistency in service basics lifted
 - Good research & feedback trends
- Customer-centric agenda
 - In-store, online, in-home
- More customer engagement
 - Pre-shop, post-shop & services
 - One brand experience ... “fusion” thinking
- Investing to do more & do better
 - Know-how & intensity
 - Digital everywhere
 - Services

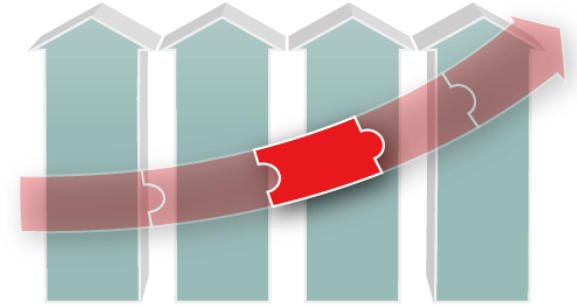


Drivers of growth

3. Greater brand reach



- Accelerating brand reach
 - More stores, more digital, more in-home
- Strong network investment
 - Faster network expansion
 - » Site pipeline built-up; now being developed
 - » Spike in store openings through to FY16
 - Targeted store reinvestment
 - » Rapid take-up of best opportunities
- Long-term opportunity for more ...
 - Stores, supported by format innovation
 - Digital & in-home



Drivers of growth

3. Greater brand reach



Total market capability through network formats



- Large format
- Cornerstone brand
- 3 core footprints + multi-levels
- Retail & commercial customers
- 223 in network at May 2014
- Open ~20 p.a. in FY15 & FY16
- Open 10 to 14 p.a. longer term
- Current pipeline ~75 sites



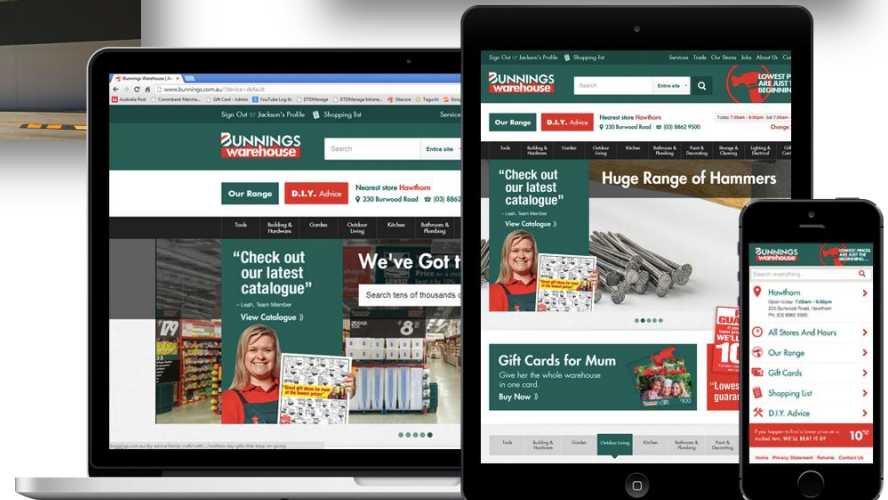
- Smaller format, highly flexible
- Regional & metro markets
- Retail & commercial customers
- 65 in network at May 2014
- Open 2 to 4 p.a. longer term
- Greenfield & acquisition



- Specialised 'DIFOT' format
- Narrow & deep ranging
- Lowest cost
- Commercial customers
- 33 in network at May 2014
- Open 2 p.a. longer term
- Key elements now being incorporated into some large Bunnings Warehouses

Drivers of growth

3. Greater brand reach

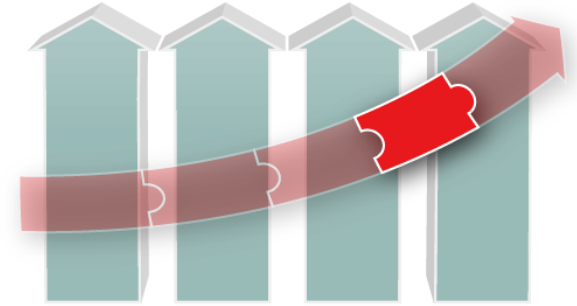


Home Improvement & Office Supplies

Drivers of growth

4. Expanding commercial

- Leveraging strength of network & brand
“total market capability”
 - Stores, trade centres, in-field & digital
- Core work areas
 - Light commercial
 - » Better value, ranges, service & services
 - » Better customer connections
 - Heavy commercial
 - » Deeper customer relationships
 - » Lifting service & value disciplines

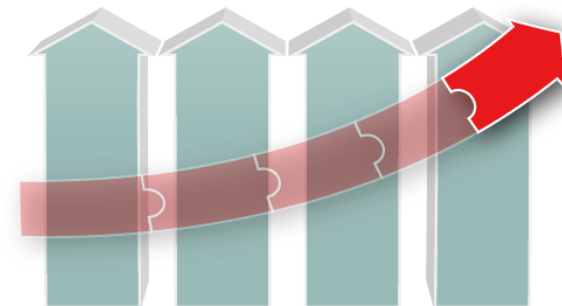


Drivers of growth

5. More merchandising innovation

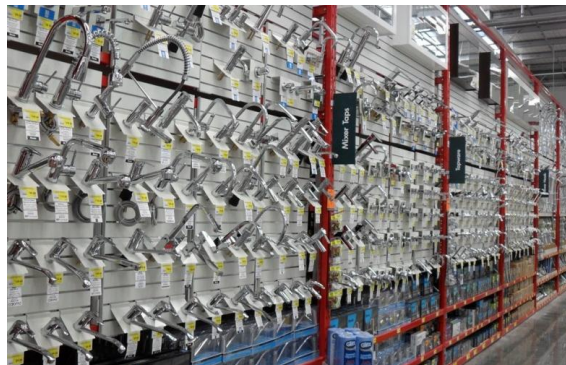


- Evolution & innovation creates growth
 - New products & range expansions
 - Create, leverage & respond to lifestyle trends, environment & economical changes
 - DIY product & project innovation
 - Grow market & grow share
 - Core merchandising team capability
- Leveraging the world's leading & Australia's best brands



Drivers of growth

5. More merchandising innovation



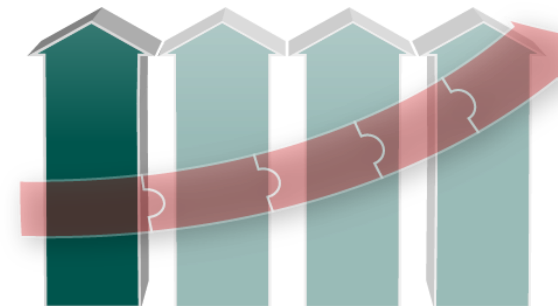
Stronger business

1. Stronger team

STRONGER TEAM



- Investing to grow the best team
 - Product & project knowledge
 - Career development
 - Safety
- Achieving high engagement & retention
 - Strong Bunnings connection
 - Build greater inclusion



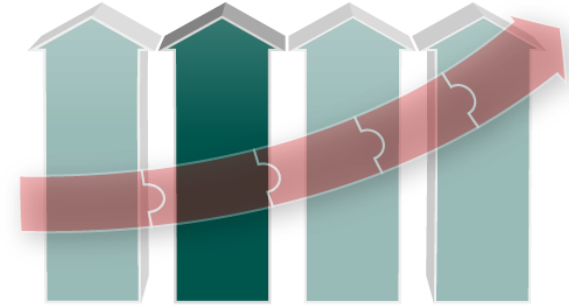
Stronger business

2. Better stock flow

BETTER
STOCK FLOW



- Hybrid model delivers best outcomes
 - Diverse stock types & sources
- Whole-of-chain productivity gains
 - Planned across all hybrid elements
 - Cost & GMROI improvements
- High in-stock levels remain a priority
- Complete & leverage DC up-scaling work
 - New DCs now open in Qld & NSW
 - New Vic DC under development



Stronger business

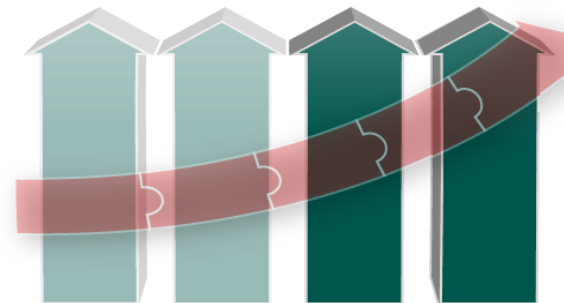
3. Productivity & 4. Community

LIFT
PRODUCTIVITY

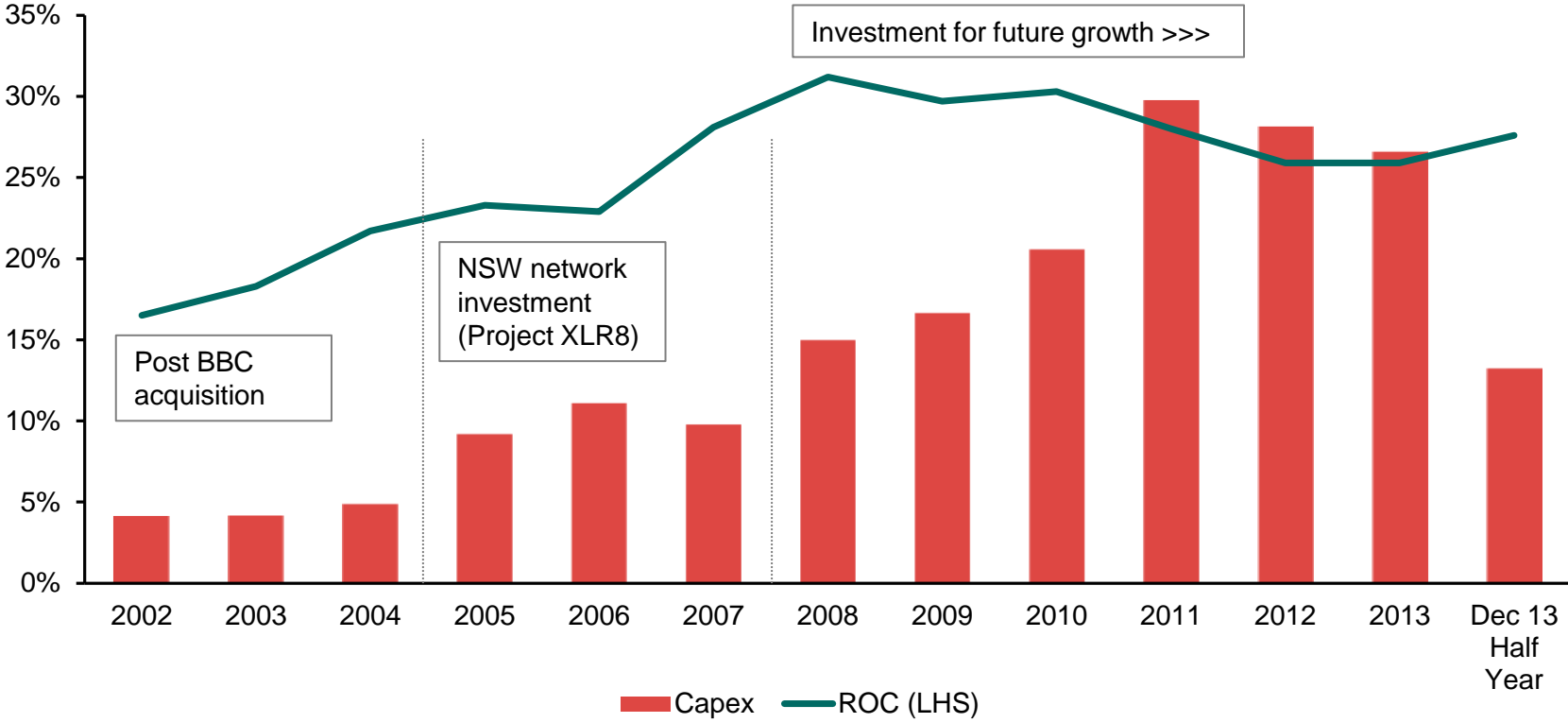
DEEPER
COMMUNITY
INVOLVEMENT



- Lift productivity
 - Focus on faster & easier core processes
 - » Better for customers; lift team availability
 - Reduce cost
- Deeper community involvement
 - Essential for customers & team
 - “What we sell, what we do & what we say”
 - Sincere, localised & meaningful actions
 - Less energy, less waste, less water = less cost



Capital Management





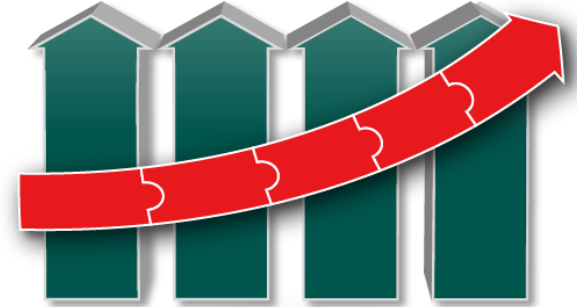
Positioned for continued growth

- Good trading momentum
 - Growing participation levels
 - All categories & all regions
 - Consumer & commercial
- Investment for growth
 - Property development & network renewal
 - Short-term costs to achieve best long-term outcomes
- Ongoing capital management disciplines
 - Lease terms that support long-term objectives



Positioned for continued growth (cont.)

- Lots of runway in +\$43 billion Australian market...
 - Similar position in NZ
- Strong customer loyalty & brand trust
- Team members engaged, focused, committed & energised
- “Drivers of growth” generating & capitalising on multiple opportunities
- “Stronger business” agenda underpins growth & business health



Australia's most trusted retail brand for 8 consecutive years



1. Bunnings



.....

2. Officeworks



.....

3. Q&A

Home Improvement & Office Supplies

Mark Ward
Managing Director, Officeworks





[Contact Us](#) | [Store Locator](#) | [Log In or Register](#) | [Cart \(0\)](#)

Officeworks
 Big Ideas. Lowest prices.

[Office Supplies](#) | [School & Art](#) | [Paper](#) | [Ink & Toner](#) | [Technology](#) | [Furniture](#) | [Kitchen & Cleaning](#) | [Services](#) | [Print & Copy](#)

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\$137 (Old Price \$179)

A4 Sustainable Environment Paper
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 Log In ID or Email Address
 Password [Log in](#)
[Register](#) | [I forgot my password](#)

Store Locator
 Find your nearest Officeworks store
 Suburb or postcode [Search](#)

Helping Businesses Grow
 Everything to help grow your business.

Acer V5-132 Notebook
 You'll love these low prices on tech products.

Molekine Range
 Notebooks for creative professionals and writing lovers.

Mother's Day
 Turn moments into memories this Mothers day.



- Strategic agenda
- Financial performance
- The market & trends
- Agenda update – growth, productivity & sustainability
- Current trading & outlook



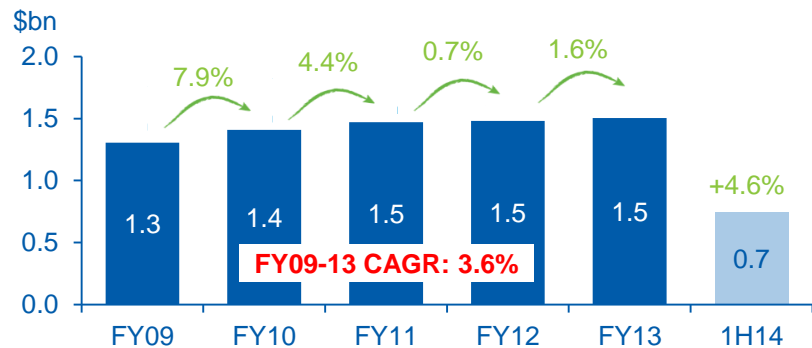
Driving sales & EBIT growth

- Relentless & consistent execution of 'Every Channel' strategy
 - Focus on delivering seamless customer experience – 'Anywhere, Anyhow, Anytime'
- Leverage core capabilities & differentiated strategic positioning
 - Lowest Prices, Widest Range, Great Service
- Increase presence & share of core & non-core markets
- Increase penetration of specific customer segments
 - Students, households, micro-business, SMEs
- Intensify productivity & ROC work
 - Inventory, working capital, space utilisation, CODB
- Continue adding inspiration, innovation & differentiation to:
 - Products & ranges
 - Service & services

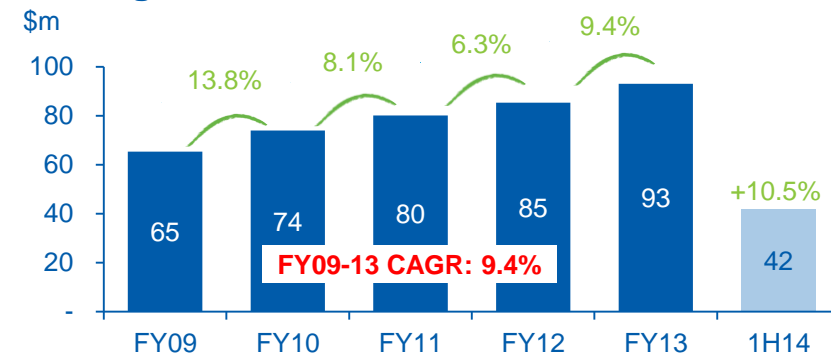


Historical performance

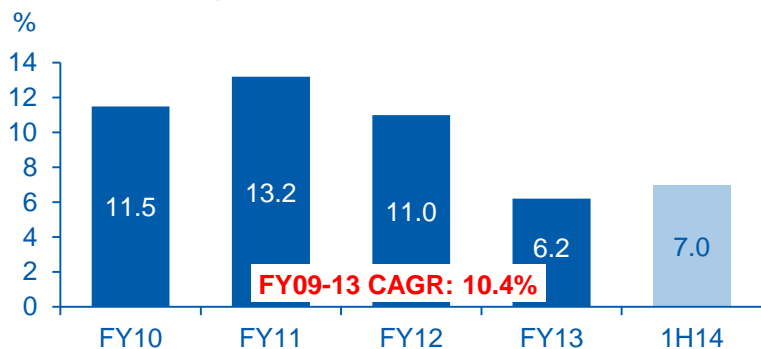
Revenue



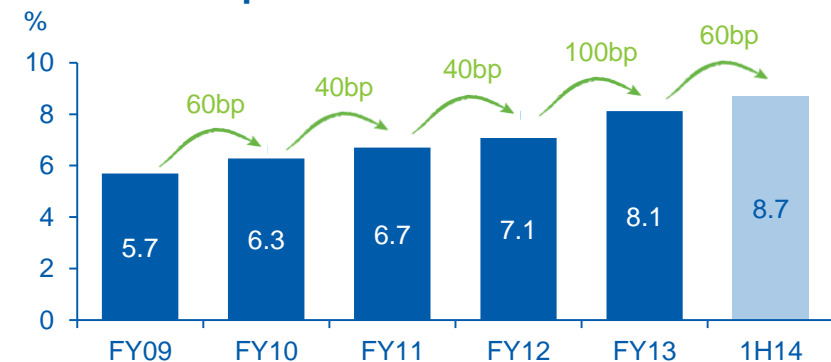
Earnings before interest & tax



Transaction growth



Return on capital



Sales growth of 5.3% FY14 YTD¹

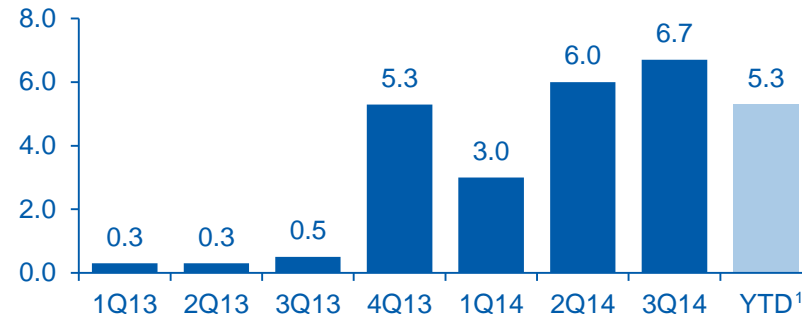
- Store sales growth gaining momentum
 - 12 consecutive halves of store transaction growth
- Nine consecutive halves of >10% online sales growth
 - Annualised online sales now exceed \$180 million

1H14 EBIT growth 10.5% & ROC growth of 16.0%

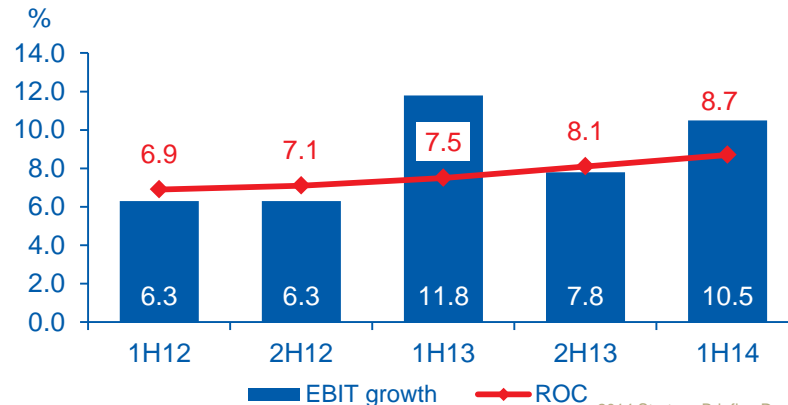
- Five year 1H EBIT CAGR of 10.9%
- New categories delivering sales & margin growth
- ‘Every Channel’ investment to continue
- Ongoing focus on reducing CODB & lifting productivity

Sales growth momentum

% (sales growth)



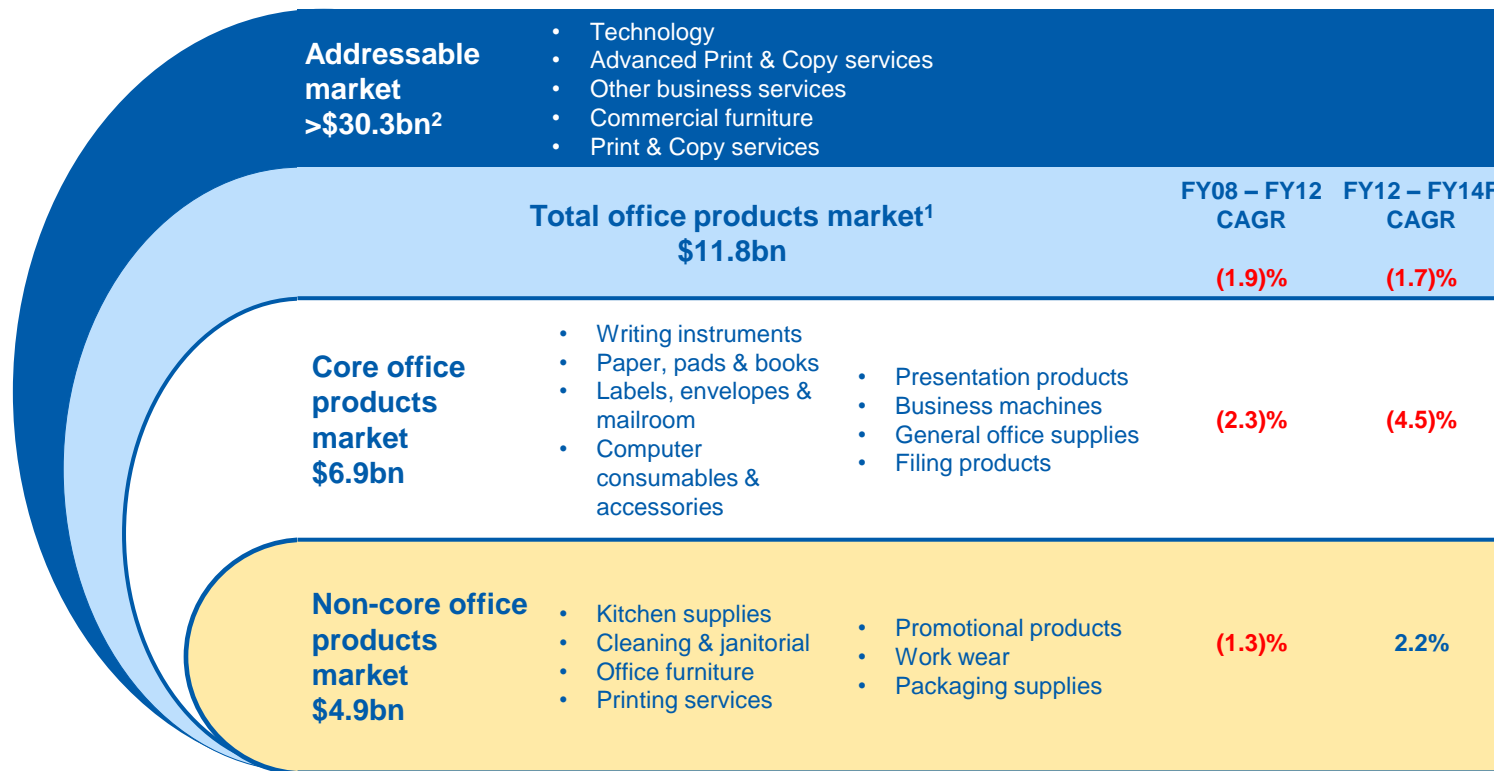
Strong earnings & ROC growth



¹ As at 31 March.

Our competitive advantage





¹ Market Size 2012 (2012 – 2014 Office Products in Australia, Penfold Research).

² Officeworks estimate.

Market & customers

- Overall market flat
- Customer purchasing shifting
 - Smaller, more frequent transactions
- Move to digital/mobile
 - ‘Everywhere, All the Time’
- Dealer consolidation
 - Declining number of small dealers
- Direct importing growing
- Customers expect meaningful community engagement

Product

- Growth coming from non-core categories
- Price deflation starting to dissipate
- Private label growth at expense of secondary brands
- Growth in fashion/design-oriented products
- Growth in packaging/shipping products
- Growing industry focus on ethical sourcing

Market participants

Technology (incl. consumables)	Office supplies	Furniture	Print & Copy
Multi-category competitors			



lowest
prices

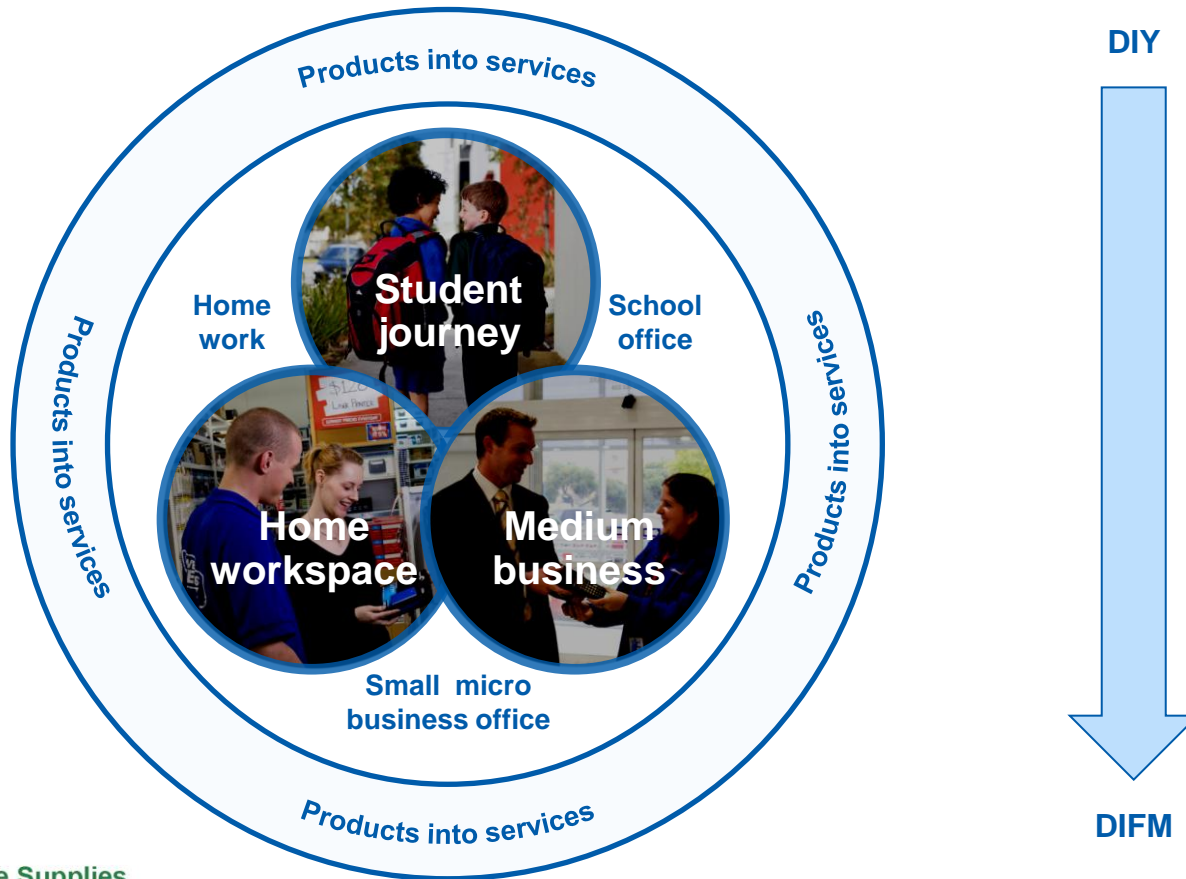


widest
range

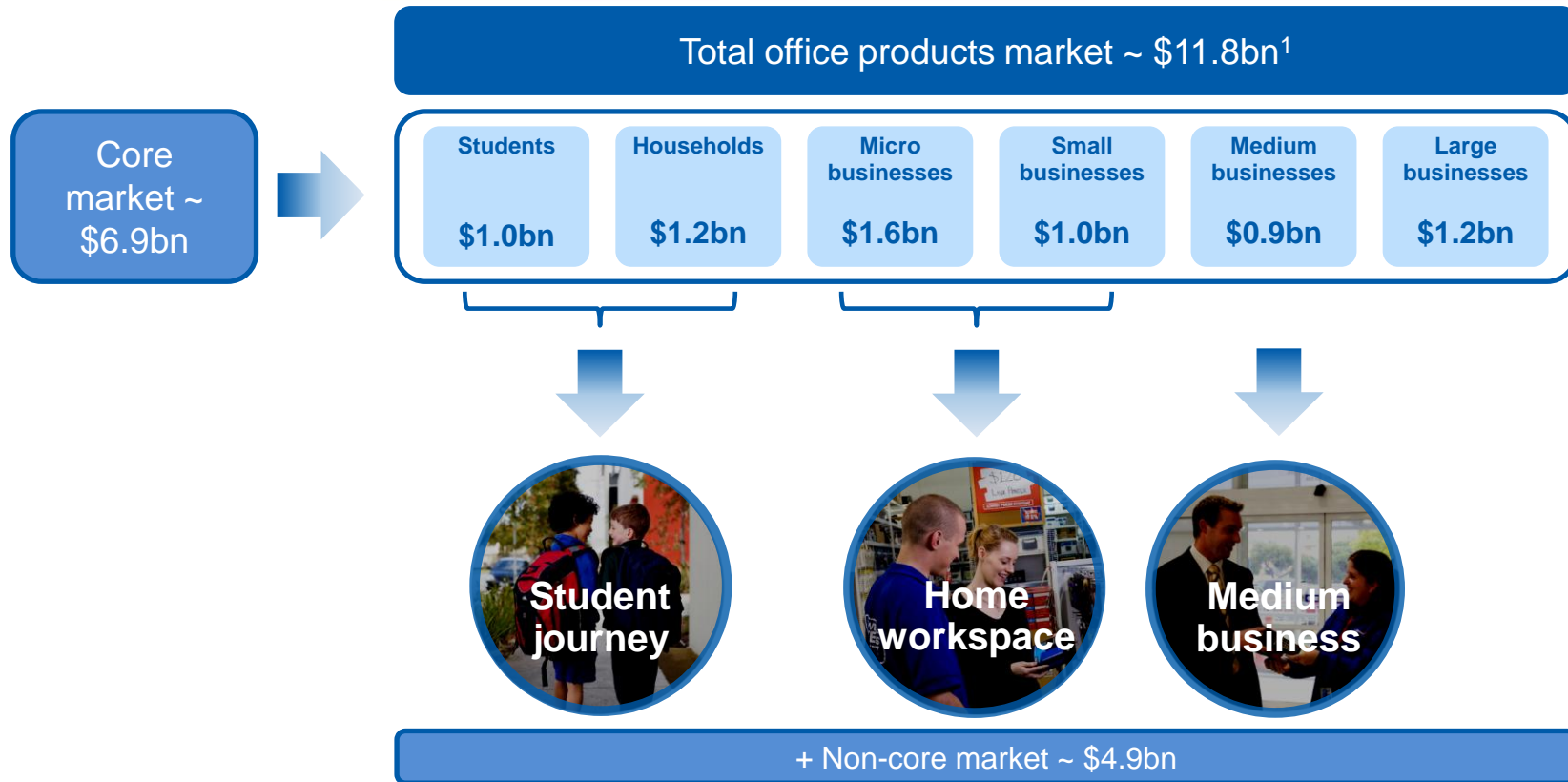


great
service

Market by customer segment



Market by customer segment

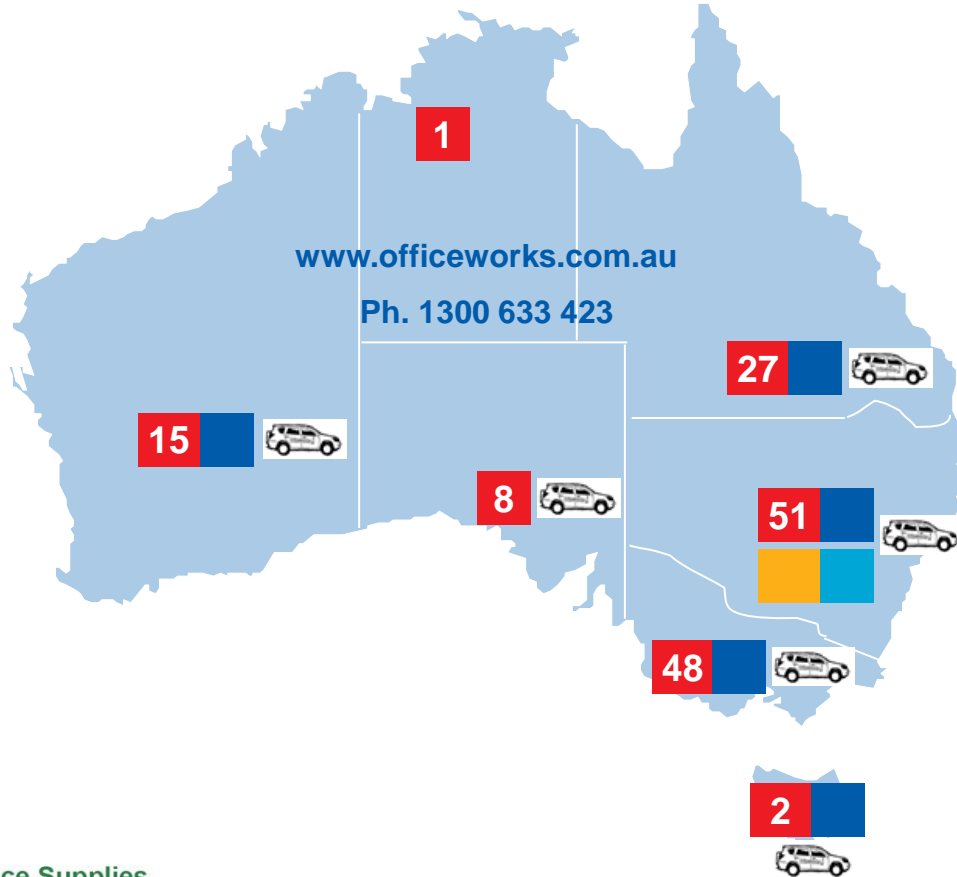


¹ Market Size 2012 (2012 – 2014 Office Products in Australia, Penfold Research).

'Every Channel' strategy



'Every Channel' presence



- 152 retail stores
- Fulfillment centres
- Call centre
- Print hub
- 50+ Account mgt

As at 31 March 2014.

Home Improvement & Office Supplies

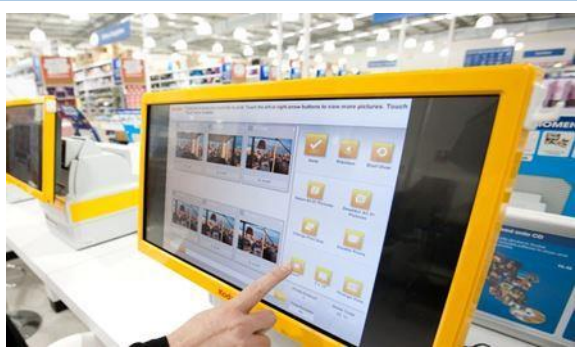
Growth agenda



Enhancing choice



Merchandise expansion



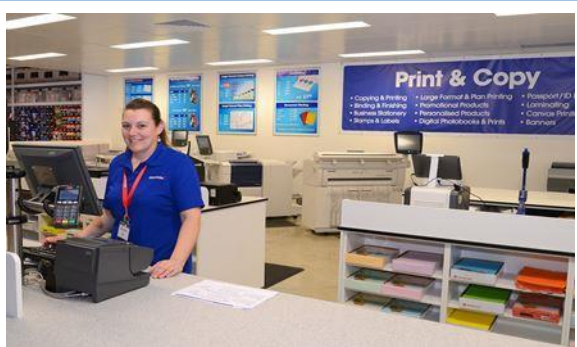
Print & Copy extension



Furniture authority



Extending reach



Service & services

Enhancing choice

- Adding 'want' to 'need'
- Colour & style pallets
- Exclusive distribution of new brands
- Balancing national & private brands



Merchandise expansion

- 60% of stores completed
 - Pleasing sales uplift to-date
- New & expanded categories
 - Canteen & cleaning, cables



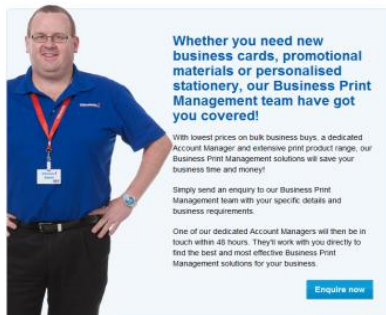
Before



After

Print & Copy extension

- Expanded offer driving growth in stores & online
- Expanded design services offer



Furniture authority

- Range reset – functional & inspirational
- Ease of shopping in-store & online
- Grow commercial furniture sales



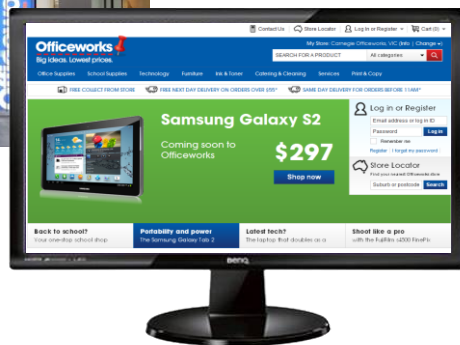
Yesterday's Range



Today's Range

Extending reach

- Growing presence in B2B market
- Refining CBD store concept
- New & improved website (including mobile)



Service & services

- Ongoing investment in great service
 - Replace task with customer engagement
 - Increase face-to-face interaction
- Creating a compelling point of differentiation
 - ‘One Stop Shop’
 - Supporting products with services



Working capital improvement

- System investment to further lift stock turns
- Supplier partnerships to improve creditors days
- Reducing debtors days

Improve space utilisation

- Disciplined range review process
- Optimised facings creating space
- Adding new & expanded categories

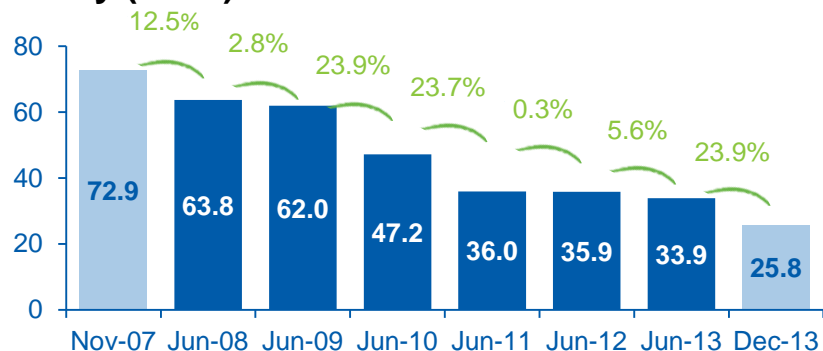
Reduce CODB & complexity

- Ongoing reduction in non-value add tasks
- System & people investment driving efficiencies
- Ongoing supply chain adjustments

Refresh & reshape store network

- Complete merchandise expansion program
- Optimise store portfolio

Safety (AIFR)



Ethical sourcing

- Committed to highest sourcing standards
 - Incl. independent factory audits
- Global Forestry & Trade Network participant
- Sedex¹ membership

¹ Supplier Ethical Data Exchange.

Environment

- 15% increase in store waste recycling
- Largest collector of ink & toner for recycling
- Retro-fitting LED lighting in stores
- Computer equipment recycling program

Community

- Smith Family 'Back to School' appeal
- Aust. Literacy & Numeracy Foundation partnership
- Community involvement - 'We live here too'



- Q314 headline sales growth of 6.7% & 5.3% YTD
 - Record ‘Back-to-School’ results
 - Adjusted¹ headline 3Q14 sales growth of 5.2%
 - Strong transaction & unit growth
- 1H14 EBIT growth of 10.5%
- Ongoing ‘Every Channel’ investment
 - Six new stores opened during 1H14
 - >50% of store network trading under new format
 - New website launched

¹ Adjusted for movement of Easter in 2014 compared to 2013.



- Focus on
 - Disciplined execution of strategic agenda
 - » Continued sales & EBIT growth
 - » Productivity actions to drive ROC growth
 - Exploring growth opportunities that enhance shareholder returns
- Trading conditions to remain tight/challenging
 - Business confidence to remain flat
 - Competitive pressure to remain strong
 - Officeworks market outperformance expected to continue



Questions

John Gillam, Managing Director, Home Improvement & Office Supplies
Mark Ward, Managing Director, Officeworks



Resources

Stewart Butel
Managing Director



1. Wesfarmers Resources – Overview
2. Global environment
3. Wesfarmers Resources – FY14 outlook
4. Strategy review
5. Outlook

- Two world-scale coal mines
- Global markets with majority of exports to Asia
- Curragh QLD (100% equity interest)
 - Metallurgical coal for off-shore steel-making
 - Steaming coal for domestic power generation
- Bengalla NSW (40% equity interest)
 - Export steaming coal for Asia



2014 'look forward' – significant reserves remaining + growth opportunities

- Track record of strong, but cyclical returns
- Coal export market provides global exposure
- Long-term fundamentals for export coal remain robust
- Curragh & Bengalla positioned for long-term sustainability
 - Established track records in mine cash cost performance, with significant reductions achieved
- Counter-cyclical opportunities:
 - Additional reserves (e.g. MDL162)
 - Lower-cost growth, including mine expansions
- FY15 expected to be a year of continued variability
 - Low export pricing

Balance sheet & reserves base

Metrics as most recently reported

BALANCE SHEET	Division capital employed (R12 \$ million)	1,460 ¹
	COAL RESERVES (MILLION TONNES)²	
	Curragh existing	232 ³
	MDL162	67 ⁴
	Bengalla (40%)	66 ⁵

¹ As at 31 December 2013.

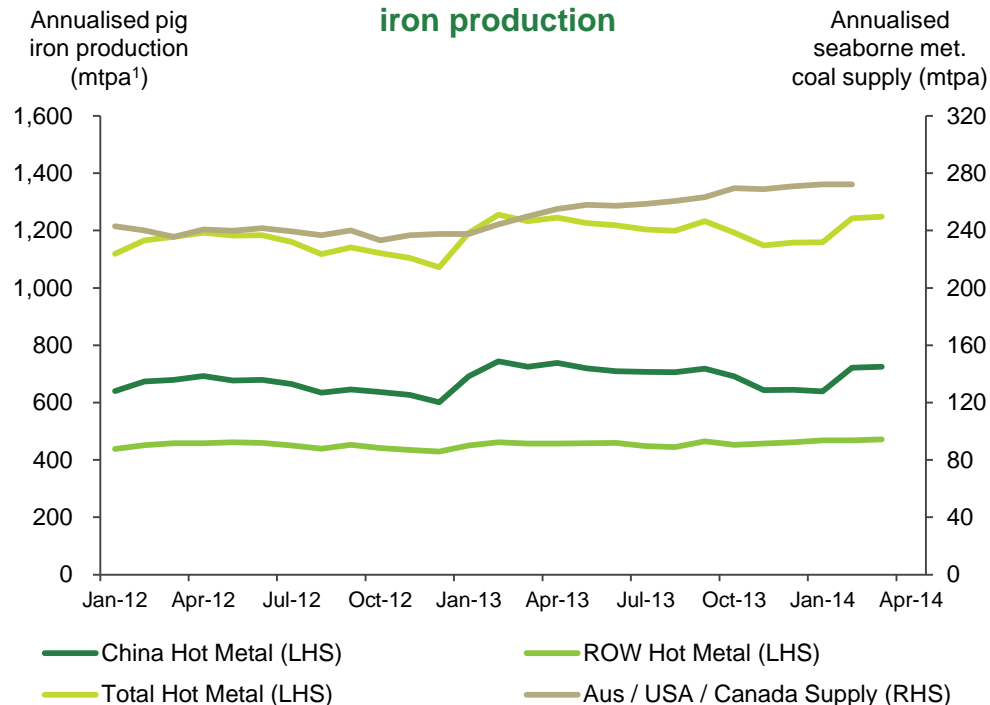
² Curragh & Bengalla as reported on 30 June 2013 in accordance with the JORC Code 2004 & MDL162 as per Acquisition Announcement dated 20 January 2014 reported in accordance with the JORC Code 2012.

^{3,4,5} Refer disclosure notes on slide 134.

- Global world blast furnace iron production stable excluding China
 - Volatility from China, excess steel capacity constraining price improvement
- Metallurgical coal market in oversupply
 - Japanese policy & sales tax increase
 - Slower growth in China & India
 - Stabilisation of Eurozone
 - Supply cuts emerging in USA & Canada
- Spot prices stabilised from March 2014 lows
- Current low export prices affecting many producers' ability to cover full cost of production
- Signs emerging that the bottom of the market may have been reached
- A\$:US\$ exchange rate remains high
- Long-term metallurgical coal fundamentals remain sound

2013: Metallurgical coal supply growth

Seaborne metallurgical coal supply & pig iron production



- CY13 metallurgical coal market characterised by supply growth (+14%), predominantly from Australia, US & Canada
- Supply growth from new mines & productivity response from many producers
- BHP Billiton increased metallurgical coal production by 25% in CY13
- Australian industry cost competitiveness improving

Source: Wood Mackenzie, World Steel Association, Wesfarmers Resources research

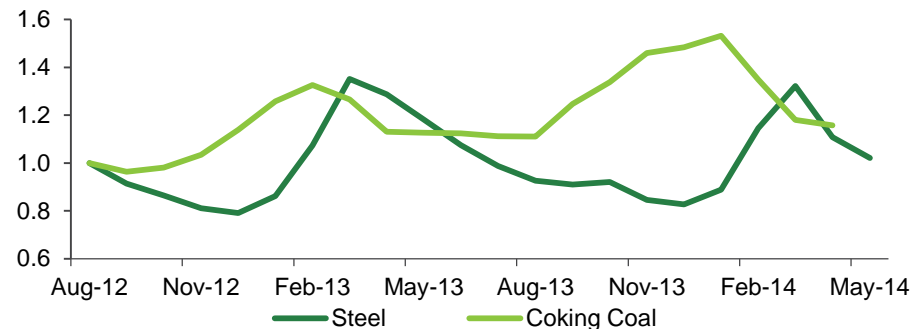
¹ Million tonnes per annum

Resources

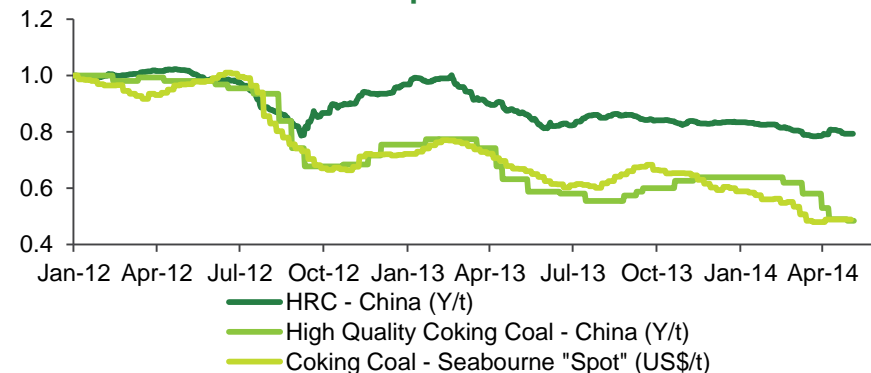
2014: Chinese growth decelerates

- Chinese policy affecting steel confidence & appetite for imports
 - GDP growth slowing
 - » 2013 – 7.7%; 2014 (target) – 7.5%
 - » April 2014 PMI – 50.4
 - Pollution controls
 - Currency & credit controls
 - Target to reform inefficient State owned enterprises
- Steel & coking coal inventories falling from peak levels in early 2014

Chinese inventories¹



Relative price movements²



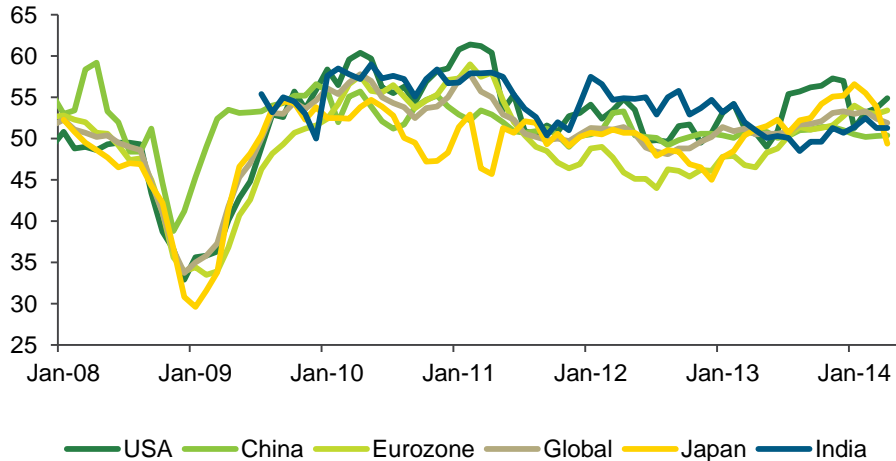
Source: Mysteel, SX Coal, Wesfarmers Resources research

¹ August 2012 basis.

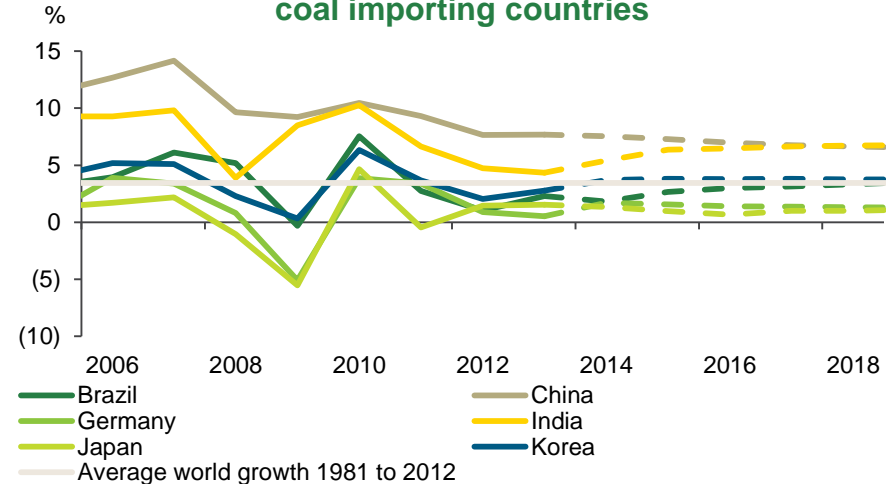
² January 2014 basis.

- Global forward indicators generally improving
- Recent decline in Purchasing Managers Index for Japan
- Strong long-term growth rates still expected for developing economies, notably China & India

Historical global manufacturing PMI



Year-on-year GDP growth for key metallurgical coal importing countries

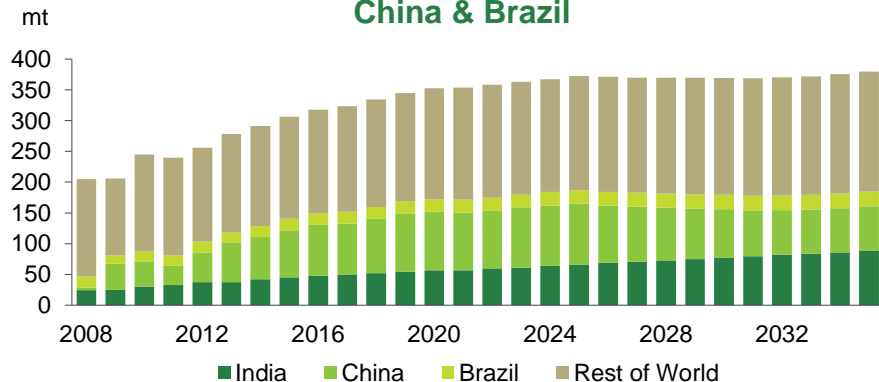


Source: IMF, Wesfarmers Resources research

Metallurgical coal – global demand outlook

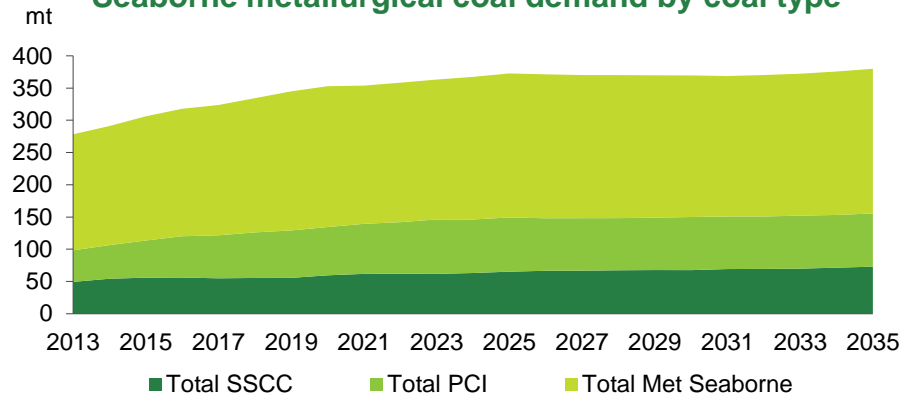
- Growth in emerging economies to drive steel demand & metallurgical coal demand
 - Chinese seaborne demand forecast to peak at ~100mt in mid 2020s
 - Indian seaborne demand forecast to grow to ~70mtpa in mid 2020s
- Current oversupply scenario will revert given projected demand growth, supporting investment in new capacity
 - Expansion of existing low cost mines
 - New mine development

Seaborne metallurgical demand growth in India, China & Brazil



Source: Wood Mackenzie Coal Market Service

Seaborne metallurgical coal demand by coal type

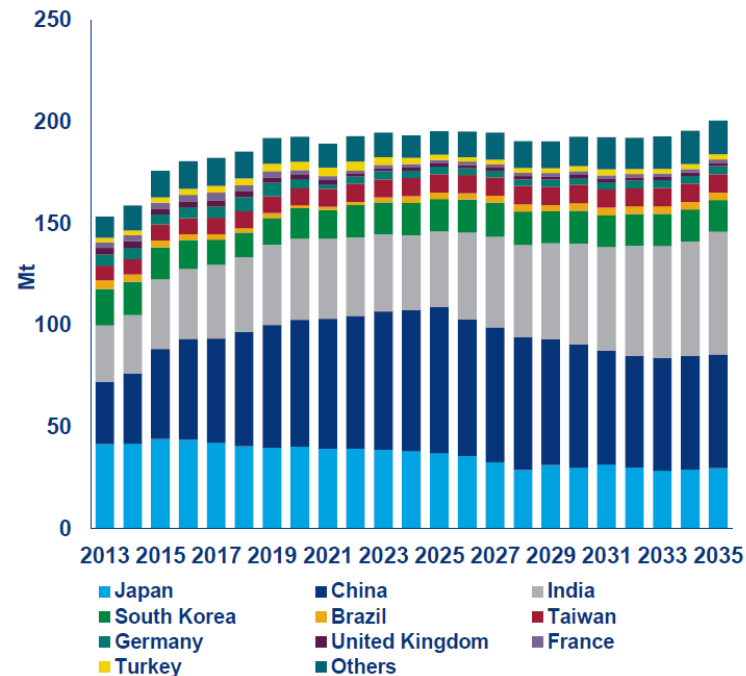


Source: Wood Mackenzie Coal Market Service

Metallurgical coal – Australian supply outlook

- Slowing Australian supply growth from high rate in 2013
- Minor impact of Australian wet season in 2013-14
- Australia well placed to supply growth in Asian metallurgical coal demand
- Recapture market share from US
- Strong growth in Australian metallurgical coal exports forecast (+30% from current levels)

Australian exports by destination country
2013 to 2035

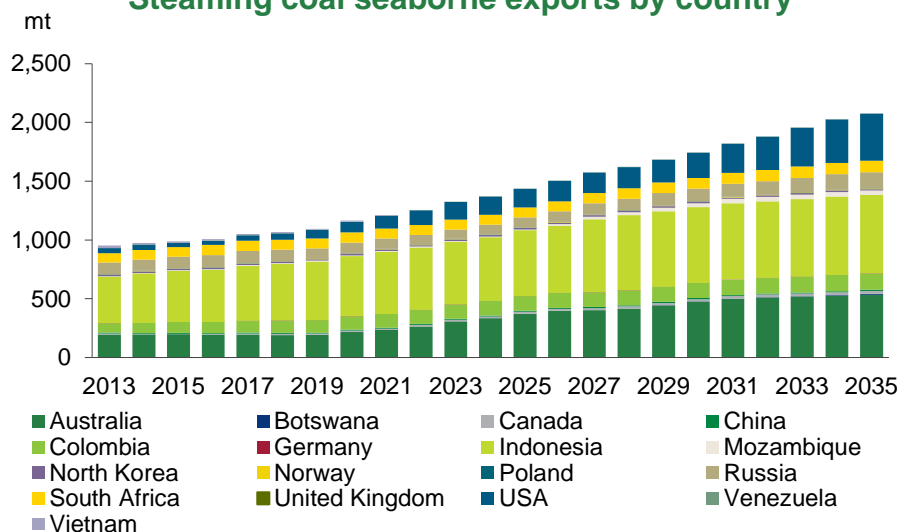


Source: Wood Mackenzie Coal Market Service

Steaming coal – outlook

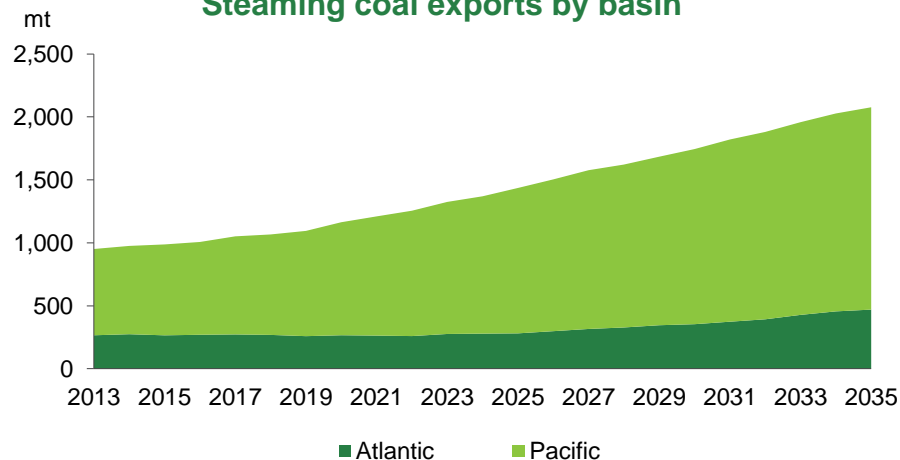
- Continued import demand growth anticipated from China & India
- Australian & Indonesian producers expected to compete as major suppliers

Steaming coal seaborne exports by country



Source: Wood Mackenzie Coal Market Service

Steaming coal exports by basin



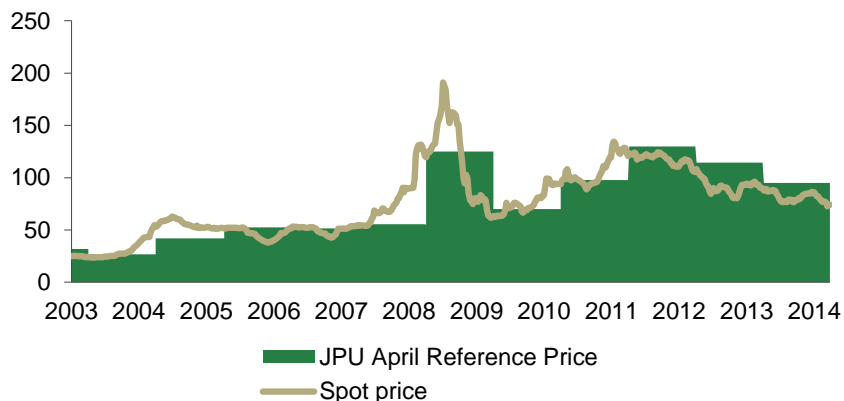
Source: Wood Mackenzie Coal Market Service

Australian coal market prices

- US\$ coal prices have significantly weakened since 2011
- Price relativity between metallurgical coal & steaming coal has compressed
 - Rate of decline of metallurgical has exceeded that of steaming coal over the last 12 months
- US\$ price declines exacerbated by continued high A\$:US\$ exchange rate
- Metallurgical coal spot prices have stabilised from March 2014 lows

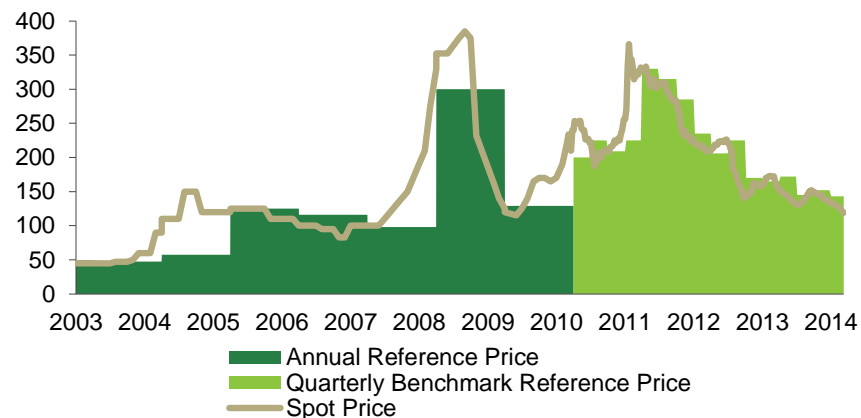
Australian steaming coal prices

US\$/tonne (nominal) FOB Australia (annual versus spot)



Australian hard coking coal prices

US\$/tonne (nominal) FOB Australia (annual versus spot)



Source: Energy Publishing, Tex Report, Macquarie Research, CRU

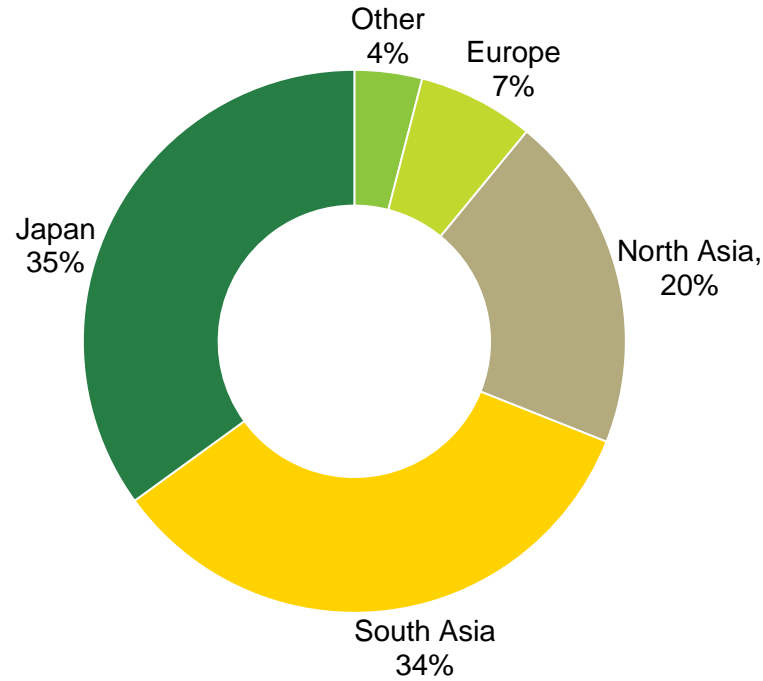
- Forecast Curragh metallurgical coal sales of 8.0mt – 8.5mt
- Estimated full-year sales mix (Hard 39%; Semi 30%; PCI 31%)
- Continuing strong mine cash cost focus
- Full-year Stanwell Rebate estimate of \$100 - 120 million at A\$:US\$ of 0.90

Coal production volumes to 31 March 2014

Mine	Beneficial Interest	Coal Type	YTD ended ('000 tonnes)	
			Mar-14	Mar-13
Curragh, QLD	100%	Metallurgical	6,404	5,402
		Steaming	2,570	2,394
Bengalla, NSW ¹	40%	Steaming	2,633	2,194
Total¹			11,607	9,990

¹ Wesfarmers attributable production.

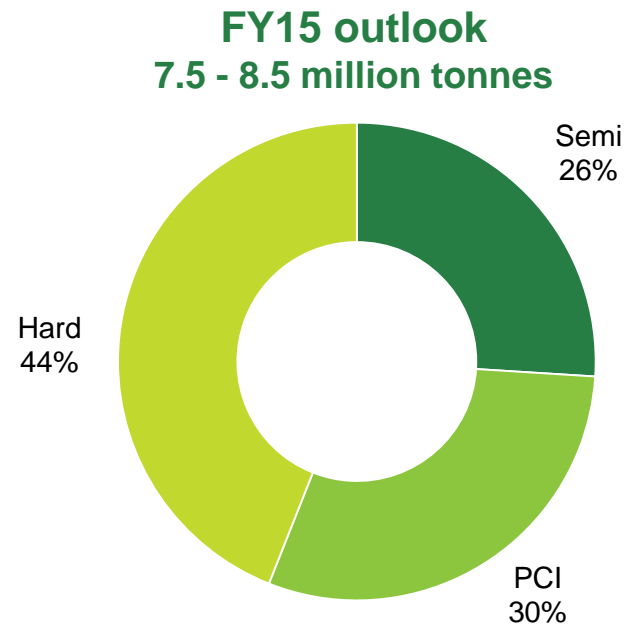
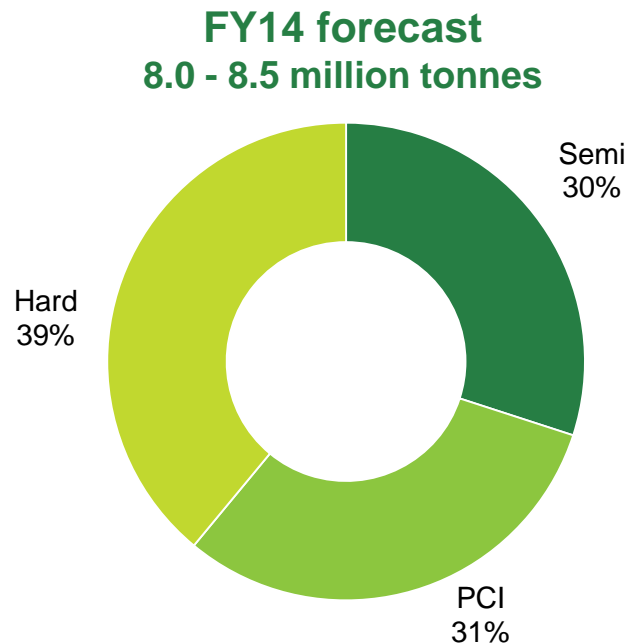
Curragh's metallurgical coal sales by destination FY14¹



¹ Forecast for the 12 months to 30 June 2014.

Curragh's export metallurgical sales product mix

- FY14 product mix affected by steel mill preference for lower quality coals



CURRAGH			BENGALLA		
Year end 30 Jun	Current US\$ sold forward (US\$m)	Average A\$ / US\$ hedge rate	Year end 30 Jun	Current US\$ sold forward (US\$m)	Average A\$ / US\$ hedge rate
2015	592	0.87	2015	161	0.88
2016	430	0.88	2016	154	0.89
2017	258	0.86	2017	81	0.86
2018	108	0.81	2018	40	0.81

- Incremental hedging activity is continuing in line with market conditions

Strategy

Comments

PRODUCTIVITY & MINE OPTIMISATION

Maximise shareholder value from reserves over time

- Cost control
- Mine optimisation

Curragh

- 8.0 - 8.5mtpa export capacity – operations exceeding nameplate
- 38% cash cost reduction from 1H FY12 peak

Bengalla

- 9.3mtpa ROM capacity – operations exceeding nameplate
- Further reduction in unit cost rate achieved

Lowest cost quartile mine cost structures for both HCC (Curragh) & export steaming coal (Bengalla)

MINE EXPANSION

Expand existing mines

Feasibility studies completed for next-stage expansion options for both mines

- Curragh: expandable to 10mtpa export capacity
- Bengalla: expandable to 10.7mtpa ROM capacity

PRODUCT EXTENSION & MARKET REACH

- MDL 162 acquisition
- Evaluate acquisitions that offer economies of scale or downstream benefits
- Counter-cyclical timing may present opportunities

SUSTAINABILITY

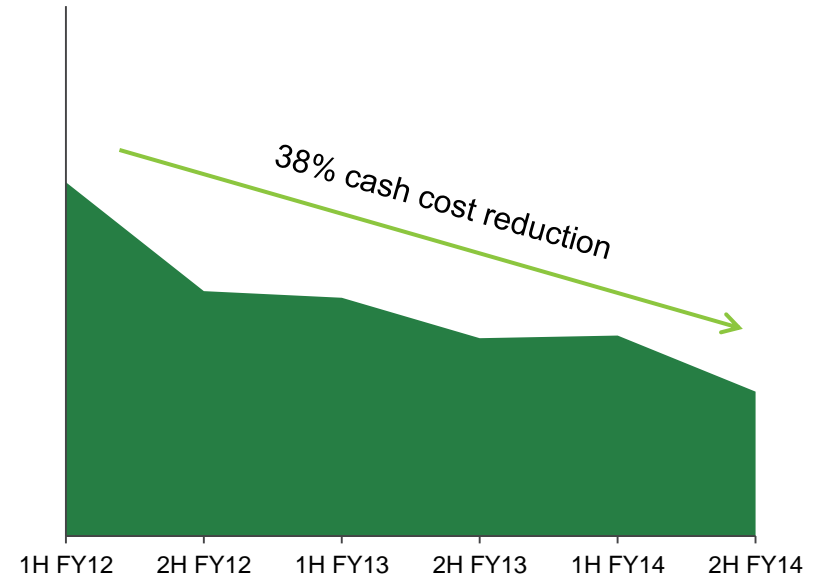
- Significant improvement in safety performance
- Environmental performance
- Community engagement

Productivity & mine optimisation

Curragh mine cash costs update

- Continued focus on cost control & productivity improvements
- ~38% cash cost reduction from 1H FY12 peak
- Targeting a FY15 cost base that embeds a 30% reduction (from 1H FY12 peak)
- Cost performance sustained by:
 - Reduced contractor activity
 - Optimised mine design
 - Engagement with all mine suppliers
 - New contracts signed for overburden, explosives supply & fuel
 - Mine productivity improvements

Mine cash costs per tonne (excl. carbon tax)

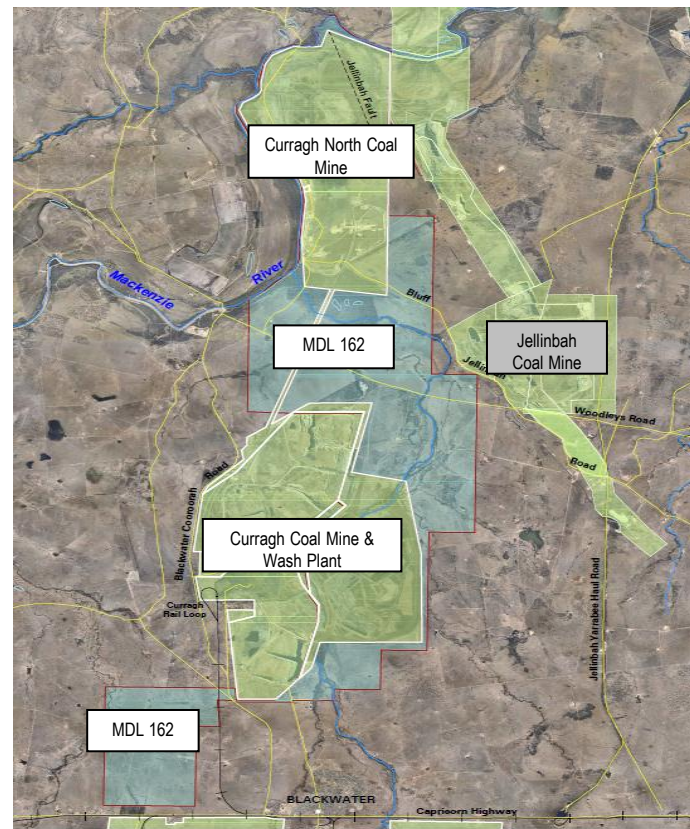


Mine expansion

Curragh 'capital light' expansion to 10mtpa

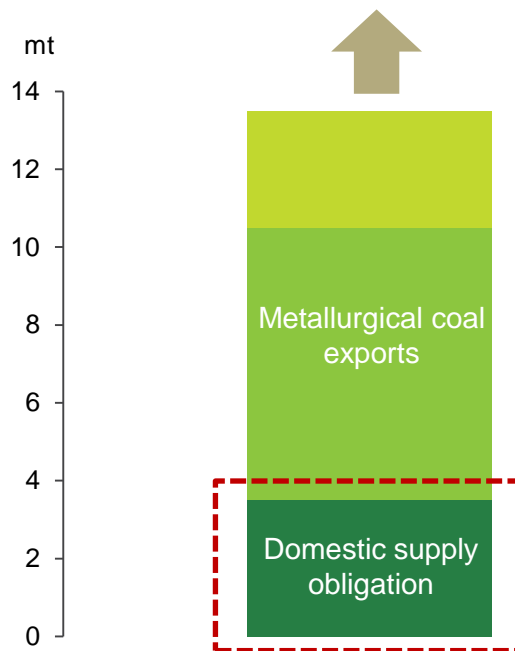
- Feasibility study completed
- Potential to expand Curragh to 10mtpa export capacity in CY15
 - Major infrastructure in place
 - Low incremental capital cost
 - Tier 2 Stanwell Rebate to apply
 - Positioning for market improvement
- WICET¹ Stage 1 (27mtpa) expected from 1H CY15
 - Curragh share of capacity is 1.5mtpa
 - Above & below track rail capacity secured
 - Underpins expansion of Curragh to 10mtpa export capacity
- Investment decision targeted 2H CY14, subject to market conditions

¹ Wiggins Island Coal Export Terminal.



Curragh – low cost expansion to 10mt exports

- Major infrastructure already in place
- Low incremental capital cost to expand
- Lowers fixed costs per tonne through increased volume
- Maximise leverage to market recovery



Expansion to 10mt can further increase net margins

- Exports > 7mt
 - 'Tier 2' Stanwell Rebate
 - Low Stanwell Rebate applies
 - Increased fractionalisation of fixed cost over additional volume
- First 7mt export metallurgical coal
 - 'Tier 1' Stanwell Rebate
 - High Stanwell Rebate applies
- Stanwell steaming coal

Product extension & market reach

Curragh development of MDL 162

- Acquisition of MDL 162 from Peabody Energy Australia for \$70 million
 - Opportunity to utilise existing Curragh infrastructure including CHPP¹, rail loop & mining equipment
 - Extends Curragh mine life & provides option to further optimise mine operations
 - Coal produced is not subject to Stanwell Rebate
- Feasibility Study underway
 - Mine planning, infrastructure evaluation, stakeholder engagement & environmental studies have commenced
 - Further exploration drilling to commence Q3 CY14
- Anticipated timeline to development
 - Feasibility Study complete Q4 CY14
 - Mining Lease application Q4 CY14
 - Grant of Mining Lease estimated Mid-CY16

¹ Coal handling & preparation plant.

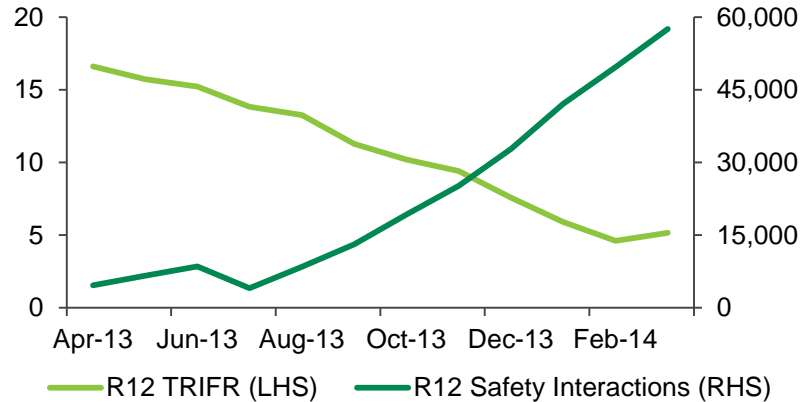
Mine expansion

Bengalla 'capital light' expansion – Stage 2

- Expansion to 10.7mtpa ROM tonnes
 - Stage One 9.3mtpa ROM
 - Stage Two 10.7mtpa ROM
- Stage One completed in Q2 CY12
 - Operations exceeding expectations
- Stage Two
 - Additional rail & port capacity secured
 - Feasibility study completed
 - Low incremental capital cost
- Investment decision targeted 2H CY14, subject to market conditions



Curragh R12 Safety Interactions vs. R12 TRIFR



As at	R12 LTIFR		R12 TRIFR	
	30-Jun-13	31-Mar-14	30-Jun-13	31-Mar-14
Division (excluding Bengalla)	1.9	0.6	14.8	5.0

- Safety benchmarking study undertaken in FY13
- Continuous improvement of safety performance to achieve best practice
- 12 months (March 2013 – February 2014) LTI free
- Targeting zero injuries

- Export markets
 - Metallurgical coal oversupply resulting in variable short-term metallurgical coal demand
 - Impact on Australian producers exacerbated by high A\$:US\$ exchange rate
 - Continued low export coal prices anticipated in 1H FY15
- FY15
 - Forecast Curragh metallurgical sales of 7.5 – 8.5mtpa (HCC 44%; Semi 26%; PCI 30%)
 - Stanwell Rebate anticipated to be in the order of A\$70 - \$90 million assuming A\$:US\$ of 0.90
 - Continuing & prioritised focus on cost minimisation

- Near term outlook remains challenging, but strong mine fundamentals exist
 - Long-life mines with excellent infrastructure
 - Long-term rail & port access in place
 - Long-term customer relationships
- Growth
 - Feasibility studies for mine expansions complete
 - Investment decision for expansion in 2H CY14, subject to market conditions
 - Continue to evaluate counter-cyclical opportunities

Note 3: The estimates of Curragh Coal Reserves have been carried out under the Australasian Code of Reporting of Exploration Results, Mineral Resources & Ore Reserves 2004 (the “**JORC Code 2004**”), & were reported as at 30 June 2013 in the 2013 Wesfarmers Limited Annual Report available at www.asx.com.au or www.wesfarmers.com.au. Estimates of Coal Reserves comprise 220 million tonnes of proved Coal Reserves & 11 million tonnes of probable Coal Reserves. Figures are rounded to the nearest million tonnes. The existing Curragh Coal Reserves information was compiled by & is based on & fairly represents information & supporting documentation prepared by Mr Barry Saunders (Member AusIMM) & Mr Johan Ballot (Member AusIMM) who have sufficient experience relevant to the style of mineralisation & type of deposit under consideration & to the activity they are undertaking to qualify as a Competent Person as defined by the JORC Code 2004. Mr Ballot & Mr Saunders have consented to the inclusion in the report of the matters based upon their information in the form & context in which it appears. Mr Ballot is an employee of Wesfarmers Curragh Pty Ltd. Mr Saunders is an employee of QGESS Pty Ltd.

Note 4: The estimates of Coal Reserves for MDL 162 have been carried out under the guidelines of the Australasian Code of Reporting of Exploration Results, Mineral Resources & Ore Reserves 2012 (the “**JORC Code 2012**”), & comprise 39 million tonnes of proved Coal Reserves & 28 million tonnes of probable Coal Reserves for total Coal Reserves of 67 million tonnes. Figures are rounded to nearest million tonnes. Refer to the detailed announcement issued on the ASX market announcements platform on 20 January 2014 titled “CURRAGH ACQUIRES ADDITIONAL COAL RESERVES” (“**Acquisition Announcement**”) available at www.asx.com.au or www.wesfarmers.com.au for further details. Wesfarmers Limited confirms that it is not aware of any new information & data that materially affects the information included in the Acquisition Announcement & all material assumptions & technical parameters underpinning the estimates of Coal Reserves in the Acquisition Announcement continue to apply & have not materially changed. Wesfarmers Limited confirms that the form & context in which the Competent Person’s findings are presented have not been materially modified from the original Acquisition Announcement.

Note 5: Bengalla Coal Reserves as shown are 40% of the 100% (166 million tonnes) assessment at 30 June 2013 which comprises 156 million tonnes of proved Coal Reserve & 10 million tonnes of probable Coal Reserves. Figures are rounded to the nearest million tonnes. The estimates of Bengalla Coal Reserves have been carried out under the Australasian Code of Reporting of Exploration Results, Mineral Resources & Ore Reserves 2004 (the “**JORC Code 2004**”), & were reported as at 30 June 2013 in the 2013 Wesfarmers Limited Annual Report available at www.asx.com.au or www.wesfarmers.com.au. The existing Bengalla Coal Reserves information was compiled by & is based on & fairly represents information & supporting documentation prepared by Mr Jonathon Buddee (Member AusIMM) & Mr Richard Ruddock (Member AusIMM) who have sufficient experience relevant to the style of mineralisation & type of deposit under consideration & to the activity they are undertaking to qualify as a Competent Person as defined by the JORC Code 2004. Mr Buddee & Mr Ruddock have consented to the inclusion in the report of the matters based upon their information in the form & context in which it appears. Mr Buddee & Mr Ruddock are employees of Rio Tinto Coal Australia Pty Ltd.

Questions

Stewart Butel
Managing Director



Guy Russo
Managing Director



- Kmart's vision
- Growth strategy
- Operational excellence
- Adaptable stores
- High performing culture

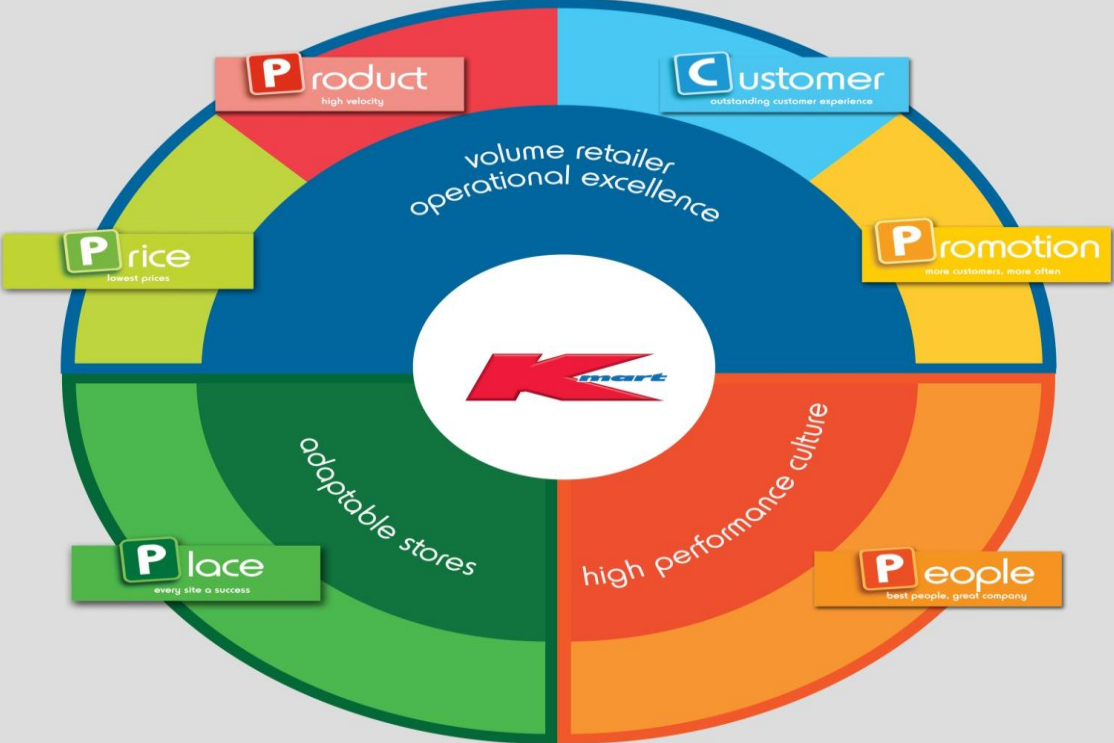
OUR VISION



Where families come first
for the **lowest prices**
on everyday items

- Since 2009 Kmart's vision has delivered:
 - Significant earnings growth (four year EBIT CAGR of 33.3%)
 - Strong improvement in Return on Capital (26.8% in 1H FY14, up from 7.4% in FY09)
 - Price reductions of over 30%
 - Unit growth of over 50%
 - Customer growth of over 28%

Our growth strategy

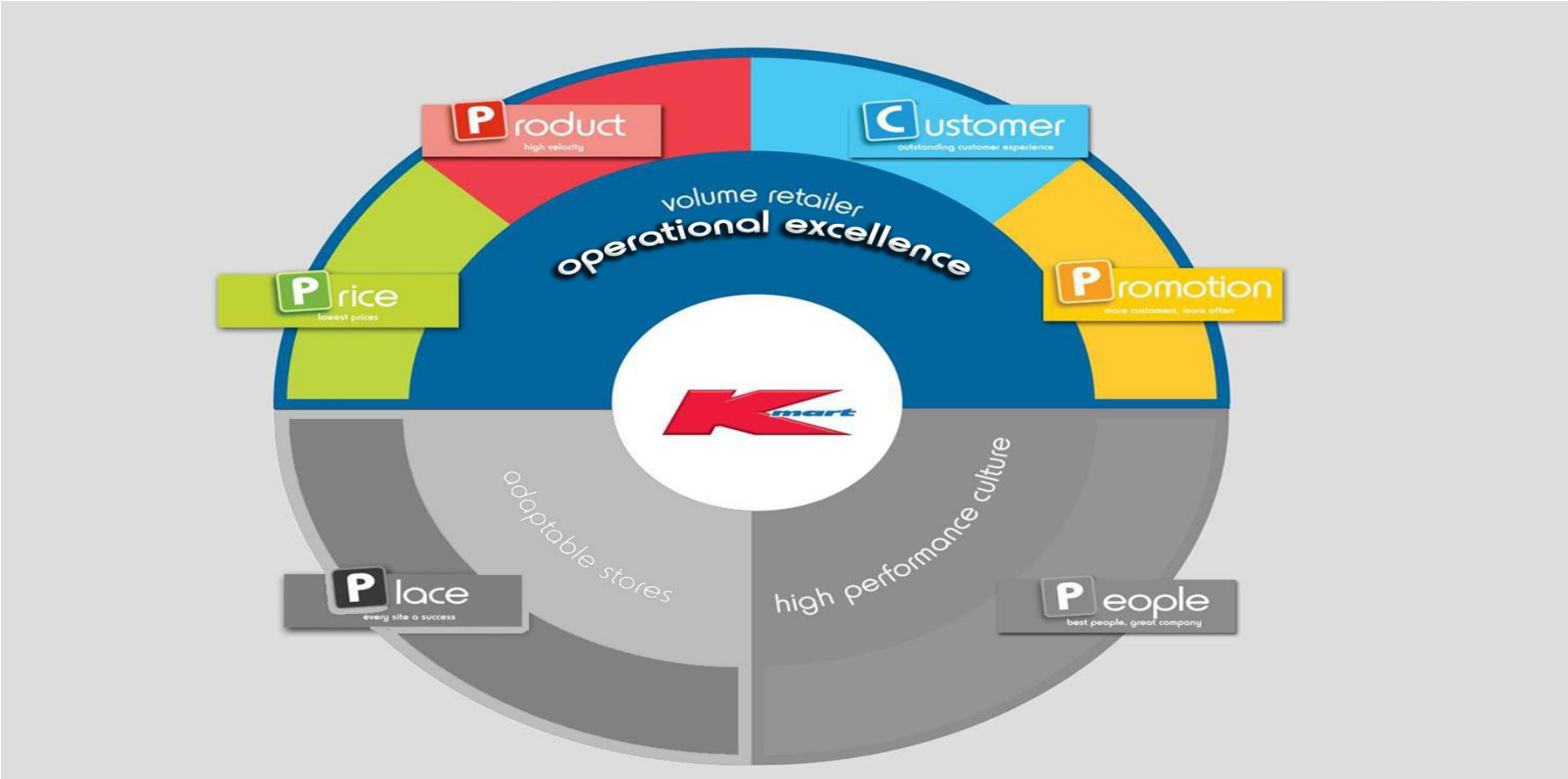


Low prices everyday



- Kmart's strategy remains unchanged
- Commitment to the lowest price on everyday items for families
- Focus on growth

Operational excellence





- Expansion of growth categories:
 - Party
 - Sport & Living
 - Home Decor





- Focus on end to end efficiency
- Improvements in productivity through:
 - Refinement of apparel critical path
 - Inventory simplification
 - Focus on “Last 50” metres



More happy customers

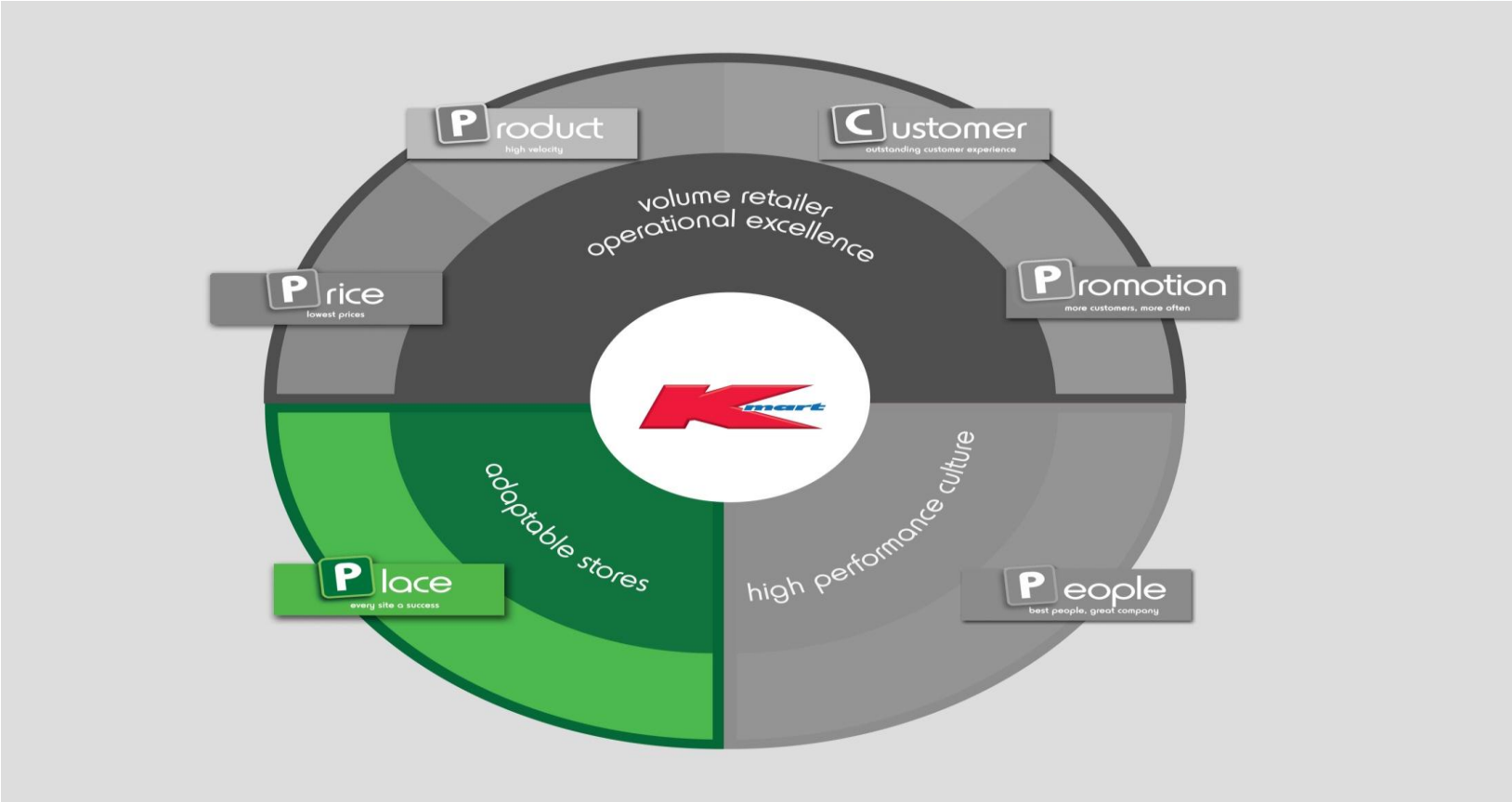


- Continued growth in customers
- Growth in items purchased per customer
- Development of online offer
- Tactical marketing

We are back on air!



Adaptable stores



Accelerated refurbishment program

- Three worlds (Clothing, Kids & Home)
- Adaptable product space within worlds
- Greater flexibility for change
- Central checkouts
- Reducing the cost of refurbishments

Clothing







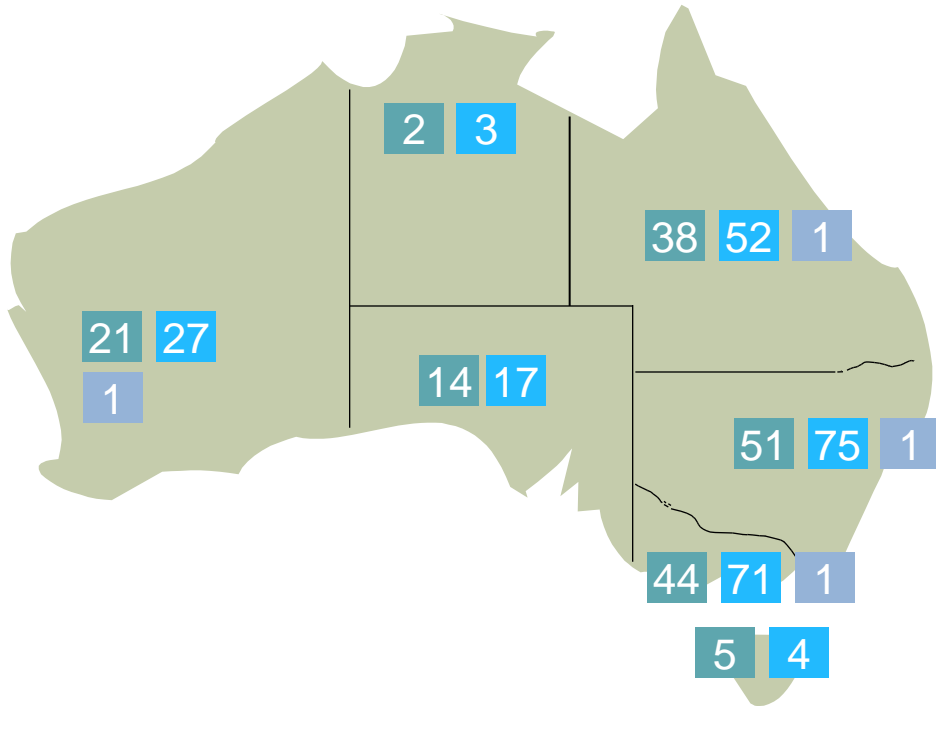
Central checkouts



More new Kmart stores



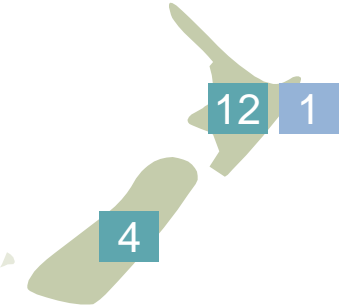
- Opening more Kmart stores
- Strong store pipeline (~40 stores over five years)
- Efficient store construction & fit-out



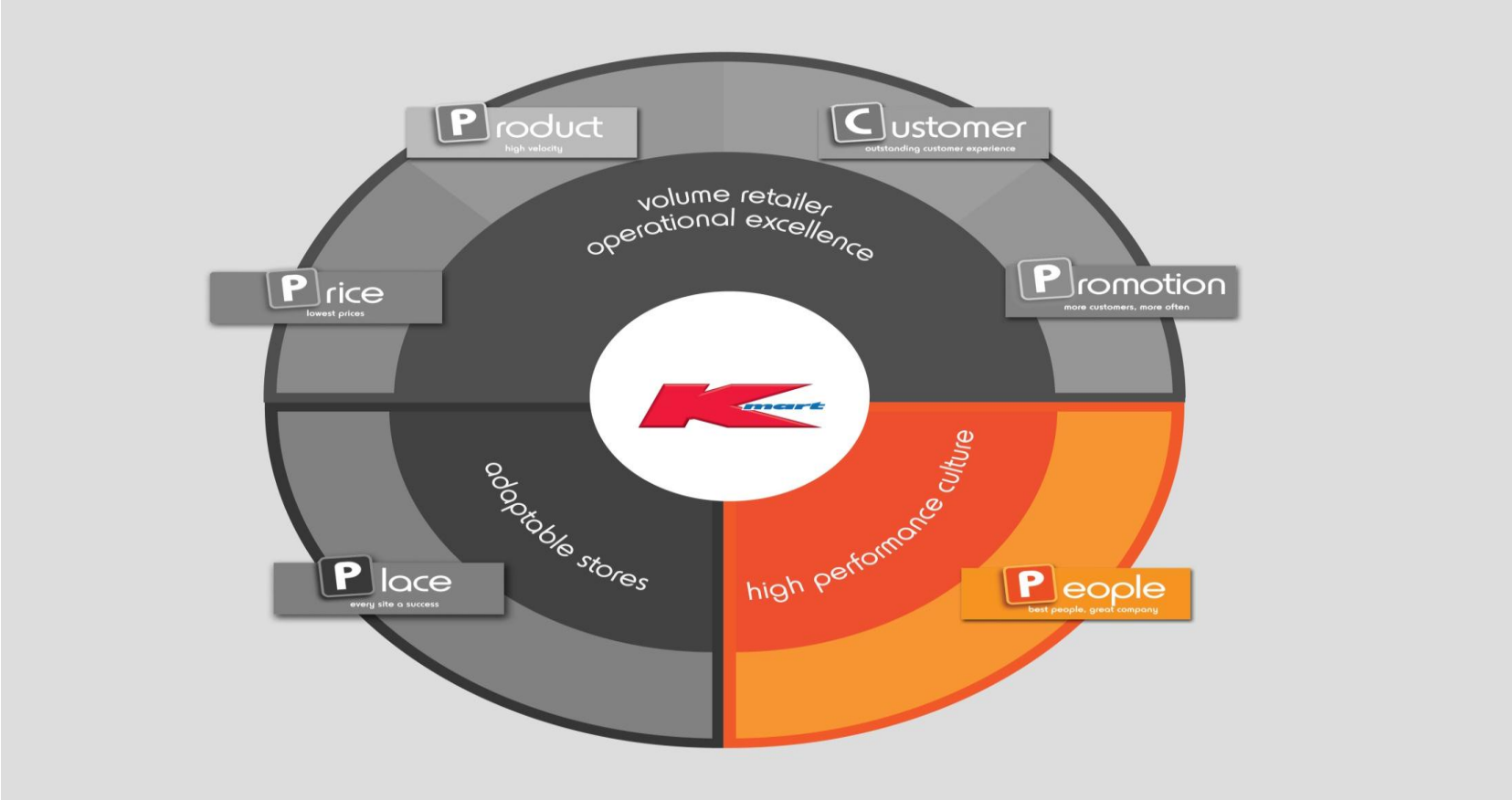
Quick Facts

- 191 Kmart stores
- 249 KTAS centres
- 5 Distribution centres
- + 31,000 Employees

At April 2014



High performing culture



Values

- Deliver results
- Integrity
- Customers come first
- Teamwork
- Boldness



UGRs are the Unwritten Ground Rules that guide our BEHAVIOURS at work & ensure we are all living the Kmart VALUES everyday

Our local & global community network

Australia



Global



China



India



Bangladesh

- Continue to lead on price & value
- Open more stores
- Accelerate refurbishment program
- Simplify inventory management
- Drive a low cost culture
- Continue to prioritise safety

Thank you



Questions

Guy Russo
Managing Director



Target



Stuart Machin
Managing Director



Making
Target
great
again



- Executive summary
- Progress on legacy issues
- Transformation plan
- Our competitive advantage

- Clear purpose & strategy
- Detailed transformation plan in place
- 12 months of progress despite challenging trading
- Where product is right – sales have improved
- Customer transactions have now stabilised
- Lower costs of doing business & improved inventory position
- Leadership team now in place

Progress on legacy issues

in progress

- leadership team in place
- need to embed new culture

good progress

- CODB under control
- supply chain phase 1 Jun-15 phase 2 Jun-16

good progress

- in place by Jun-15



in progress

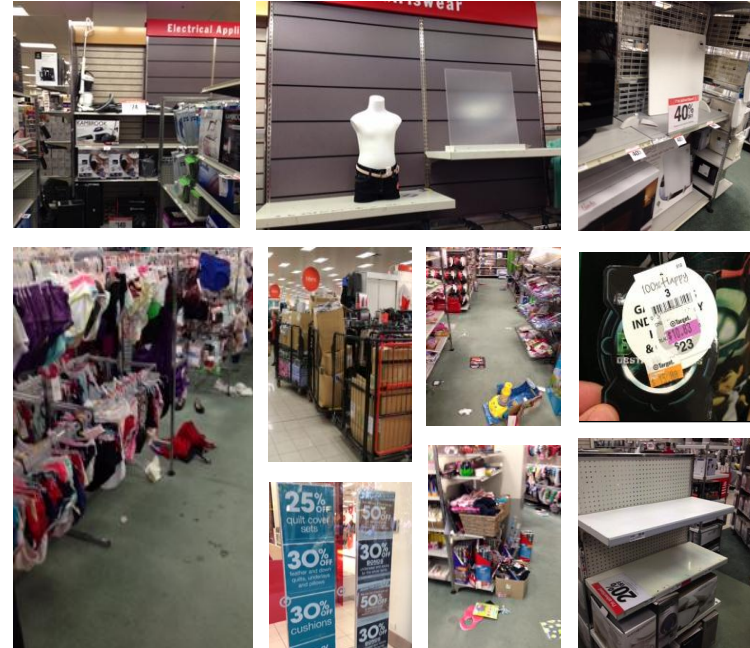
- service improved
- lots do in-store & online

good progress

- range by Aug-14
- inventory by Jun-15

significant progress by Aug-14

Lack of financial discipline & poor processes



Our purpose

Making fashion, style & quality affordable

Our customer

The contemporary family with mum at the heart of our brand

Our values

- Customers first
- Keep it simple
- Never rest in aiming higher
- Do the right thing
- Be bold & innovate



Making fashion, style & quality affordable

Fashion



on-trend
in the moment
not always disposable

Style



timeless
never dates
consistent everyday basics

Quality



quality is our heritage
known for durability
known for consistency of fit

Affordable



lowest price for fashion & style
everyday items at great prices
amazing events

The contemporary family with mum at the heart of our brand



Our transformation plan: horizons

Fixing the basics (FY14-15)

Growth & efficiency (FY16-17)

The Target difference (FY18)

Outstanding
customer
experience

- Improve availability
- Enhance online functionality
- Improve service & refresh stores

- Maximise SKUs on replenishment
- Roll-out renewal program

- Integrated 'bricks & clicks'
- Differentiated store format
- Outstanding customer service

Right
product
choices

- Reduce SKUs

- Right range in the right store

- Edited ranges

Fashion &
style backed
by good
quality

- Refresh in-house design & trend capability

- Shorter lead times
- Consistent fit & quality

- On-trend & known for fashion & style backed by good quality

Low
prices

- Restructure sourcing team & consolidate supplier base

- Reinvest sourcing benefits in price

- Amazing low prices for the fashion & quality provided

Better,
simpler,
cheaper

- Simplify store rostering model
- Rationalise supply chain network
- Optimise support structure

- Realise benefits of investment in systems & processes

- Lean, flexible & sustainable operations

Team with
personality
& pride

- Top team & structure for transformation in place
- Embed new values & performance management

- Recruitment, development & performance aligned to values

- Our values are embedded, driving a high performance culture that has transformed our business



- Availability our customers want
- Integrated 'bricks & clicks'
- Engaging & personalised experience
- Accessible throughout Australia

Progress so far

- Availability improved from 64% to 75%
- Investing \$40m in supply chain systems to improve stock flow & visibility

Our plan

- Improved end-to-end stock visibility
- Ranging matched to the demographics & customer needs of the store
- Availability greater than 90%



Mansfield new store

Progress so far

- \$10m invested in making platform stable & scalable
- Strong sales growth off a low base
- 800,000 eDM addresses
437,000 Facebook followers
10,000 Instagram followers
3,000 twitter followers

Our plan

- Further investment to improve functionality
- Improve acquisition through stronger awareness marketing
- Improve retention through better availability, stock visibility & delivery options



Progress so far

- Store standards have improved
- Upgraded format in nine new stores
- Refreshed Geelong & relayed Chadstone
- Refreshes require minimal capex, with focus on category layout to better show product & price

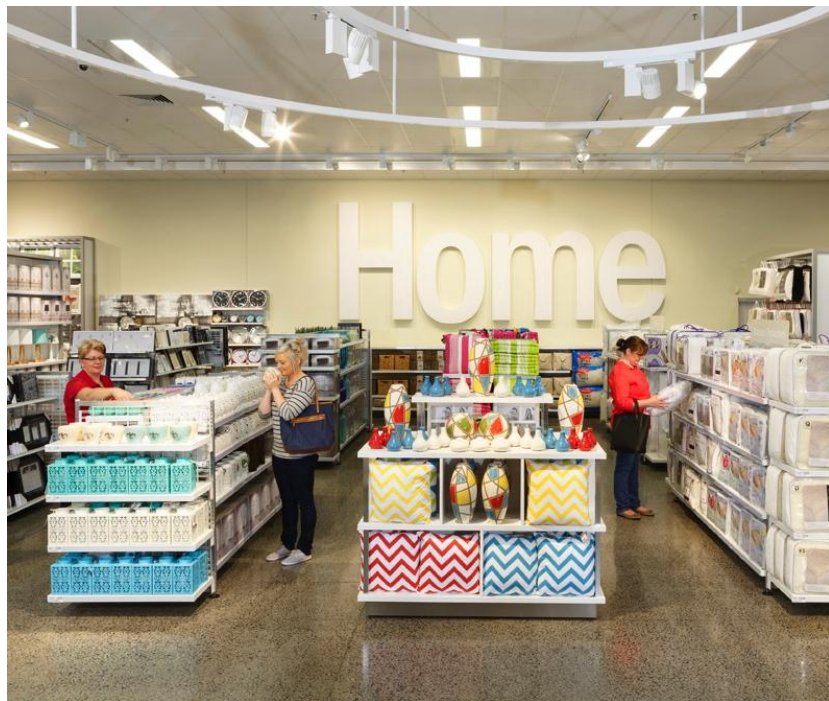
Our plan

- Invest \$120m over next four years in service
- Launch Retail Leaders program
- Develop renewal format for large & small formats
- Roll-out refresh & renewal formats across 55% of fleet
- Replace ageing point of sale systems



Geelong

Upgraded format at Craigieburn





Before



After



Before



After

Refresh at Geelong: Mens



Before



After



Before



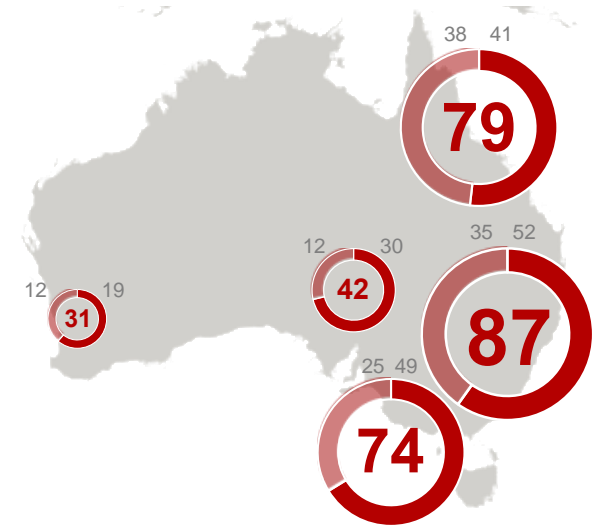
After

Progress so far

- 313 stores
- Large: 182 stores
Small: 131 stores
- Decision made to close 15 stores on expiry of option
- Network review by state underway

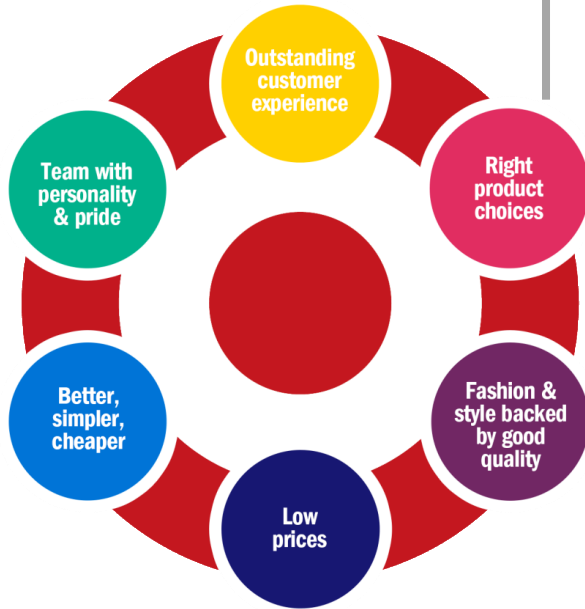
Our plan

- Open or close stores on basis of market potential
- Focus on optimal store size of 4,500+ sqm
- Continue to optimise store network
- Conversion of Target Country to Target small store format



Number of stores by state

Small:Large
Small format <1,500 sqm



- Narrower range
- Optimised space & inventory investment
- Active category management



Narrower range



Progress so far

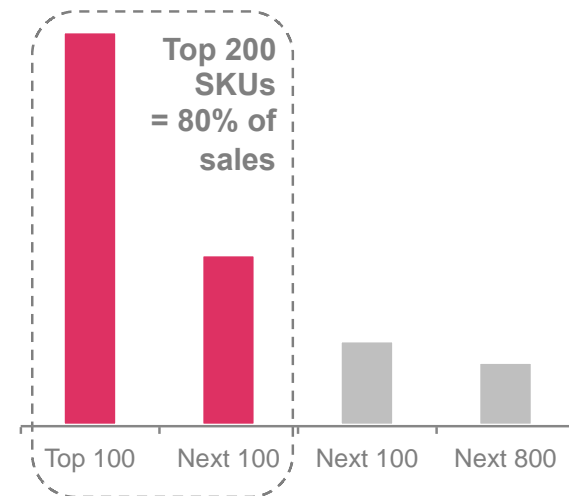
- Focusing on those SKUs that drive sales & margin
- SKUs reduced by 10% today
- Further 13% reduction expected through spring/summer ranges
- Implementing new sourcing system to support

Our plan

- SKUs to be reduced by 40% by FY16
- Edited ranges for each season
- Build further confidence in buying teams to back volume

Example: dresses

% of total sales by SKU





Improved sales density

Progress so far

- Customers are still overwhelmed by range & layouts
- Completed space audit of fleet
- Implementing allocation & replenishment solution to better range stores
- Reviewing new product options to make best use of space in declining categories

Our plan

- Easier shopping experience, with fewer SKUs & edited ranges
- Store renewal & refresh programs focused on driving sales density
- New edited ranging across fleet by June 2015





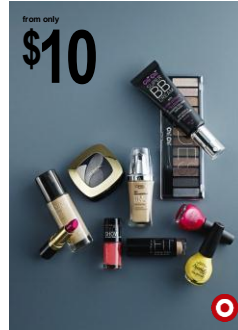
Active category management



Lead

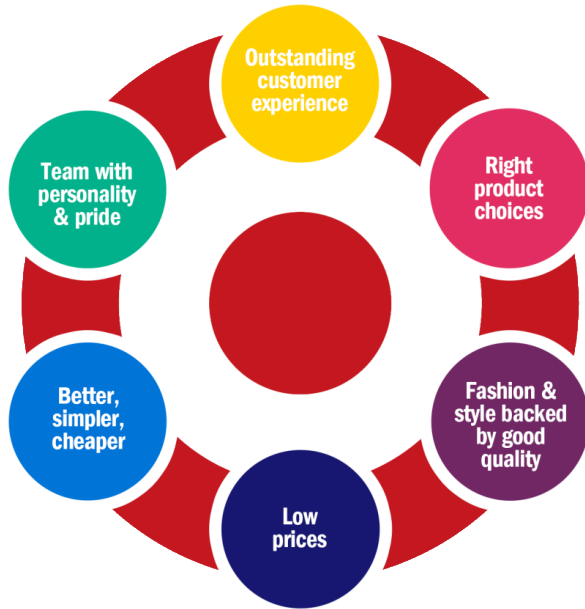


Grow



Defend





- On-trend & in the moment fashions
- Great everyday items
- Consistent fit & durability
- Re-launch the brand

Progress so far

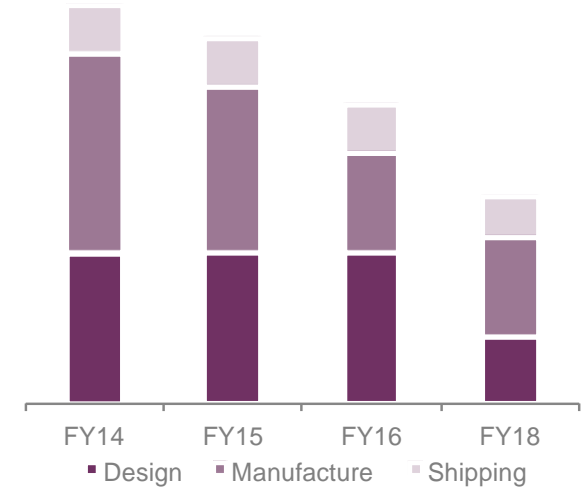
- Refreshed capability in buying & design teams
- Implemented buying 'critical path'
- Re-launching Designers for Target... coming soon!

Our plan

- Shorter lead times critical
- Significant progress achieved by FY16 through more efficient manufacturing
- Further progress achieved by FY18 through leaner design & shipping processes

Shorter apparel lead times

Days





Dannii Minogue, Virgin Australia Melbourne Fashion Festival | March 2014



\$3

Competitor A \$3
Competitor B \$4



\$9

Competitor A \$10
Competitor B \$7



\$5

Competitor A \$5
Competitor B \$7



\$7.50

Competitor A \$7.50
Competitor B \$7.50



\$8

Competitor A \$8
Competitor B \$8



\$25

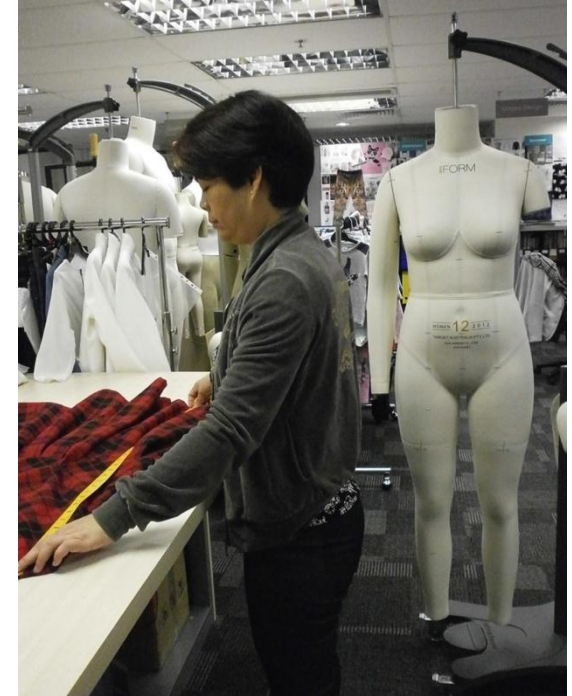
Competitor A \$25
Competitor B \$35

Progress so far

- Implementing new sourcing system
- Standardisation of 'tech-packs'
- Re-launched fabric standards
- Rolled out new fit standards across Mens & Kids

Our plan

- Embed new ways of working
- Make better use of design capability in direct sourcing operation
- Roll out fit standards across Womenswear & Intimates
- 'Creasing blitz'
- Protect & build on our brand heritage of quality



Hong Kong

Progress so far

- FY14 campaigns have had mixed tactical success
- Have built recognition & style perception
- Gok was not to re-launch the brand, but to acknowledge we cater for all different shapes & sizes

Our plan

- Reduce reliance on the catalogue, although still important in the short-term
- Stronger messaging on product fashion, style, quality & lower prices
- Establish our 'handwriting'
- Re-launch the brand internally & externally...

... 'Target is changing'





Low prices



- Source at the lowest cost
- Establish the Target price



Source at the lowest cost



Progress so far

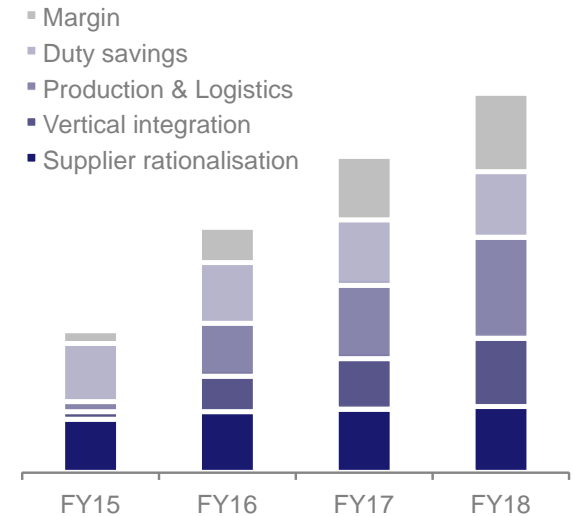
- Prices are coming down, but margin benefit of lower cost not yet realised
- New sourcing management team recruited
- Sourcing operational plan developed
- Early days, but closer working relationship between Geelong & Asia offices

Our plan

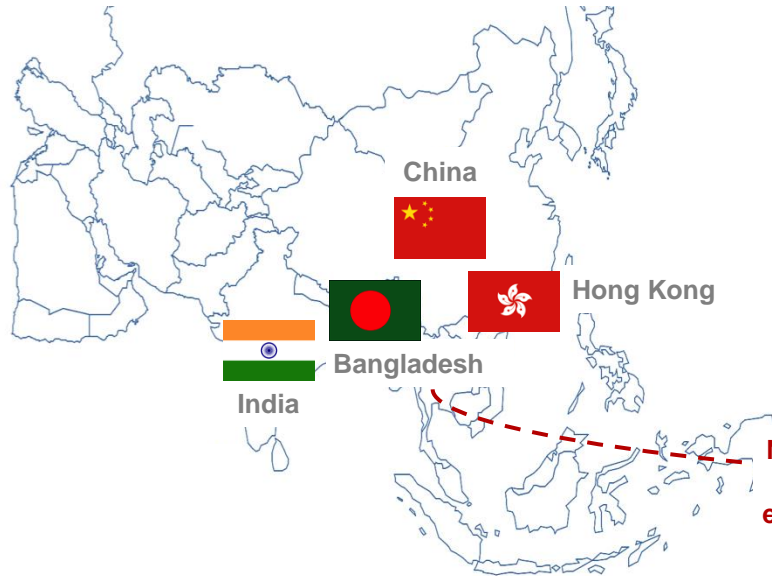
- Significant direct sourcing benefits expected over the next four years
- Greater control over fabrics & optimisation of supply base
- Reduce reliance on China & expand presence in other countries

Sourcing benefits by source

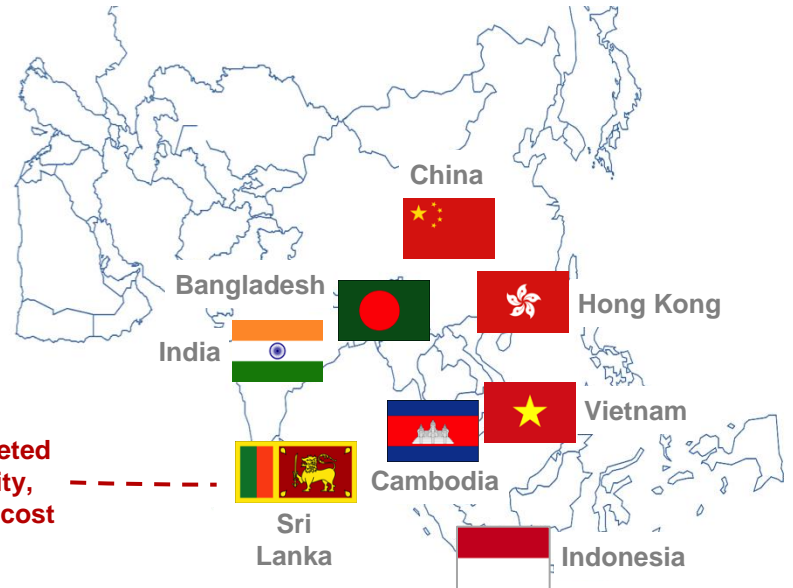
Cumulative savings (\$m)



2014: over-reliance on China



2018: better quality & lower cost



New sources targeted
on basis of quality,
ethical conduct & cost



Establish the Target price



Progress so far

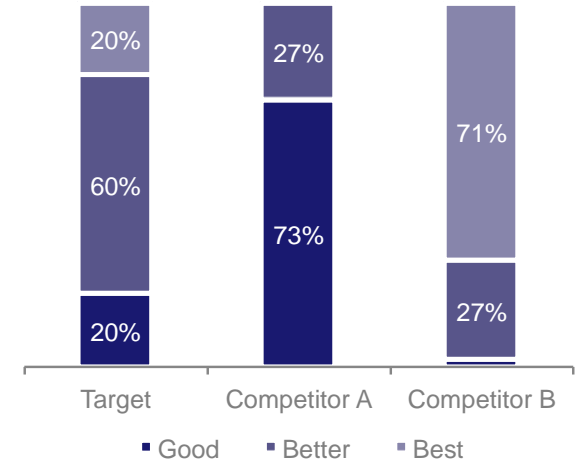
- 12% lower average selling price
- Good progress made in all categories on 'first price, right price'
- More work required on apparel sourcing
- New plan for direct sourcing, opened Bangladesh office, reduced reliance on agents

Our plan

- Clear price points based on our range architecture
- Our **Good** (Essentials) range will be priced to compete with discount department stores
- Our **Better** = Target
- Our **Best** (brands & Limited Editions) range will still be at low prices for the fashionability offered

Pricing architecture

% of price points in Good-Better-Best



Source: Retailmap Survey, September 2013

Establish the Target price

Good

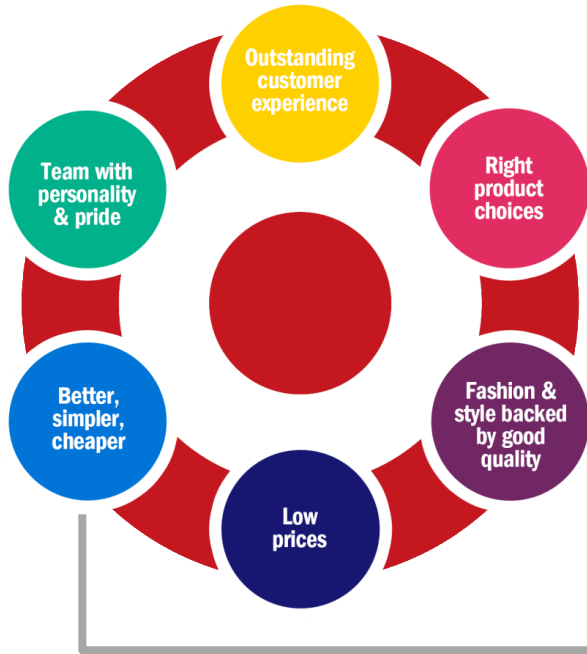


Better



Best





- Productive stores
- Flexible supply chain
- Lean & effective support structure
- Efficient working capital management



Progress so far

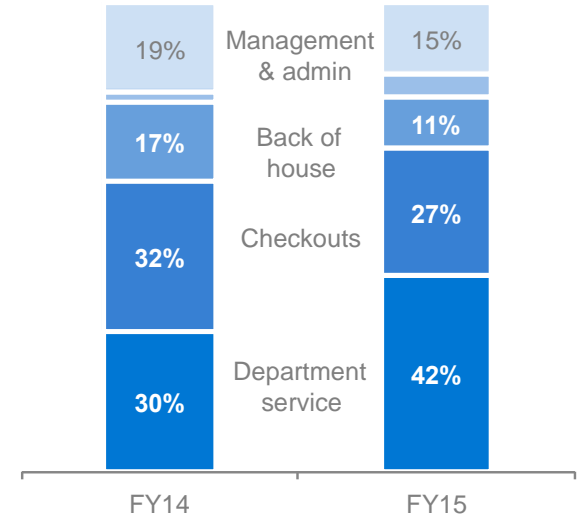
- Operating model reviewed
- Longer trading hours & improved customer service funded by productivity

Our plan

- Reinvest back of house savings to fund service improvements & EBA
- Knowledgeable team members dedicated to key trust & fashion departments
- Implementation of upgraded rostering solution
- Launch Retail Leaders program

More effective use of hours

% of total store hours





Progress so far

- Supply chain costs 13% lower than last year
- Closed eight temporary storage facilities
- Investing \$40m in supply chain systems to improve stock flow & visibility

Our plan

- SKUs on replenishment increasing from 2,000 to 25,000 by Christmas
- Distribution facilities reduced from 67 to 22
- All supply chain systems implemented by Q2 FY16

Streamlining the network

Number of facilities by type

	Now	Optimised
Distribution centres, incl. international	12	7
Hangwear facility	1	3
Offsites	10	7
State warehouse & home delivery	9	-
Temporary storage	35	5
TOTAL	67	22



Lean & effective support team



Progress so far

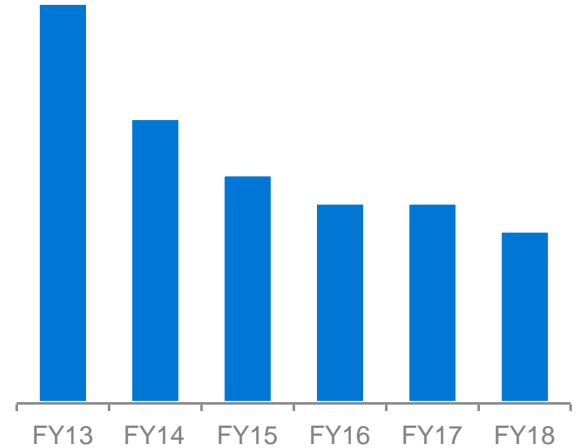
- CODB 5% lower than last year on a comparable basis
- Stores costs in line on a comparable basis
- Significant savings in support costs – no consultants & lower headcount

Our plan

- Optimisation of GNFR supplier base
- Implementation of request-to-pay process in Q1 FY15
- Reducing frequency of catalogues & more focused media spend

GNFR suppliers

Number of suppliers





Progress so far

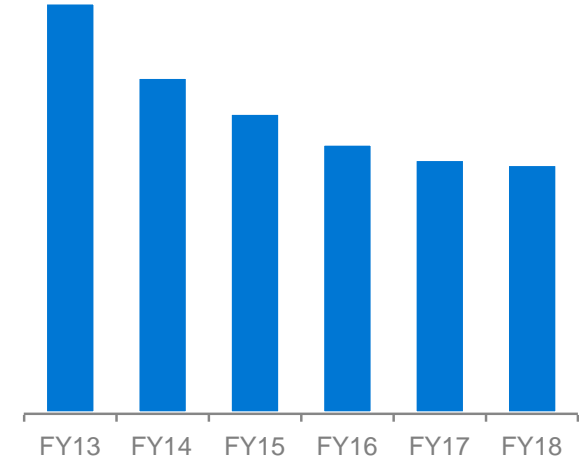
- Greater control over stock
- Inventory weeks & stock loss lower than last year
- Improved creditor terms

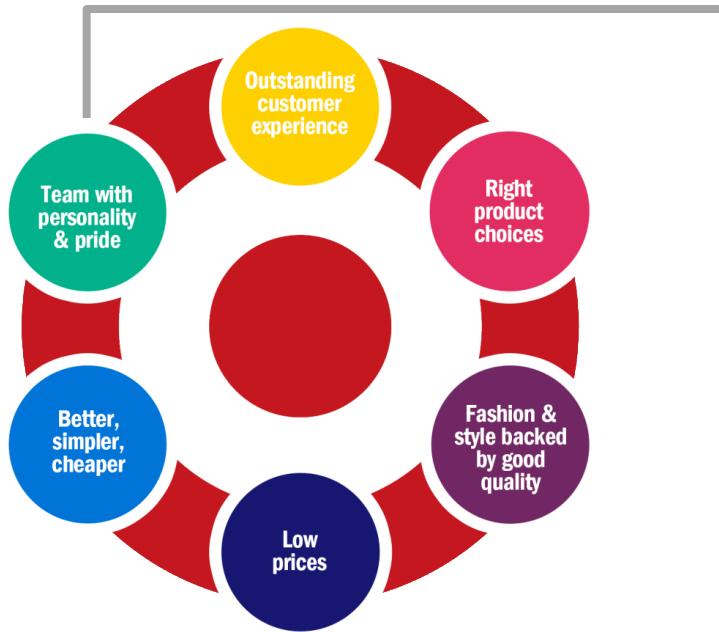
Our plan

- **Reduce inventory weeks**
Fewer options
Shorter lead times
Improved range allocation
Improved stock visibility
- **Optimise creditor days**
Reduce supplier base

Inventory weeks

Number of weeks





- Uncompromising on safety
- Foster team pride in Target
- Attract & retain the best talent
- A sustainable business model



Uncompromising on safety



Progress so far

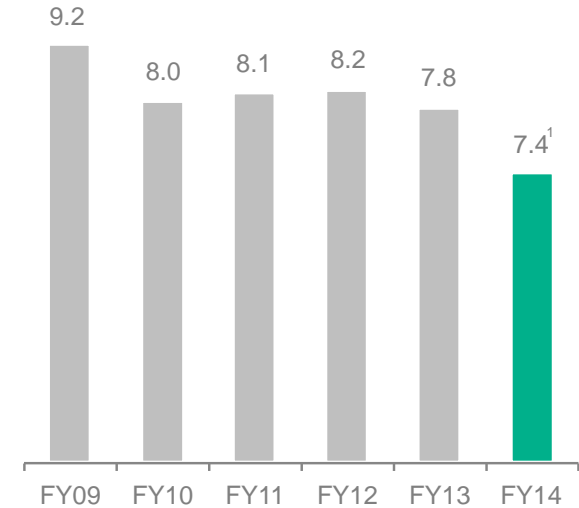
- Safety performance continues to improve
- Workers Compensation premium lower in FY15

Our plan

- Continue trend by maintaining focus on safety of all customers & team members

LTIFR

Lost time injury frequency rate



¹ Year to 30 April 2014

1 Customers first

Everything we do is designed to make our customers happy

KIS Keep it simple

We are obsessed with simplicity, always seeking the best way of doing things & eliminating bureaucracy

Never rest in aiming higher

We work hard to deliver results & constantly challenge ourselves to improve

Do the right thing

We operate in a safe & ethical way, & respect our customers, team members, suppliers & communities

Be bold & innovate

We foster innovation & creativity to continually improve our products & the experience of our customers

- Roll-out & embed our values in the business
- Recruit people against our values
- Develop our people to support our values





Attract & retain the best talent



New leadership team



Graeme Jenkins
Finance Director



Richard Jones
Buying & Sourcing
Director



Jonathon Fitzgerald
Merchandising &
Supply Chain Director



Phil Wade
Marketing &
eCommerce Director



Glenda Ralph
HR Director



Allan Molloy
GM Store
Operations



Rob McCartney
GM Store
Development



Jim Cooper
GM Corporate
Affairs

- Strengthened general manager capability
- 48 out of the top 50 leaders are new to the business or are about to start



A sustainable business model



Our environment

- Reduce our carbon footprint
- Sustainable packaging
- Reduce our waste
- Improve our recycling
- Reduce our water usage

Our team

- Engage on sustainability
- Health & well-being programs
- Reflect the community we serve, including higher Indigenous representation

Our products

- Minimise product impact on the environment
- Ensure our products are sourced ethically

Our community

- Support our communities through creation of jobs & involvement with local charities & on the ground support

Australia



Asia



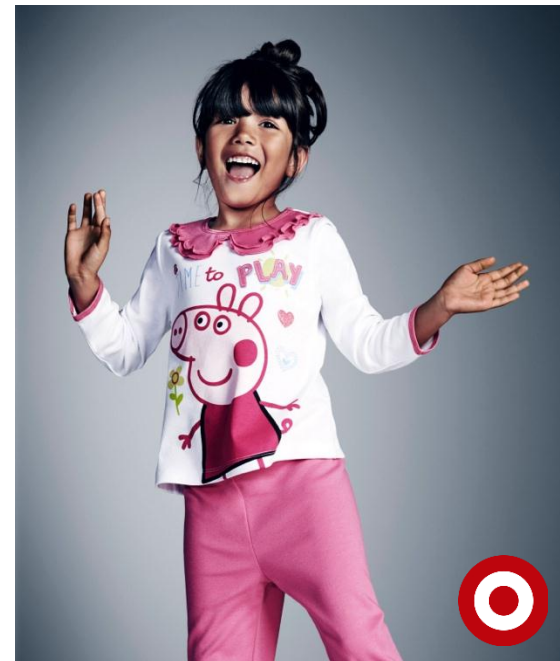
Our competitive advantage

- Brand potential is beyond some of our competitors
- Our brand holds a unique position in the hearts of the Australian consumer
- Our brand is accessible, is within reach & has a broader appeal
- We are already #1 in Underwear (Lingerie), #1 in Kids & #2 in Womenswear... the market leader for mum
- We are well placed to grow online fast, leveraging our network reach
- Today we look like other DDS, but tomorrow we can create a difference in the market...

...because we are 

Questions

Stuart Machin
Managing Director



Industrial & Safety

Olivier Chretien
Managing Director



Generalists

*Your trusted supplier for all
your workplace needs &
service solutions.
A smarter way to work.*



Blackwoods Protector
One stop for industrial and safety

Safety Specialists

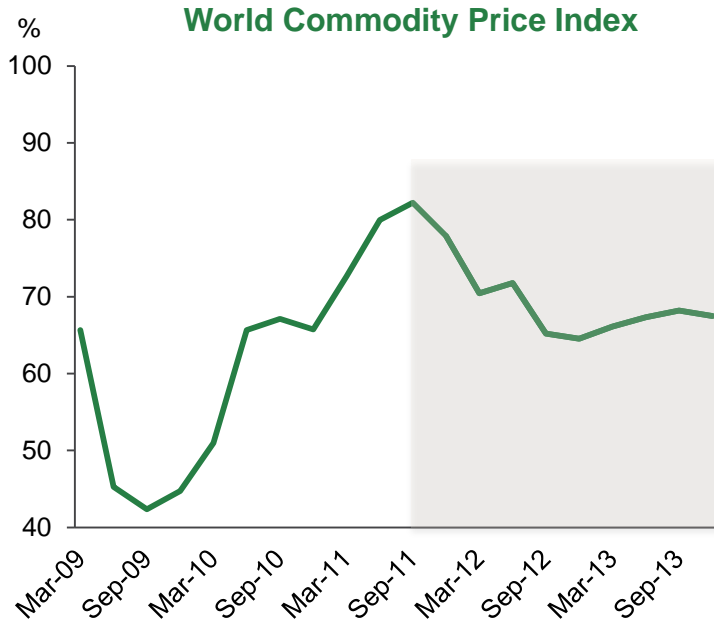
*Ensuring every person is
safe, every day, by using our
innovative services, products
& solutions.*



Industrial Specialists

*Depth of expertise
in technical fields critical to
customer operations.*





Source: ABS, Deloitte Access Economics

¹ Maintenance, Repair & Operations.

Industrial & Safety

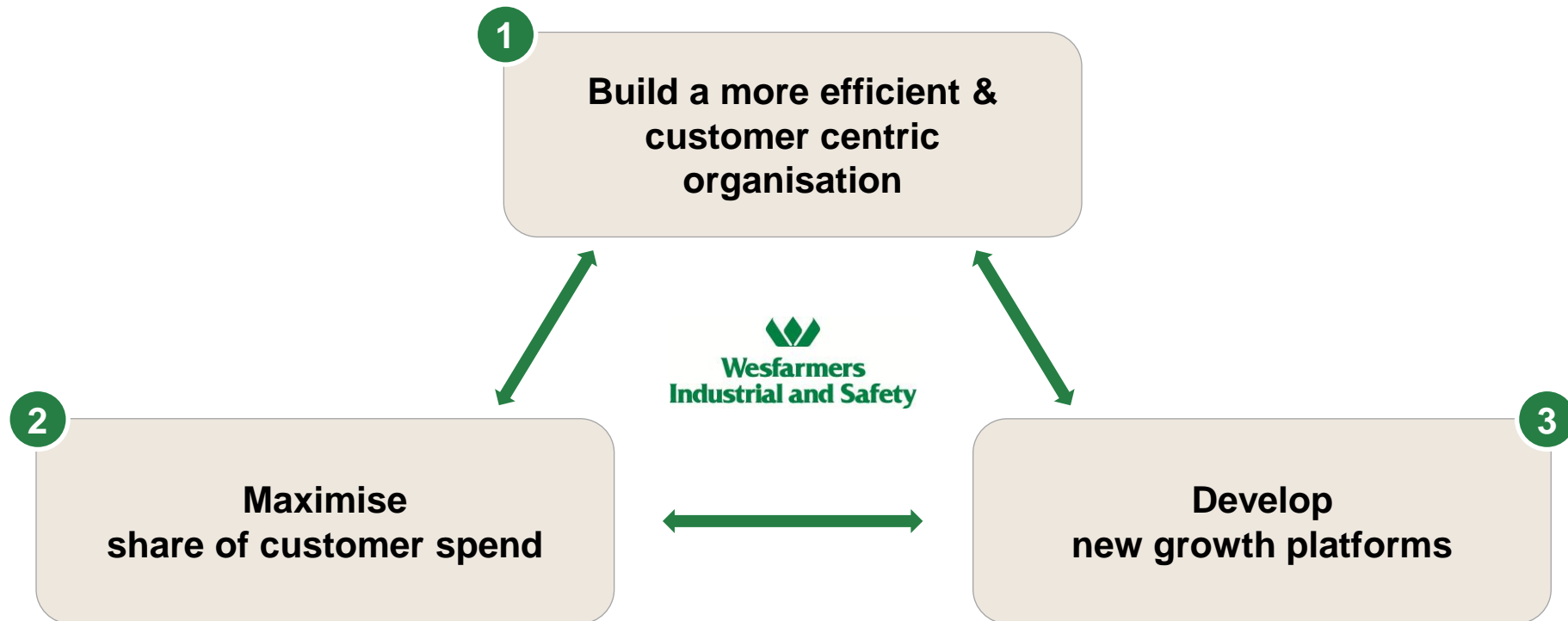
Market challenges

- Reduced mining investment & in turn MRO spend¹
- Continued manufacturing decline (partly offset by construction upswing)
- Large customers seeking innovative & cost efficient business models
- Evolving competitive landscape (e.g. industry consolidation)

Key business issues

1. Need to reset cost base while innovating
2. Growth in existing market segments
3. Strategy execution to seize new opportunities

Our strategic agenda



1

Efficient & customer centric organisation

- New structure driving customer & performance focus
- New customer service & sales excellence programs
- Rationalising supply chain: 20 branches closed; headcount -6.8%¹
- Strong working capital management

2

Share of customer spend

- Contracts resilience, strengthened key account capabilities
- Tightened range-inventory alignment
- Expanded own brands, onsite & training services

3

New growth platforms

- Growth in new industries, online channels & gas
- Developed integrated offers to large customers
- Acquired Greencap (safety & risk management services)

¹ WIS headcount change over the past 12 months, excluding acquisitions.

1 Efficient & customer centric organisation



Customer needs focus

- Leveraging new business structure
- Expanding safety & sustainability drive

Lift service & productivity

- Increased use of technology
- Supply chain optimisation (phase 1)

Operational Excellence

- Broadening agenda to reset cost base
- Upcoming ERP¹ upgrade

¹ Enterprise Resource Planning.

1 Better alignment to customer needs

- Accountability to drive customised value propositions
- New Blackwoods national structure
- Maximising collaboration & group synergies, e.g.
 - Key account management
 - Own brands
 - Trans-Tasman apparel centre of excellence
 - Blackwoods gas



1 Expanding safety & sustainability drive

- Safety & people
 - New behaviour-based three year strategy
 - Enhanced risk management framework
 - Ongoing reduction in TRIFR¹
 - Key talent & diversity focus
- Sustainability
 - Blackwoods Karratha's "5 Star" green rating
 - Continued investments into energy efficiency & waste reduction
 - Strong ethical sourcing processes



¹ Total Recordable Injury Frequency Rate.

1 Technology investments to lift service & productivity

- New purpose built facility at Greystanes, NSW
 - To lift productivity, accuracy, DIFOT¹ & improve stock control
- Innovative integrated logistics technologies
- Increased automation of processes, e.g.
 - More than 50% of supplier lines & 30% of Blackwoods customer lines online (EDI²/web)
 - 49% of Protector Alsafe PO³ lines in automated replenishment
- New customer service telephony system roll-out

¹ Delivery In Full On Time.

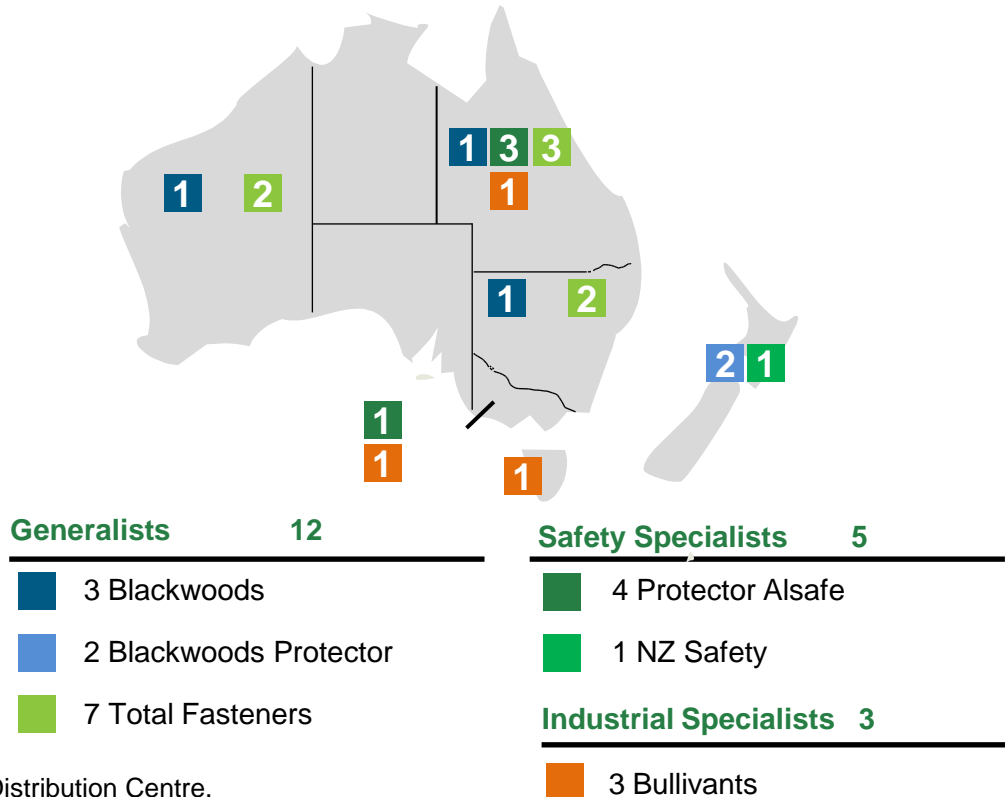
² Electronic Data Interchange.

³ Purchase Order.



1 Supply chain optimisation (phase 1)

Branch closures over the last 12 months



- 20 branches closed
- Optimal supply point from improved regional DCs¹
- New/expanded regional DCs
 - Sydney, Adelaide, Mackay
 - Brisbane, Perth (extensions)
- Increased use of China DCs

¹ Distribution Centre.

1 Operational excellence agenda – reset the cost base

Organisation redesign

- Leaner structure
- Support services effectiveness
- Process redesign (ERP)

eBusiness

- Growth in “untouched” orders
- New online functionalities
- Data analytics

Sourcing

- Partnership development
- Supplier tail consolidation
- Process standardisation

Supply Chain Optimisation

- Network optimisation
- Sales & operations planning
- Warehouse management & inventory control

2 Maximise share of customer spend



Meet customer needs

- Customer service & sales excellence programs
- Realign offers with market changes
 - Increased TCO¹ & working capital focus

Broaden offer

- Grow breadth of range & own brands
- Expand end-to-end onsite & training services

Enhance service

- Lift DIFOT through end-to-end process streamlining
- Enabled by digital technology

¹ Total Cost of Ownership.

2 Range development

- Blackwoods core range roll-out
 - Range-inventory alignment in new catalogue
 - Increasing strategic alignment with select key supply partners
- Investment in specialist categories & talent to support
- New own brands in select categories
 - e.g. New workwear brand Workhorse gaining traction with customers
 - Strong market positioning supported by global distribution capabilities



2 Investing in end-to-end onsite services offer

Stores
Management

Mobile
Warehousing
& Shutdown
Services

Automated
Inventory
Solutions

Scanning
Solutions

Specialised
Business
Solutions

Product
Inspection &
Certification
Preparation

Customised
Reporting



2 Expanding safety training offer

Critical Safety



Emergency Response



High Risk Licence



3 Develop new growth platforms



Expand Reach

- Continued industry diversification
- SME¹ penetration (MRO, welding & gas, online)
- Selective offshore expansion

New Business Models

- MRO integrated supply services
- New channels to grow gas

Expand Scope

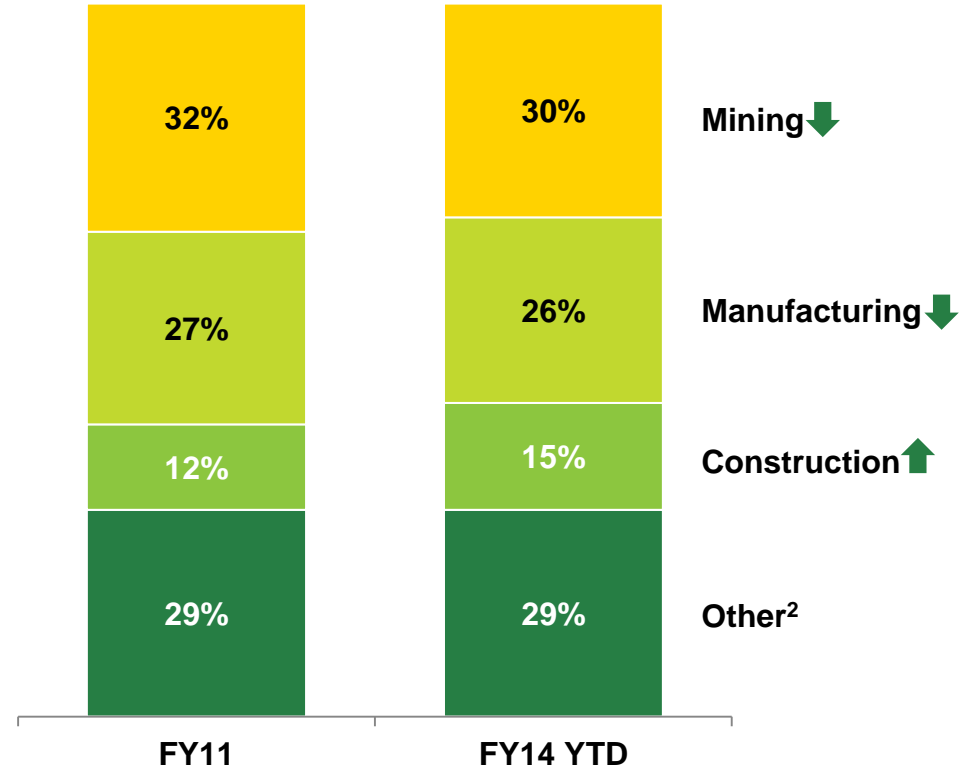
- Safety & environmental risk management services (Greencap)
- M&A consolidation opportunities in adjacent products & services

¹ Small to Medium Enterprises.

3 Market realignment through industry diversification

- Decrease in mining spend
- Continued manufacturing decline
- Growing share in construction
- Growth in oil & gas, retail & defence
- Broadening the customer base through SME growth

Revenue mix by industry (%)¹



¹ Australian business only.

² Other industry includes oil & gas, retail/wholesale trade, transport, government (including defence), agriculture & energy.

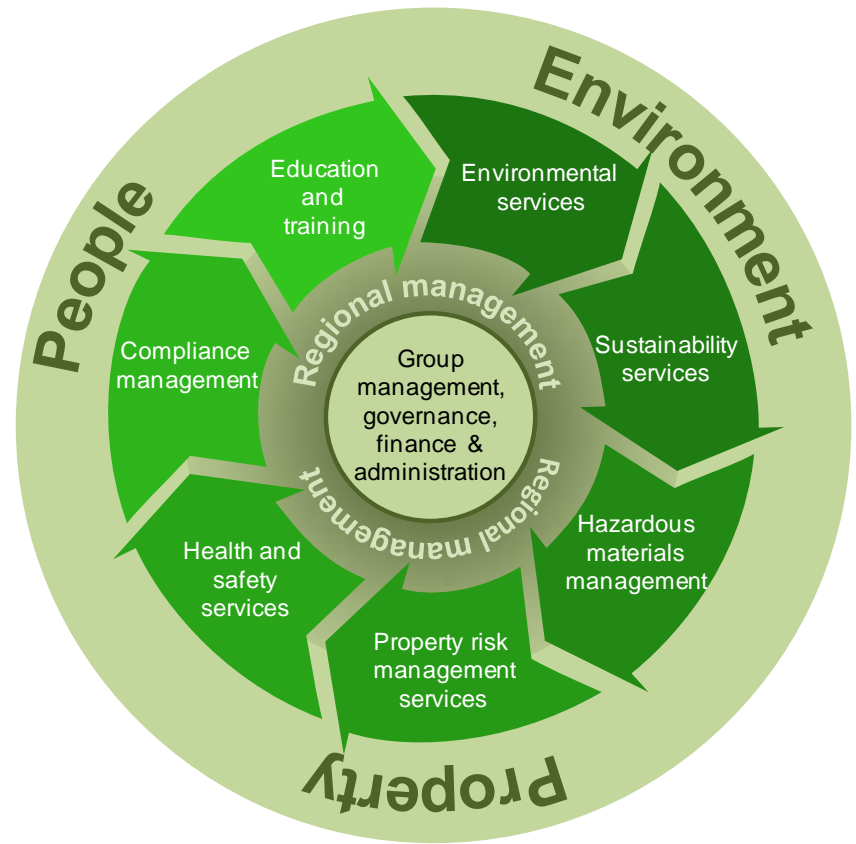
3 SME penetration

- Reconfiguring branches to increase walk-in sales
 - Showroom versus warehouse
 - Merchandising & marketing
 - Extended trading
- Growing digital channels
 - Business Units' websites & mobile apps
 - Dedicated sites: Gotstock, Direct2Trade
 - Investment in customer analytics & eMarketing
- Growing gas channels to market through Blackwoods & Bunnings



3 Safety service expansion through Greencap

- Market leader in integrated risk management & compliance
 - Three primary segments of expertise: people, property, environment
- Strong alignment with WIS' key account & services strategies
- Good lead-in into new projects
 - Early stage involvement



1

Build a more efficient & customer centric organisation

- Market aligned organisation
- Lift service & productivity
- Operational excellence

2

Maximise share of customer spend

- Customer service & sales effectiveness programs
- Product range extension
- Onsite & safety services

3

Develop new growth platforms

- Further diversify industry exposure & grow SMEs
- Develop online & new business models
- Expand scope through acquisitions

- Continuation of challenging market environment
 - New Zealand market expected to remain favourable on the back of construction growth
- Focus on gaining market share while reducing cost to serve
 - Accelerate operational excellence & redesign processes through ERP upgrade
 - Increased emphasis on own brands & SMEs
 - Offer innovative & integrated MRO solutions to large customers
- Medium to long-term outlook remains positive
 - Division well placed to respond to market recovery
 - New growth initiatives accelerated to counter market conditions
 - Expanding addressable market (e.g. services)
 - Selective acquisitions in adjacent product segments & services

Questions

Olivier Chretien
Managing Director












Chemicals, Energy & Fertilisers

Tom O'Leary
Managing Director

100 years
Thousands
of stories



Business overview

	Business	Geography	Sector	Key Customers
	Ammonia	WA	Nickel, internal	BHPB, Minara, AN, AGR, Fertilisers
	Ammonium nitrate (AN)	WA	Iron ore, gold	Dyno Nobel, Downer, Rio Tinto, Orica
 (50%)	Ammonium nitrate (AN)	Qld	Coal	BMA, Curragh, Rio Tinto
 (75%)	Sodium cyanide (SCN)	WA/Global	Gold	Newmont, Barrick, AngloGold
 	PVC resin/specialty chemicals	Vic/Australia	Construction	Iplex, Vinindex, Pipemakers
 	Energy retailing, gas production & distribution	WA/Australia	Residential, transport, industrial	Gas distributors, resources, engineering, residential, leisure, autogas, transport, power generation
	Fertilisers	WA	Agriculture	Landmark, independent distributors

STRATEGIES

Invest in our businesses' capacity to meet the needs of our customers.

Execute opportunities for growth in existing and new markets.

Foster a culture that recognises people are central to our success.

Focus on sustainable operations for the benefit of team members, customers and communities in which we operate.

Building a foundation for growth

- Investing in existing businesses through capacity expansions (AN, SCN)
- Establishing first class support functions with focus on HSE
- Leveraging skill set into new related markets (natural gas)

Realising value from existing businesses

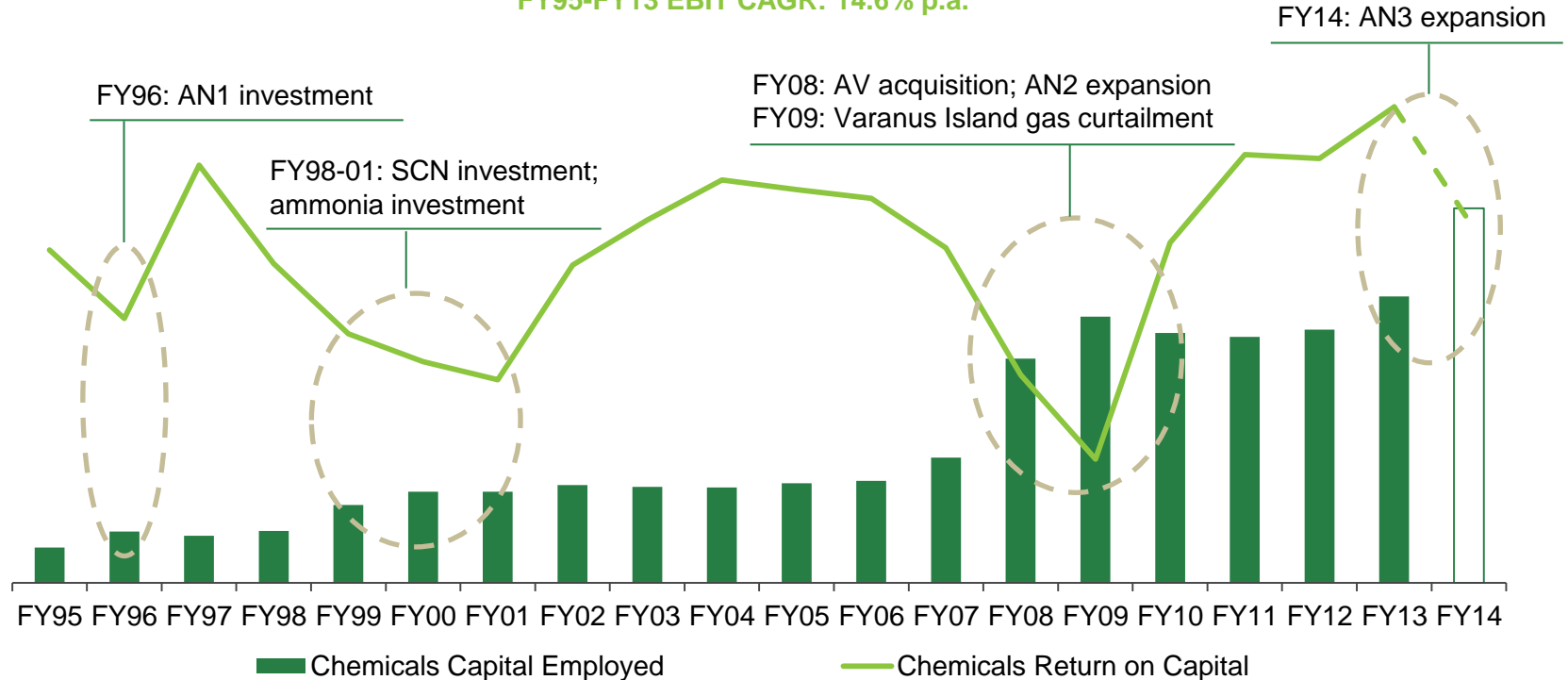
- Structured portfolio management
- Strong cash flow generation capturing benefits of capital investment
- Ongoing focus on operational excellence & plant reliability
- Sustainable business operations & strong community partnerships

Well positioned to expand portfolio

- Evaluating a wide range of growth opportunities in relevant sectors, both domestic & overseas

Chemicals business performance

FY95-FY13 EBIT CAGR: 14.6% p.a.



Building a foundation for growth

Investment in capacity expansions – AN3

Status

- Construction of expanded ammonium nitrate production facilities (AN3) completed within budgeted time & cost
 - Safety systems focused on preventative measures delivered excellent safety outcomes
 - Construction activities completed in February 2014
 - Plant operating well

July 2012



May 2014



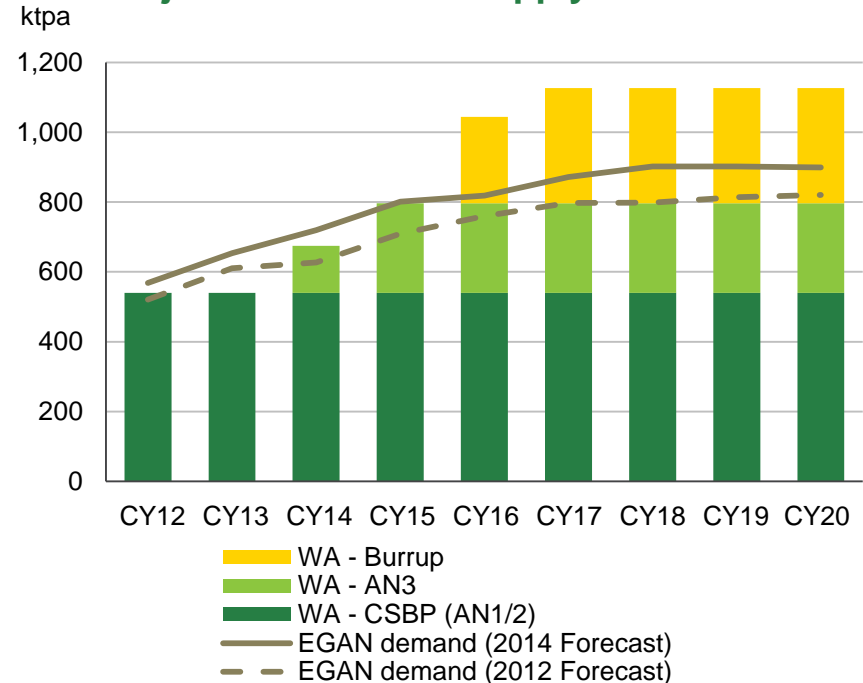
Building a foundation for growth

Investment in capacity expansions – AN3

Update

- Robust outlook for AN demand in WA
- CSBP's projected WA explosives grade AN (EGAN) demand in 2020 has increased to 900 ktpa, due to committed expansions announced since 2012
- Australasian region AN supply & demand forecast to remain broadly in balance, albeit with some intra-regional product movements

Projected WA EGAN supply & demand



Source: CSBP, for illustration purposes AN3 capacity reflected from July 2014

Building a foundation for growth

Investment in capacity expansions – SCN

Status

- Completion of SCN production expansion achieved on time for \$19 million, well within \$22 million budget, with no recordable injuries
 - Solution capacity has increased from 64,000 tpa to 78,000 tpa
 - Solid capacity has increased from 34,000 tpa to 45,000 tpa

Update

- Recent gold price decline has lead to weaker global demand for SCN as high cost operations reconfigure mine plans
 - Business case contemplated a weakening in the gold price
- New low cost operations continue to underpin long-term demand & offset mine closures

Building a foundation for growth

Establishing first class support – Health, Safety & Environment

- Continued focus on improving health & safety performance through consistent strategies:
 - Introduction & improvement of safety systems
 - Focus on safe behaviours
 - Safety leadership
- “Safe Person, Safe Process, Safe Place” initiative has been a major drive to define & extend the safety journey
- Supporting activities have included:
 - Behavioural safety program
 - Each team determining their own activities
 - Process safety case studies & benchmarking



Building a foundation for growth

Establishing first class support – Health, Safety & Environment

- Driver safety management in Kleenheat has been a recent focus with improvements in driver training, driver safety forums & trial of in-cab cameras
- Equipment management is central to WesCEF's HSE approach, including regular review of asset integrity:
 - Truck/tanker maintenance programs
 - Improved data management of complex equipment
 - Optimisation of maintenance & reliability systems where review indicates opportunity for improved safety or cost efficiency

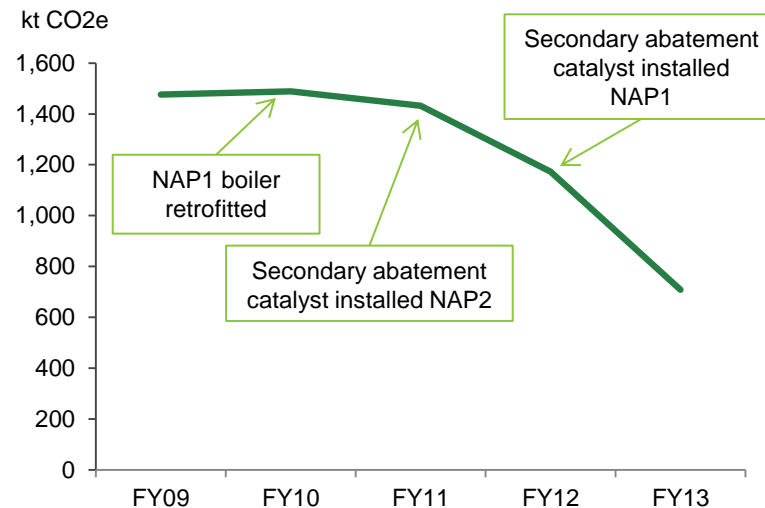


Building a foundation for growth

Establishing first class support – Health, Safety & Environment

- WesCEF benefits from free permits for Emissions Intensive Trade Exposed (EITE) activities (ammonia & AN) under the current carbon pricing mechanism
- CSBP accounts for over 80% of total divisional scope 1 & 2 emissions
- Investment in CSBP's production facilities has significantly reduced greenhouse gas emissions over the past five years

CSBP Greenhouse Gas Emissions CO₂e



Building a foundation for growth

Establishing first class support – People

- Continued investment in people capability & talent processes
 - Development of technical competencies, management essentials & leadership through structured face to face & online programs
- Attraction & retention of a talented & diverse workforce
 - Engineering graduate, cadetship & vacation programs
 - Launch of the WesCEF Aboriginal Engagement & Employment Plan supported by cultural awareness training
 - WesCEF women forums & scholarships
 - Improved diversity reporting

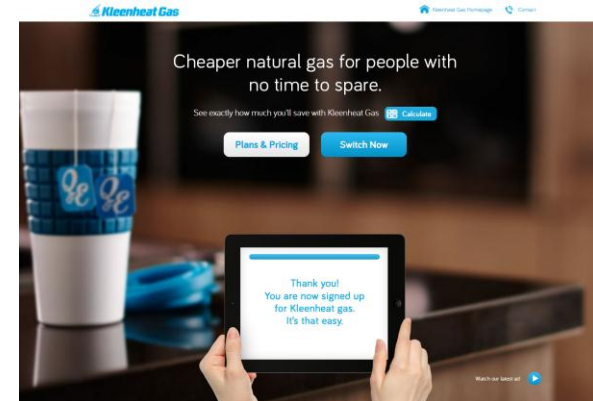
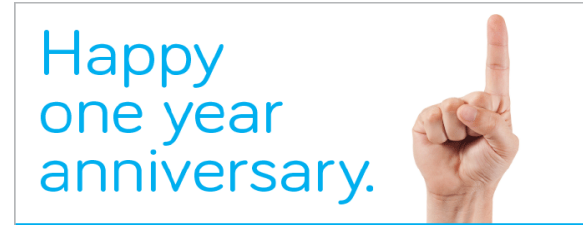


Building a foundation for growth

Leveraging skill set into new related markets

Case study: Retail natural gas

- Historically a monopoly market in WA; innovation/disruption opportunity
- Leveraging:
 - Natural gas portfolio
 - Back-office systems
 - Cross group relationships
- Low cost & low capital online model
- Strategic opportunity for broader future utilities offering



Building a foundation for growth

- Investing in existing businesses through capacity expansions (AN, SCN)
- Establishing first class support functions with focus on HSE
- Leveraging skill set into new related markets (natural gas)

Realising value from existing businesses

- Structured portfolio management
- Strong cash flow generation capturing benefits of capital investment
- Ongoing focus on operational excellence & plant reliability
- Sustainable business operations & strong community partnerships

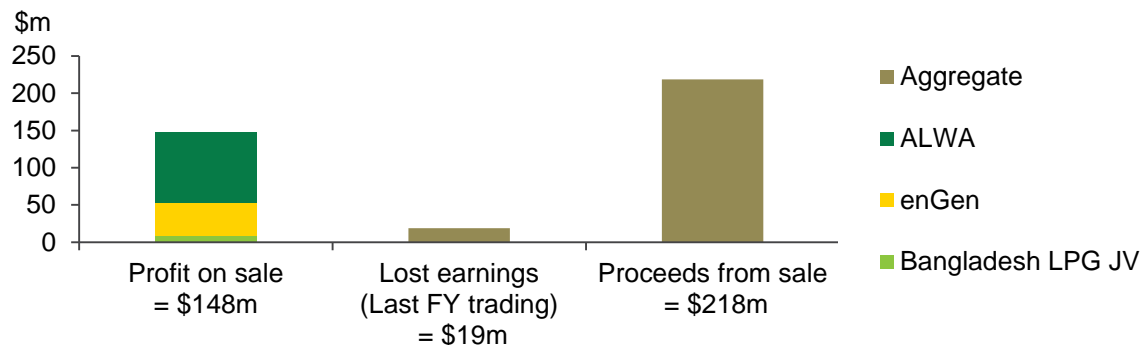
Well positioned to expand portfolio

- Evaluating a wide range of growth opportunities in relevant sectors, both domestic & overseas

Realising value from existing businesses

Structured portfolio management

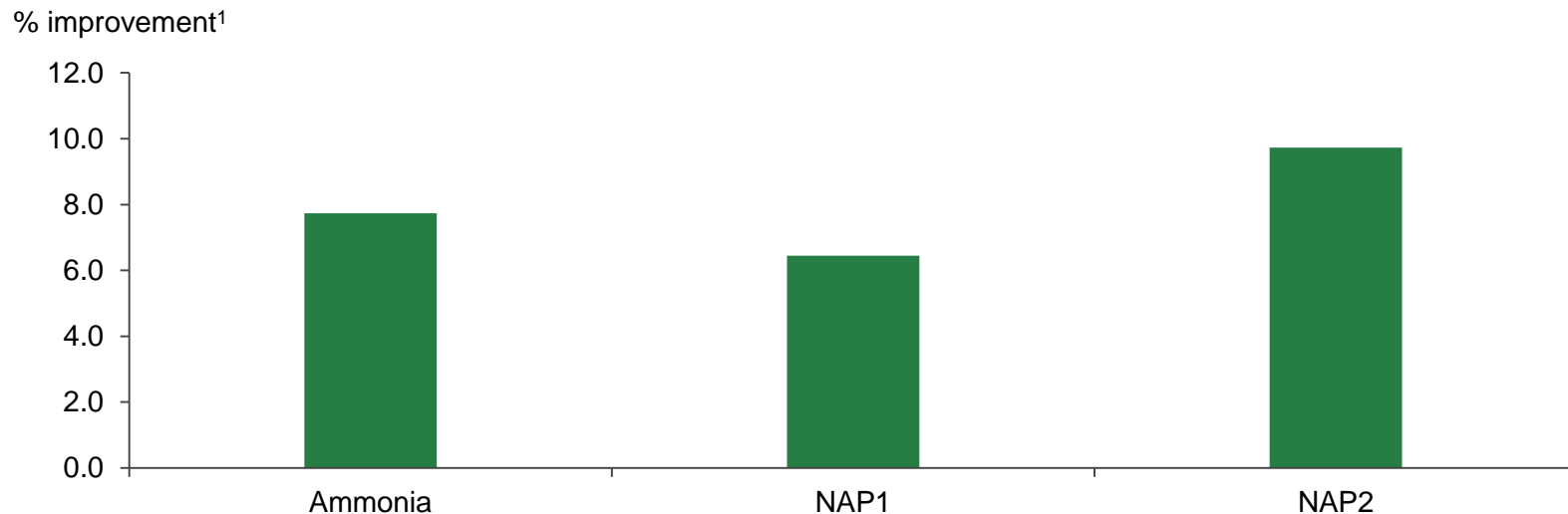
- Portfolio review & value-adding transactions have delivered significant earnings & cash proceeds since creation of the division in 2010
 - Aug 2011: Sale of enGen
 - Jan 2012: Sale of Bangladesh LPG Joint Venture
 - Dec 2013: Sale of 40% interest in Air Liquide WA



- Mar 2014: Entered agreement to sell Kleenheat Gas' east coast operations

- Consistent focus on improving production outcomes across all plants

Improved average production output over the past 5 years

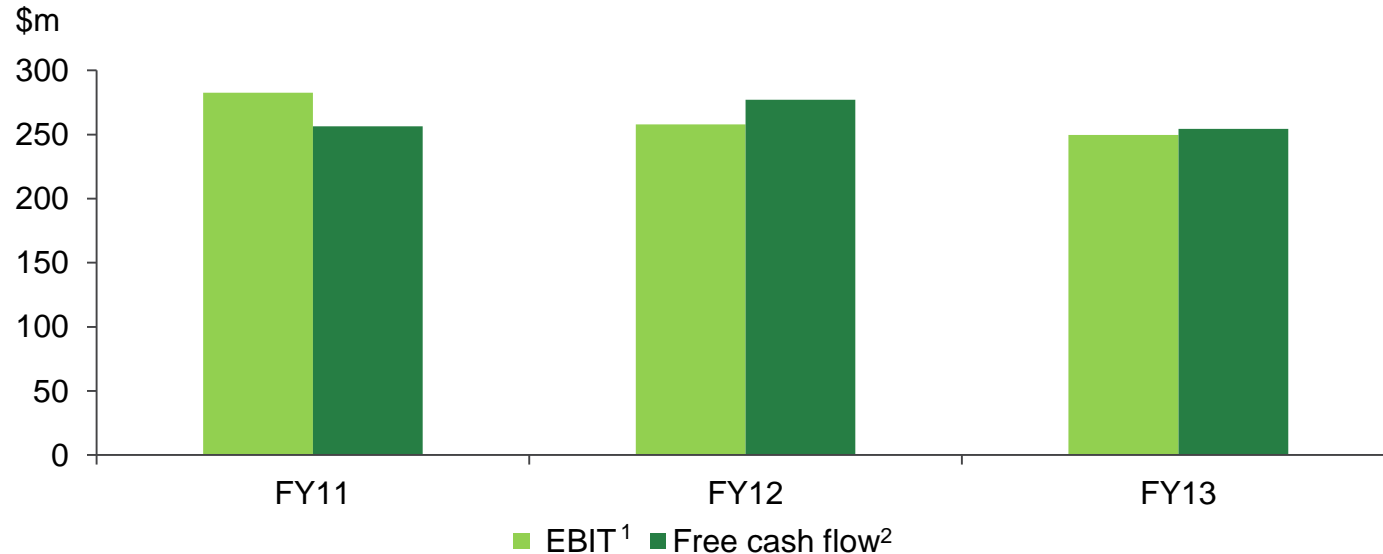


¹ Improvement calculated based on average monthly production for FY10 – FY14YTD compared to FY04 – FY08, therefore excluding the effect of the Varanus Island gas curtailment period (3 June 2008 – 1 Jul 2009). NAP2 (commissioned in FY08) performance for FY10 – FY14YTD compared to NAP1 performance for FY04 – FY08 as prior period information is not available.

Realising value from existing businesses

Strong cash flow generation

- Consistently generating strong free cash flow from existing operations



¹ Excludes profits on sale of enGen & Bangladesh LPG Joint Venture.

² Free cash flow adjusted to exclude proceeds from sale of enGen & Bangladesh LPG Joint Venture, AN3 & SCN expansion capital expenditure & tax payments.

Realising value from existing businesses

Key strategies update

	Strategy	Update
CHEMICALS	AN3 expansion	<ul style="list-style-type: none">• Board approval received in December 2011• Construction completed Q1 CY14• Production commenced Q2 CY14• Project completed within budgeted time & cost (\$550m budget plus capitalised interest)
	Growth	<ul style="list-style-type: none">• SCN expansion approval received December 2012 (\$22m budget)• Project completed well within budgeted time & cost (\$19m)
	Continuous improvement	<ul style="list-style-type: none">• Continue to focus on cost & process efficiency/utilisation of assets & business processes
KLEENHEAT	Growth	<ul style="list-style-type: none">• Continue to enhance natural gas retailing market position following first 12 months of operation• Leverage existing LNG infrastructure & presence in existing & developing markets
	Returns from existing businesses	<ul style="list-style-type: none">• Cost & productivity improvement programs underway across production & distribution in LPG• Extract value from east coast operations through sale process

Realising value from existing businesses

Key strategies update

	Strategy	Update
FERTILISERS	Business efficiency	<ul style="list-style-type: none">• Completed \$2.6m investment in sales systems consolidation & enhancements• Improved control & distribution of soil analysis & fertiliser recommendation tool (NuLogic)• Improved pricing analysis & contract management to manage stock positions
	Growth	<ul style="list-style-type: none">• Focus on corporate & business farmer requirements• Ongoing development & training investment in area managers• Implementation of fertiliser use efficiency technologies
	Business model	<ul style="list-style-type: none">• Market share maintained• Developing services capability around knowledge management
DIVISION	Culture	<ul style="list-style-type: none">• Launch of “Safe Person, Safe Process, Safe Place” initiative• Continue to attract, develop & retain an engaged diverse workforce with focus on aboriginal engagement & gender diversity
	Growth	<ul style="list-style-type: none">• Ongoing evaluation of opportunities to grow in existing & new markets
	Sustainability	<ul style="list-style-type: none">• Community acceptance & regulatory compliance• Successful implementation of abatement technology in AN• Complete remediation & sell surplus land (Bayswater)

Building a foundation for growth

- Investing in existing businesses through capacity expansions (AN, SCN)
- Establishing first class support functions with focus on HSE
- Leveraging skill set into new related markets (natural gas)

Realising value from existing businesses

- Structured portfolio management
- Strong cash flow generation capturing benefits of capital investment
- Ongoing focus on operational excellence & plant reliability
- Sustainable business operations & strong community partnerships

Well positioned to expand portfolio

- Evaluating a wide range of growth opportunities in relevant sectors, both domestic & overseas

- Chemicals businesses well placed to benefit from continuing strong demand for chemical inputs to the resources sector
 - AN3 capacity to contribute strong earnings uplift
- Fertilisers' focus on continuous improvement positions the business well to provide stable earnings performance in a mature market
- Energy earnings remain dependent on LPG production economics & global prices; strong growth potential in LNG & natural gas retailing
- Repeal of carbon legislation expected to impact divisional earnings, which have benefitted from proactive abatement activities
- Division positioned well to take advantage of value generating opportunities, whether organic or through acquisition

Questions

Tom O'Leary
Managing Director

100 years
Thousands
of stories





For all the latest news visit www.wesfarmers.com.au