



24 October 2013

The Manager
Company Announcements Office
Australian Securities Exchange

Dear Sir,

2014 FIRST QUARTER RETAIL SALES RESULTS

Please find attached an announcement regarding the first quarter retail sales results.

An analyst briefing will be held at 8:00am (AWST) / 11:00am (AEDT) following the release of this announcement. This briefing will be webcast and accessible via our website at www.wesfarmers.com.au.

Yours faithfully,

A handwritten signature in black ink, appearing to be "L J Kenyon".

L J KENYON
COMPANY SECRETARY

Att.



Wesfarmers

NEWS

24 October 2013

2014 FIRST QUARTER RETAIL SALES RESULTS

First Quarter Sales (\$m)	Financial Year 2014	Financial Year 2013	Movement (%)
Food & Liquor ^{1,2}	6,914	6,623	4.4
Convenience ^{1,3}	1,991	1,870	6.5
Total Coles	8,905	8,493	4.9
Home Improvement ^{4,5}	1,999	1,812	10.3
Office Supplies ⁴	373	362	3.0
Total Home Improvement & Office Supplies	2,372	2,174	9.1
Target⁶	789	840	(6.1)
Kmart¹	970	927	4.6

Refer to appendix two for footnotes.

Wesfarmers Limited today announced its retail sales results for the first quarter of the 2014 financial year.

Managing Director Richard Goyder said he was generally pleased with the sales results, in particular the good performances of Coles, Bunnings, Officeworks and Kmart.

“Our continued focus on improving merchandise offers and value for customers was reflected in strong transaction and volume growth achieved across our retail businesses,” Mr Goyder said.

“Coles’ headline food and liquor sales growth for the quarter was 4.4 per cent. Comparable food and liquor sales grew 3.4 per cent, with volume growth remaining strong, particularly in fresh produce. Coles continued to offer customers better value through ongoing investment in lower prices, while making good progress in both product and store format innovation.

“Bunnings recorded strong total store sales growth of 10.4 per cent for the quarter, with store-on-store sales growing 7.1 per cent. Bunnings achieved good growth in both consumer and commercial areas as customers continue to respond well to our strategic initiatives which are creating more value and better customer experiences.

“Officeworks’ total sales grew 3.0 per cent for the quarter, with good transaction growth achieved in both the store network and online, consistent with Officeworks’ “every channel” strategy.

“As foreshadowed, Target’s comparable sales performance was below last year, declining 5.2 per cent. Clearance activity of excess winter inventory during the quarter and the non-repeat of promotional activity in the same period last year significantly affected trading. During the quarter Target continued to strengthen its leadership team to oversee its longer term transformation with a number of key appointments made.

“Kmart’s total sales for the quarter were 4.6 per cent above last year, with comparable sales increasing 2.0 per cent when adjusted for the effect of the Toy Sale change. Transactions and units sold increased for the fifteenth consecutive quarter, with good performances achieved in core apparel and home categories.”

Mr Goyder said that all of the retail divisions remained focused on providing customers stronger merchandise offers and better value, and were generally well placed for the important Christmas trading period.

COLES

Food and Liquor

Headline food and liquor sales for the first quarter¹ were \$6.9 billion, up 4.4 per cent on the previous corresponding period. Coles recorded comparable food and liquor store sales growth of 3.4 per cent, with comparable food store sales growth of 4.0 per cent achieved. Food and liquor price deflation of 2.5 per cent was experienced during the quarter¹ as a result of significant fresh produce deflation and Coles' continued investment in lower prices to deliver better value to customers. Customers again responded favourably to Coles' offer, which focused on product quality, service and value and resulted in good volume growth during the quarter.

Coles' Managing Director Ian McLeod said the result showed positive progress as Coles enters the second wave of transformation.

"In an environment where the cost of living has become the single most important issue for Australians, Coles remains committed to lowering prices and delivering stunning quality fresh food to our customers. Our multi-award winning loyalty program, flybuys, provides further value to nearly seven million members through targeted and personalised offers," Mr McLeod said.

"We have also extended our efforts to source more local products. For example, Coles has held dedicated Meet the Buyer events in every state to find new and exciting local products to offer our customers. As a result, over 120 new local products are now stocked by Coles and include products such as pasta, gelati, popcorn, spring water, sushi, honey and salad dressings. Coles is committed to supporting local food producers with 90 per cent of Coles Brand food and drink products being made or grown in Australia."

Mr McLeod said that Coles had continued to improve its store network and invest in quality floor space. Coles also made positive progress on its store renewal program with a number of next generation renewal stores expected to open before Christmas, where format and category innovations have focused on fresh produce, bakery and freshly prepared hot and cold take away meal offer improvements.

Coles opened three supermarkets and closed three supermarkets during the quarter, with the pace of new store openings to increase over the balance of the year. At the end of the quarter, Coles had a total of 756 supermarkets.

Fifteen stores were refurbished during the quarter, with 360 stores in renewal format at the end of the quarter. Consistent with prior years, refurbishment activity will accelerate during the December quarter prior to Christmas.

"In a market that saw general decline during the quarter, we made progress in our liquor offer. We improved our pricing and range architectures to offer customers more value, and further optimised our store network," Mr McLeod said.

Coles opened six new liquor stores and closed four stores during the period, resulting in a total of 812 liquor stores at the end of the period.

Convenience

Total Coles Express sales for the quarter¹, including fuel, were \$2.0 billion, an increase of 6.5 per cent on the previous corresponding period.

Headline fuel volumes declined 1.1 per cent during the quarter and comparable fuel volumes declined by 1.6 per cent as customers responded to higher fuel prices during the period. Within this result, Coles Express continued to drive positive outcomes in its diesel/premium fuel and multiple value offers.

Convenience store sales, excluding fuel sales, increased by 1.3 per cent for the quarter and comparable store sales increased 1.6 per cent.

Further to the initial extension of the 'Down Down' campaign to Coles Express stores during the March 2013 quarter, Coles Express launched its largest ever in-store discounting campaign in October, with over 1,000 products now discounted, including 33 new products added to the 'Down Down' offer.

Mr McLeod said the improved convenience store sales performance demonstrated continued development of the convenience store offer.

Coles Express opened two new sites and closed four during the quarter, bringing the total store network to 634 sites.

Refer to appendix two for footnotes.

HOME IMPROVEMENT AND OFFICE SUPPLIES

Home Improvement

Total sales for the quarter⁴ of \$2.0 billion were up 10.3 per cent on the previous corresponding period. Total store sales for the quarter⁴ grew 10.4 per cent, while store-on-store growth was 7.1 per cent. Sales growth was achieved in all key trading regions, across all product categories and in both consumer and commercial areas.

John Gillam, Managing Director of Home Improvement and Office Supplies, said the positive momentum in the business and strong store transaction growth were pleasing.

"Good traction continues to be achieved in all key strategic initiatives, creating more value and better experiences for customers. Merchandise innovation and the ongoing development of our commercial offer were also highlights," Mr Gillam said.

During the first quarter five Bunnings Warehouses and one trade centre were opened. As at the end of September 2013, a further 21 stores were under construction, with new store openings for the 2014 financial year weighted towards the back-end of the year.

Office Supplies

Total sales for the quarter⁴ were \$373 million, up 3.0 per cent on the previous corresponding period. In line with Officeworks' "every channel" strategy, strong transaction growth in both the store network and online drove an increase in sales across both channels.

Mr Gillam said the result was pleasing given market conditions.

"The business is progressing well, improving the offer for all customers in a highly integrated way across every channel. Officeworks also continued to expand its presence in the business to business market," Mr Gillam said.

During the first quarter, Officeworks opened three stores and closed two stores.

Refer to appendix two for footnotes.

TARGET

Total sales of \$789 million for the quarter⁶ were 6.1 per cent below the previous corresponding period, with comparable⁷ store sales decreasing 5.2 per cent.

Target Managing Director Stuart Machin said that, as previously outlined, trading for the first quarter had been challenging, reflecting the continued clearance of excess winter inventory which delayed the launch of the spring / summer range.

"Sales were significantly affected by high levels of clearance activity and the non-repeat of the promotional activity of the prior corresponding period. As a result of this clearance activity winter inventories declined significantly during the quarter. Positively, where improvements have been made to ranges and price architectures, customers have responded favourably to the enhanced offers.

"During the quarter we completed further Christmas range reviews, and a major focus area remained the revitalisation of the senior leadership team. Importantly, the majority of new management will be in place by Christmas, following which transformation activities will accelerate," Mr Machin said.

During the quarter Target opened two new stores and closed one store.

Refer to appendix two for footnotes.

KMART

Total sales of \$970 million for the quarter¹ were 4.6 per cent above the previous corresponding period, with comparable⁷ store sales decreasing 1.2 per cent. Excluding the effect of the Toy Sale at the beginning of the quarter, which this year saw the removal of Christmas lay by, comparable store sales increased 2.0⁸ per cent. Following the Toy Sale, the sales performance in everyday toys has been strong, reflecting a positive customer response to lower pricing and an improved range.

Kmart Managing Director Guy Russo said sales for the quarter were pleasing, with strong sales growth achieved across apparel and home categories. Within the apparel category, performance was particularly strong across childrenswear, underwear and sleepwear. Sales in maturing categories such as video games, music and DVDs continued to decline during the quarter.

“The quarter represented the fifteenth consecutive quarter of growth in transactions and units sold, and reflects Kmart’s continued focus on delivering low prices to families on everyday items,” Mr Russo said.

During the period, Kmart maintained its commitment to refreshing stores with six store refurbishments completed. Kmart opened one replacement store, Indooroopilly in Queensland and temporarily closed one store during the quarter.

Refer to appendix two for footnotes.

For further information:

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APPENDIX ONE

WESFARMERS RETAIL OPERATIONS - STORE NETWORK FIRST QUARTER OF THE FINANCIAL YEAR 2014

	Open at 1 Jul 2013	Opened	Closed	Re- branded	Open at 30 Sep 2013
COLES					
Supermarkets					
Coles	722	3	(2)	4	727
Bi-Lo	34	-	(1)	(4)	29
Total Supermarkets	756	3	(3)	-	756
Liquor					
1st Choice	92	4	-	-	96
Vintage Cellars	79	-	-	-	79
Liquorland	639	2	(4)	-	637
Hotels	92	-	-	-	92
Total Liquor	902	6	(4)	-	904
Convenience	636	2	(4)	-	634
Selling Area (m²)					
Supermarkets	1,656,520	n.a.	n.a.	n.a.	1,659,674
Liquor (excluding hotels)	199,178	n.a.	n.a.	n.a.	202,098
HOME IMPROVEMENT					
Bunnings Warehouse	210	5	(2)	-	213
Bunnings smaller formats	67	-	(2)	-	65
Bunnings Trade Centres	36	1	(2)	-	35
OFFICE SUPPLIES					
Officeworks	149	3	(2)	-	150
Harris Technology	1	-	-	-	1
TARGET					
Target	183	2	-	-	185
Target Country	125	-	(1)	-	124
KMART					
Kmart	190	1	(2)	-	189
Kmart Tyre & Auto	263	-	(3)	-	260

APPENDIX TWO

FOOTNOTES

1. Financial Year 2014 for the 13 week period 1 July 2013 to 29 September 2013 and Financial Year 2013 for the 13 week period 2 July 2012 to 30 September 2012
2. Includes hotels, excludes gaming revenue and property income
3. Includes fuel sales
4. Financial Year 2014 for the three month period 1 July 2013 to 30 September 2013 and Financial Year 2013 for the three month period 1 July 2012 to 30 September 2012
5. Includes consumer and commercial sales, excludes property income
6. Financial Year 2014 for the 13 week period 30 June 2013 to 28 September 2013 and Financial Year 2013 for the 13 week period 1 July 2012 to 29 September 2012
7. Comparable store sales include lay by sales. Lay by sales are excluded from total sales under Australian Accounting Standards
8. Financial Year 2014 for the 10 week period 22 July 2013 to 29 September 2013 and Financial Year 2013 for the 10 week period 23 July 2012 to 30 September 2012