



# 2005 Annual Results Teleconference

9 August 2005



**Richard Goyder**  
Managing Director, Wesfarmers Limited



# Presentation Outline



Opening Comments	Richard Goyder
Group Performance	Richard Goyder
Divisional Comments	
<i>Energy</i>	David Robb
<i>Hardware</i>	John Gillam
<i>Insurance</i>	Bob Buckley
<i>Industrial and Safety</i>	Bob Denby
<i>Chemicals and Fertilisers</i>	Keith Gordon
<i>Other Businesses</i>	Gene Tilbrook
Capital Management	Gene Tilbrook
Outlook	Richard Goyder

# Performance Summary



Year Ended 30 June (\$m)	2004	2005	↑↓ %
Operating Revenue*	7,706.6	8,190.4	6.3
Net Profit (before goodwill)*	654.7	708.7	8.2
Goodwill Amortisation*	(85.5)	(90.4)	5.7
Net Profit (after goodwill)*	569.2	618.3	8.6
Net Profit on Sale of Landmark	304.0	-	<i>nm</i>
Net Profit (after goodwill)	873.1	618.3	(29.2)
Earnings Per Share (before goodwill)*	174.2	187.8	7.8
Earnings Per Share (before goodwill)	255.1	187.8	(26.4)

\*Excludes sale of Landmark (2004)

# Divisional EBITA

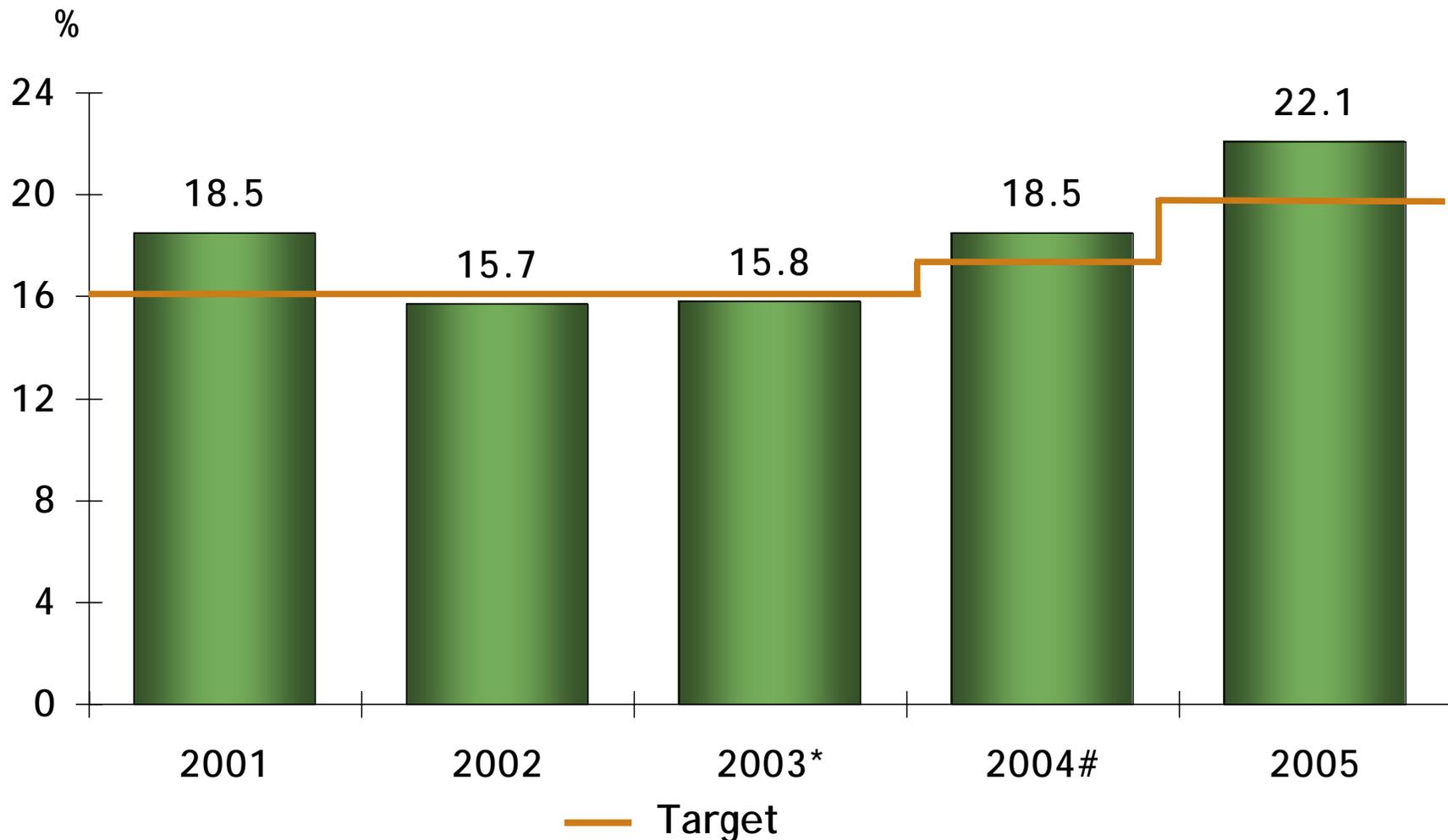


Year Ended 30 June (\$m)	2004*	2005	↕ %
Hardware	384.8	417.9	8.6
Energy	240.2	319.3	32.9
Insurance	95.8 #	138.8	44.9
Industrial and Safety	112.0	110.0	(1.8)
Chemicals and Fertilisers	85.6	89.3	4.3
Other	79.1	(1.7)	(102.1)
Total	997.5	1,073.6	7.6

\*Excludes earnings from sale of Landmark

# Lumley included since date of acquisition of 14 October 2003

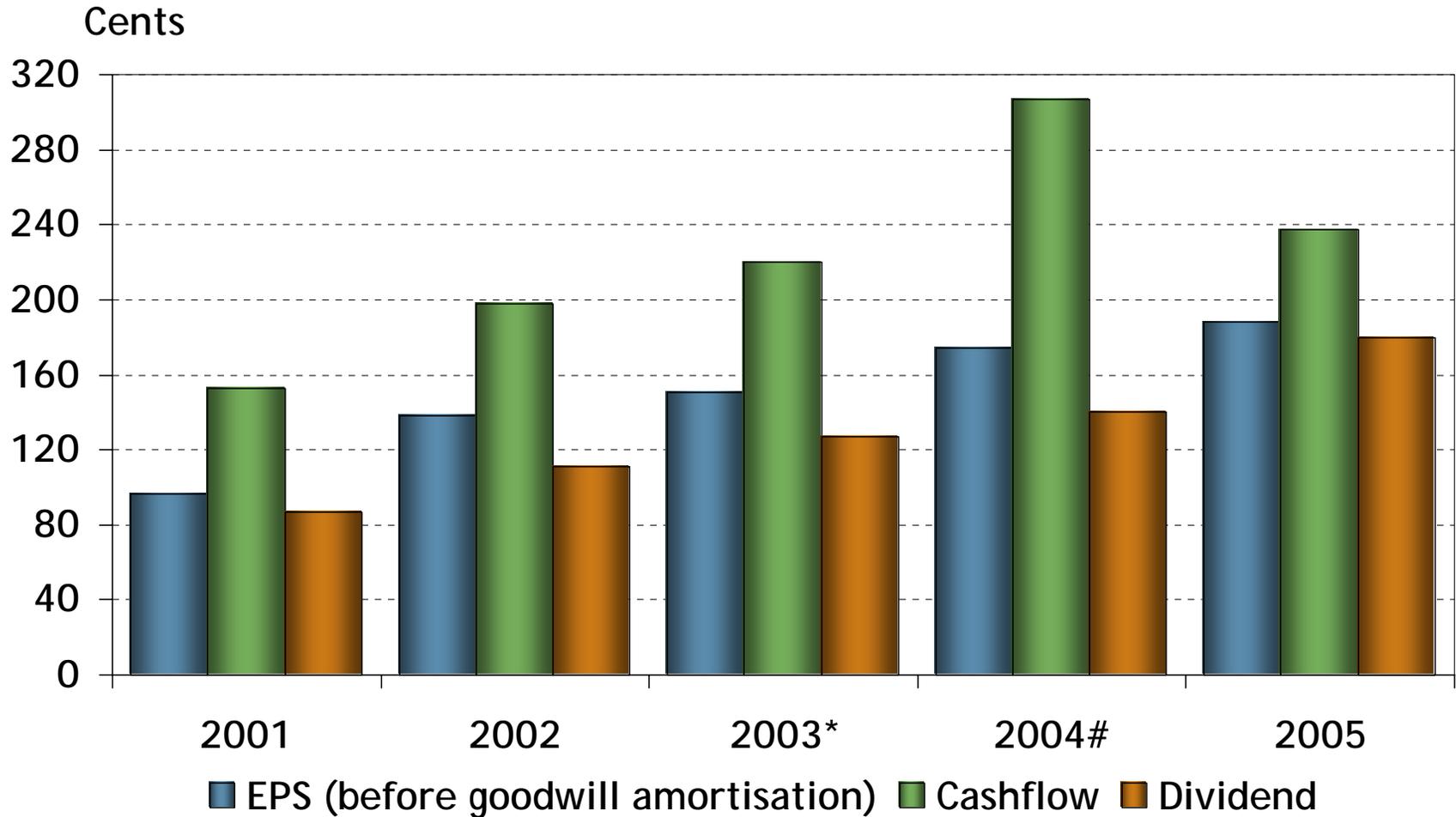
# Return on Shareholders' Funds (before goodwill amortisation)



\* Excludes sale of Girrah # Excludes sale of Landmark

# EPS, Cashflow & Dividend

(earnings, cashflow and dividend per share)



\* EPS excludes sale of Girrah

# EPS excludes sale of Landmark

# Wesfarmers Energy

David Robb

Executive Director, Wesfarmers Limited  
Managing Director, Wesfarmers Energy



# Energy Performance Summary



(\$m)		2004	2005	↕ %
Revenue		1,008.6	1,186.7	17.7
<b>EBITA</b>		<b>240.2</b>	<b>319.3</b>	<b>32.9</b>
Amortisation		(0.8)	(1.1)	37.5
EBIT		239.4	318.2	32.9
Gas & Power	Revenue (\$m)	380.8	421.2	10.6
	EBITA (\$m)	54.5	65.6	20.4
Coal	Revenue (\$m)	627.8	765.5	21.9
	EBITA (\$m)	185.7	253.7	36.6
ROC <sub>A</sub> (%)		31.2	37.5	20.2

# Energy Highlights



- Higher export coal prices
- Curragh North development
- Higher international LPG prices
- New WLPG gas supply arrangements
- LNG market development activities
- Power station opportunities



- Curragh North development continues
- Coking Coal price negotiations
- Increased Coking Coal exports
- Mine and infrastructure performance critical
- Premier tender outcomes
- LPG content uncertainty

# Hardware

John Gillam

Managing Director, Hardware



# Hardware Performance Summary



(\$m)	2004	2005	↕ %
Revenue	3,845.7	4,067.5	5.8
<b>EBITA</b>	<b>384.8</b>	<b>417.9</b>	<b>8.6</b>
Amortisation	(50.1)	(52.3)	4.4
EBIT	334.7	365.6	9.2
ROC <sub>A</sub> (%)	21.8	23.3	6.9
Safety (R12 LTIFR)	14.5	11.4	
Trading Revenue* (\$m)	3,771.6	4,015.5	6.5
Trading EBITA* (\$m)	374.6	408.3	9.0
Trading EBITA/Revenue (%)	9.9	10.2	3.0

\*Excludes property and other non-trading items

# Hardware Highlights



- 9.1% cash sales growth (5.6% store on store)
- 1.9% decline in trade sales
- 10 new store openings and 16 store upgrades
- Good progress on major strategies
  - merchandising, stock, shrinkage, supply chain, systems

# Hardware Outlook



- Continued cash sales growth
  - tighter retail conditions
  - market broadening merchandising initiatives
- Modest trade sales growth (difficult Australian market)
- 10-14 new store openings likely
- Accelerated store upgrades (25-30 planned)
- Ongoing effectiveness and efficiency gains

# Wesfarmers Insurance Division

**Bob Buckley**  
Managing Director, Wesfarmers Insurance



# Insurance Performance Summary



(\$m)	2004*	2005	↕ %
Gross Written Premium	787.3	1,019.9	29.5
Net Earned Premium	508.1	700.4	37.8
Net Claims	(295.8)	(418.1)	41.3
Net Commission and Expenses	(143.7)	(183.6)	27.8
Underwriting Result	68.6	98.7	43.9
Insurance Margin	85.2	123.5	45.0
<b>EBITA</b>	<b>95.8</b>	<b>138.8</b>	<b>44.9</b>
Net Earned Loss Ratio (%)	58.1 #	59.7	(1.6)
Combined Operating Ratio (%)	86.5 #	85.9	0.6
Insurance Margin (%)	17.0 #	17.4	0.4

\* Lumley included since date of acquisition of 14 October 2003

# adjusted to include a full year contribution from Lumley companies

# Insurance Highlights



- Completion of Lumley integration
- Record results for all insurance businesses
- Creditable performance for premium funding businesses
- Koukia made its first external sale



- Challenging outlook
- All business units experiencing increased competition
- Rates are stabilising with some moderate reductions
- NEP growth to continue - reduced reinsurance impact
- Margins to decline
- Continuation of compliance burden

# Wesfarmers Industrial and Safety

Bob Denby

Managing Director, Industrial and Safety



# Industrial & Safety Performance Summary



(\$m)	2004	2005	↕ %
Revenue	1,150.6	1,171.5	1.8
<b>EBITA</b>	<b>112.0</b>	<b>110.0</b>	<i>(1.8)</i>
Amortisation	(25.2)	(26.1)	3.6
EBIT	86.8	83.9	<i>(3.3)</i>
EBITA/Revenue Ratio (%)	9.7	9.4	<i>(3.1)</i>
ROCA (%)	13.8	13.7	<i>(0.7)</i>
Safety (R12 LTIFR)	5.3	4.1	

# Industrial & Safety Highlights



- Industrial Products:
  - solid growth in Qld and WA
  - market conditions more subdued in NSW, Vic & SA
- Protector Alsafe:
  - modest sales growth in the 2nd half of the year
- Blackwoods Paykels (NZ):
  - sales below expectations; improvement initiatives underway
- Other NZ businesses continued to perform well and experienced good sales growth



- Moderate sales and profit growth in 2005/06
- Continued strong performance from the resources sector
- Further earnings improvement from Protector Alsafe
- Completion of business improvement initiatives at Blackwoods Paykels; improved earnings during the first half of 2005/06
- Focus on existing and new business improvement initiatives

# Chemicals and Fertilisers

Keith Gordon

Managing Director, Chemicals & Fertilisers



# Chemicals & Fertilisers Performance Summary



(\$m)		2004	2005	↕ %
Revenue:	Chemicals	191.7	210.6	9.9
	Fertilisers	326.8	378.1	15.7
		518.5	588.7	13.5
<b>EBITA</b>		<b>85.6</b>	<b>89.3</b>	<b>4.3</b>
Amortisation		(0.2)	(0.2)	-
<b>EBIT</b>		<b>85.4</b>	<b>89.1</b>	<b>4.3</b>
Sales Volume: ( <sup>'000</sup> t)	Chemicals	442	456	3.2
	Fertilisers	1,062	1,120	5.5
ROC <sub>A</sub> (%)		17.7	18.1	2.3
Safety (R12 LTIFR)		2.4	2.0	

# Chemicals & Fertilisers Highlights



- Higher sales in both chemicals and fertilisers activities
- Ammonium nitrate feasibility study
- Expansion of sodium cyanide capacity
- Completion of ammonium nitrate shutdown
- Strong demand for liquid fertiliser products
- Improved safety performance



- Continued strong demand for core chemical products
- Ammonium nitrate expansion
- QNP shutdown October 2005
- Good start to 2005 growing season and a positive outlook for this years harvest
- Expansion of liquid fertiliser capacity to meet increasing demand

# Other Businesses

Gene Tilbrook

Finance Director, Wesfarmers Limited



# Other Businesses Performance Summary



Contribution to Group EBITA (\$m)	Holding %	2004	2005
Associates:			
ARG	50	19.0	16.1
Gresham Private Equity - Fund 1	50	74.1	5.9
Gresham Private Equity - Fund 2	67	(0.7)	(3.4)
Gresham Partners	50	4.3	4.7
Wespine	50	9.2	9.9
Tax on ARG, GPG and Wespine		(8.2)	(7.8)
Rural		8.4	-
Corporate overheads and Other		(27.0)	(27.2)
<b>Total</b>		<b>79.1</b>	<b>(1.8)</b>



- Tonnage up due to minerals; but less than planned
- Grain volumes volatile
- Cost pressures (fuel and labour) continue
- One-off incident cost
- Capital expenditure on plan:
  - major track refurbishment
  - more rolling stock upgrades



## Fund 1

- Wesfarmers' investment \$37m
- Strong cashflows to June 2004, but low in 2004/05
- Divestments and/or re-financings anticipated in 2005/06

## Fund 2

- Wesfarmers' investment \$24m
- Wesfarmers has committed \$150m
- Two investments to date

# Capital Management

Gene Tilbrook

Finance Director, Wesfarmers Limited



# Capital Management

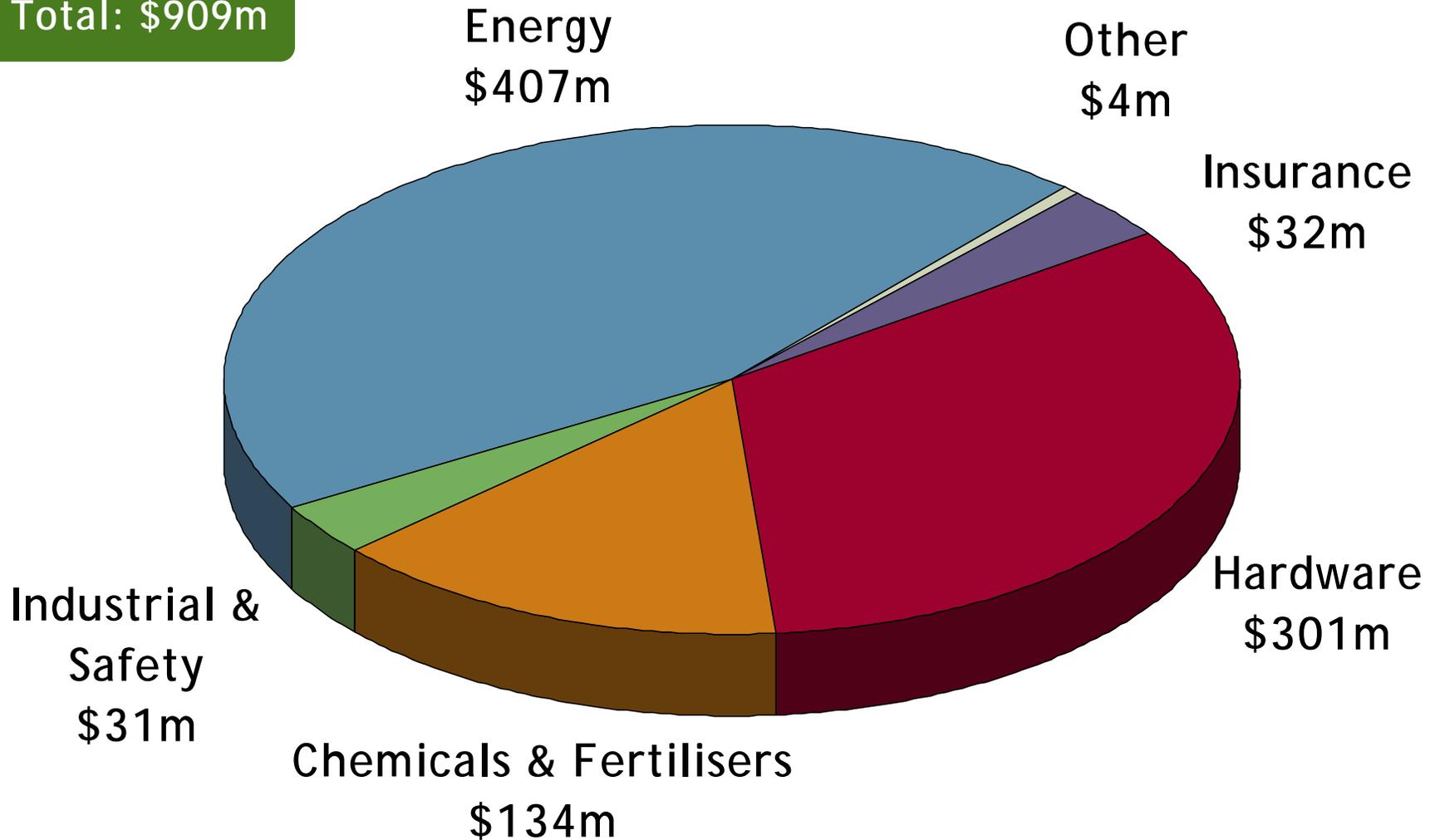


- Net Debt / Equity of 55.8% at 30 June 2005
- Cash interest cover ratio in excess of 17 times
- Group capital expenditure for 2004/05 of \$465m
- Strong capital expenditure programme for 2005/06
- Continued suspension of dividend investment plan
- No shares acquired during 2004/05 under buyback program

# Capital Expenditure Programme 2006 Budget



Total: \$909m



# Outlook

Richard Goyder  
Managing Director, Wesfarmers Limited





- Full year profit significantly above 2004/05 driven by:
  - high export coal prices; and
  - generally improved operating performance

# Questions



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