2015 Full-Year Results Shareholder Quick Guide

Wesfarmers

Group performance summary

We are pleased to provide shareholders with a summary of Wesfarmers Limited's results for the full-year ended 30 June 2015. For more detail, we encourage you to read the full-year announcements lodged with the ASX on 20 August 2015.

Bob Every AO
Chairman

Richard Goyder AO
Managing Director

20 August 2015

It was pleasing to record a solid increase in underlying profit for the year. The Group's retail portfolio delivered strong earnings growth, with all retail businesses growing earnings and benefitting from hard work to deliver an improved merchandise offer and genuinely better value for customers.

Despite good outcomes in cost control and operational productivity, the industrial businesses faced a challenging sales environment from lower commodity prices, reduced project activity and customers' cost reduction programs, and recorded lower overall earnings.

Cash flow generation was a highlight, supported by working capital improvement and good capital expenditure disciplines. This allowed for an increase in the ordinary final dividend to $1.11 per share.

Overall, the Group continued to strengthen its existing businesses, including through further advancement of digital offers and investment in retail store networks. Growth opportunities to complement the existing portfolio were also secured.

Retail

In a competitive supermarket sector, Coles' improved sales momentum was pleasing. Operational efficiencies supported further investment in lower prices which resulted in growth in customer transactions, basket size and sales density. Investment in the fresh supply chain and building long-term supplier relationships resulted in increased fresh produce participation through improvements in product quality, value and availability. There were encouraging customer responses to early transformation work in the Liquor business which focused on range rationalisation, better value and store network improvement. The Convenience business performed solidly, despite lower fuel volumes.

Bunnings' performance was very strong and reflects sound strategy execution. Bunnings' focus on delivering a better customer experience through merchandise innovation and increased value, combined with higher investment in extending brand reach, resulted in increased earnings and a significant improvement in return on capital.

Officeworks' performance was clearly its best under Wesfarmers' ownership. Merchandise category expansion and a strong focus on delivering an improved customer offer through all channels to market drove strong growth in earnings and return on capital.

Kmart's strong sales and earnings growth reflected work done to reinvest sourcing benefits and process efficiencies into lower prices, as well as expanding and refurbishing the store network. Target's transformation plan progressed, with sales momentum improving through the year as customers responded positively to improvements in range and everyday value.

Industrials

Falling commodity prices, lower mining investment and reduced business activity presented a challenging operating environment for the Industrials division. Lower commodity prices and business restructuring costs more than offset the benefits from recent plant expansions and cost reduction initiatives.

Cash flow

Operating cash flows of $3,791 million were $565 million or 17.5 per cent above last year, supported by working capital cash inflows and lower finance costs.

Gross capital expenditure of $2,239 million was in line with last year. Net capital expenditure of $1,552 million was 27.6 per cent or $336 million above last year due to lower proceeds from the sale of retail property.

Free cash flows of $1,893 million were below last year. Adjusting for the proceeds from the disposal of the Insurance division, free cash flows were $159 million above last year, despite higher net capital expenditure and new business investment.

Dividends and capital management

The directors have declared a fully-franked final dividend of $1.11 per share, compared with $1.05 per share in FY2014. This takes the full-year ordinary dividend for 2015 to $2.00 per share. A capital management distribution of $1.00 per share was also completed in December 2014.

Outlook

The Group is well placed to strengthen and further build upon its existing businesses. With consumers remaining focused on value, the retail portfolio is expected to benefit from strategies that drive further value for customers and improvements in merchandise offers. As the Group enters the 2016 financial year, the Coles, Bunnings, Officeworks and Kmart businesses all have good momentum, with Target expected to improve as its transformation plan continues.

The retail businesses will seek to create increased value for customers through reinvestment of sourcing and supply chain efficiencies, as well as other productivity gains. Each business also has strategies aimed at driving increased merchandise innovation, better customer service, and extending channel reach and performance through improving store networks and digital offers.

The near-term outlook for the Industrials division remains challenging. In this environment, each business will seek to further reduce cost structures and optimise plant and mine performance.

Wesfarmers will retain a strong balance sheet to secure growth opportunities and where practical, optimise the portfolio.

EARNINGS BEFORE INTEREST AND TAX BREAKDOWN

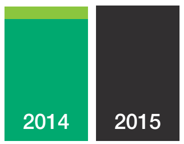
Coles	**46.1%**
Home Improvement and Office Supplies (HIOS)	**31.3%**
Bunnings	28.2%
Officeworks	3.1%
Department store retailing	**13.5%**
Kmart	11.2%
Target	2.3%
Industrials	**9.1%**
Chemicals, Energy and Fertilisers	6.0%
Resources	1.3%
Industrial and Safety	1.8%

The Group delivered a solid increase in underlying profit for the year.

REVENUE

$62,447M

up 3.8 per cent[1] (reported up 0.2 per cent)

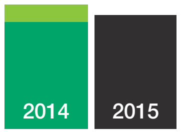


2014	$60,181m	$62,348m
2015		$62,447m

EARNINGS BEFORE INTEREST AND TAX

$3,759M

up 5.4 per cent[1] (reported down 9.4 per cent)

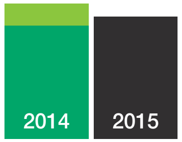


2014	$4,150m	$3,566m
2015		$3,759m

NET PROFIT AFTER TAX

$2,440M

up 8.3 per cent[1] (reported down 9.3 per cent)

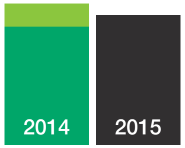


2014	$2,689m	$2,253m
2015		$2,440m

EARNINGS PER SHARE

$2.16

up 9.9 per cent[1] (reported down 7.9 per cent)

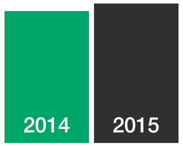


2014	$2.35	$1.97
2015		$2.16

FINAL ORDINARY DIVIDEND PER SHARE

111¢

up 5.7 per cent

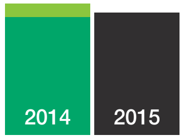


2014	105¢
2015	111¢

RETURN ON EQUITY (R12)

9.8%

up 40bps[1] (reported down 70bps)



2014	10.5	9.4
2015		9.8

[1] On an underlying basis, excluding discontinued operations and non-trading items.

■ Including discontinued operations and non-trading items. Discontinued operations for 2014 were $1,355 million (pre-tax) and $1,179 million (post-tax), consisting of the Insurance division contribution of $220 million and $145 million of pre-tax and post-tax earnings respectively, a $1,040 million pre-tax and $939 million post-tax gain on disposal of the Insurance division and a $95 million gain (pre and post-tax) on disposal of WesCEF's interest in Air Liquide WA (ALWA). NTIs for 2014 were $771 million pre-tax and $743 million post-tax, consisting of a $677 million (pre and post-tax) impairment of Target's goodwill and a $94 million pre-tax and $66 million post-tax Coles Liquor restructuring provision.

Coles

Financial performance

- Continued investment in price and service resulted in improved transactions, basket size and sales density
- Comparable food and liquor sales up 3.9 per cent
- Strong growth in fresh categories, including double digit sales and volume growth in fresh produce
- Coles Liquor remained challenging but encouraging results following start of long-term transformation plans
- Convenience revenue declined on lower fuel volumes and prices but store sales were up strongly on better range, value and food-to-go offering
- Acquired GE Australia's share in Coles credit card joint venture

Outlook

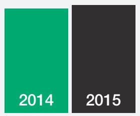
- Competition in food and grocery expected to remain high, with customers continuing to seek value
- Remain committed to implementing customer-led strategies and delivering trusted value
- Focus to remain on improving productivity, by driving end-to-end simplicity to enable further price investment and reduce the cost of the weekly shop
- Further investment and innovation across network of stores, as well as online, financial services and flybuys business platforms
- Continued progress on liquor transformation
- Coles Express to drive growth through improved store offer and network

REVENUE

$38,201M

up 2.2 per cent

2014	$37,391m
2015	$38,201m

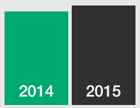


EARNINGS BEFORE INTEREST AND TAX

$1,783M

up 6.6 per cent

2014	$1,672m
2015	$1,783m

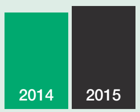


RETURN ON CAPITAL

11.0%

up 67 bps

2014	10.3%
2015	11.0%



Home Improvement and Office Supplies

Bunnings

Financial performance

- Store-on-store sales up 8.8 per cent
- Strong sales growth across all areas: consumer and commercial, all merchandise categories, all major regions
- Earnings growth from good trading, productivity improvements and cost discipline
- Record level of capital expenditure supporting the expansion and upgrading of the store network
- Significant increase in return on capital due to strong earnings growth and capital discipline

Outlook

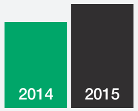
- Earnings growth will continue to be driven by improved customer value and experiences, greater brand reach, expanding commercial and merchandise innovation
- Continue to build a strong team, flow stock better, lift productivity and deepen community engagement
- Significant growth opportunity from greater brand reach, including strong new store pipeline and expanded digital ecosystem
- 15 to 18 new Bunnings Warehouse stores are expected to open in FY2016 and FY2017 (10 to 14 over the longer term)

REVENUE

$9,534M

up 11.6 per cent

2014	$8,546m
2015	$9,534m

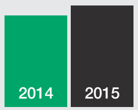


EARNINGS BEFORE INTEREST AND TAX

$1,088M

up 11.1 per cent

2014	$979m
2015	$1,088m

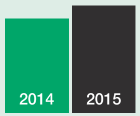


RETURN ON CAPITAL

33.5%

up 425 bps

2014	29.3%
2015	33.5%



Officeworks

Financial performance

- 'Every channel' strategy continued to produce strong sales growth in stores and online
- New and expanded categories, upgraded store layouts and improved store and online service contributed to the positive results
- B2B offer continues to gain momentum

Outlook

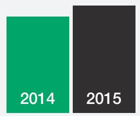
- Key focus areas include continued merchandising innovation and expansion, an enhanced physical and digital offer, more investment in value and team development
- Market expected to remain competitive

REVENUE

$1,714M

up 8.8 per cent

2014	$1,575m
2015	$1,714m

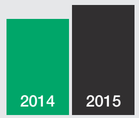


EARNINGS BEFORE INTEREST AND TAX

$118M

up 14.6 per cent

2014	$103m
2015	$118m

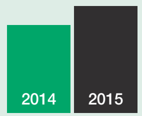


RETURN ON CAPITAL

11.4%

up 202 bps

2014	9.4%
2015	11.4%



Department store retailing

Kmart

Financial performance

- Comparable store sales up 4.6 per cent on increased transactions and units sold
- Strong sales growth driven by improved range architecture, store network expansion and refurbishments
- Increased earnings through sales growth and cost control
- Opened 11 stores and completed 29 refurbishments

Outlook

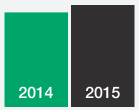
- Strong focus on price leadership
- Growth through increased volume, enhanced ranges, digital strategy expansion and a focus on operational efficiency
- Seek to maintain high standards in safety and ethical sourcing
- Six new stores and 40 refurbishments expected in FY2016

REVENUE

$4,553M

up 8.2 per cent

2014	$4,209m
2015	$4,553m

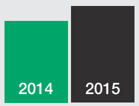


EARNINGS BEFORE INTEREST AND TAX

$432M

up 18.0 per cent

2014	$366m
2015	$432m

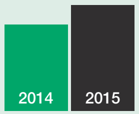


RETURN ON CAPITAL

32.9%

up 604 bps

2014	26.9%
2015	32.9%



Target

Financial performance

- Continued progress on transformation
- Improving sales trend with volume growth starting to offset lower prices, supported by strong online sales growth
- Margin improvement from more ‘first price, right price’ sales, fewer SKUs and supplier rationalisation
- Cost savings offset necessary investment in supply chain

Outlook

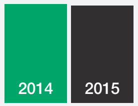
- Transformation plan to transition from ‘Fixing the basics’ to ‘Growth and efficiency’
- Improve sourcing and supply chain and further lower costs
- Investment in customer experience, in store and online, and focus on providing better value

REVENUE

$3,438M

down 1.8 per cent

2014	$3,501m
2015	$3,438m

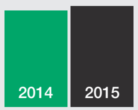


EARNINGS BEFORE INTEREST AND TAX

$90M

up 4.7 per cent

2014	$86m
2015	$90m

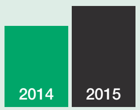


RETURN ON CAPITAL

3.6%

up 76 bps

2014	2.9%
2015	3.6%



Industrials

Chemicals, Energy and Fertilisers

Financial performance

- Increased earnings from ammonium nitrate (AN) and fertilisers and lower earnings from ammonia, Australian Vinyls (AV) and Kleenheat
- AN earnings significantly up following recent capacity expansion
- Kleenheat earnings down on lower LPG prices and reduced LPG content
- Over 1 million tonnes of fertiliser sales
- Sale of Kleenheat east coast LPG distribution business

Outlook

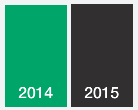
- Increased AN demand and earnings expected but ammonia expected to be affected by lower prices and a major plant shutdown
- Positive outlook for sodium cyanide
- Strategic review of AV’s PVC business
- Renegotiation of Kleenheat’s gas costs looking positive

REVENUE

$1,839M

up 1.5 per cent

2014	$1,812m
2015	$1,839m

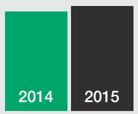


EARNINGS BEFORE INTEREST AND TAX

$233M

up 5.4 per cent

2014	$221m
2015	$233m

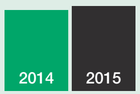


RETURN ON CAPITAL

15.2%

up 82 bps

2014	14.4%
2015	15.2%



Resources

Financial performance

- Revenue and earnings down on a significant fall in export coal prices
- Costs down 4.0 per cent reflecting continued strong focus on cost control
- Curragh metallurgical coal sales volumes down 2.0 per cent to 8.6 million tonnes and steaming coal sales volumes down 10.3 per cent to 3.2 million tonnes

Outlook

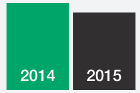
- Subdued export coal pricing forecasts present a challenging FY2016 outlook
- Curragh FY2016 metallurgical coal sales forecast to be between 8.0 and 9.0 million tonnes
- Curragh to defend a claim by Stanwell Corporation for additional rebate payments, with a counter claim regarding overpayment issued
- Strong focus on productivity and cost control to continue

REVENUE

$1,374M

down 11.0 per cent

2014	$1,544m
2015	$1,374m

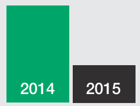


EARNINGS BEFORE INTEREST AND TAX

$50M

down 61.5 per cent

2014	$130m
2015	$50m

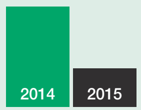


RETURN ON CAPITAL

3.4%

down 547 bps

2014	8.9%
2015	3.4%



Industrial and Safety

Financial performance

- Earnings impacted by depressed industrial markets, significant re-tendering activity, customers’ reduced spending, currency and investment in value
- Significant restructuring to reset the cost and capital base, incurring $20 million of one-off costs
- Workwear Group performed to expectations following acquisition, with improvements made to supply chain and customer service

Outlook

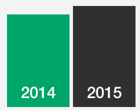
- Trading environment expected to remain challenging in FY2016
- Continued efficiency drive
- Retain and grow market share through improved customer service and value
- Workwear Group integration will continue to be a strong focus

REVENUE

$1,772M

up 9.3 per cent

2014	$1,621m
2015	$1,772m

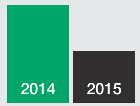


EARNINGS BEFORE INTEREST AND TAX

$70M

down 46.6 per cent

2014	$131m
2015	$70m

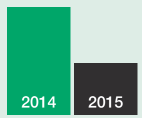


RETURN ON CAPITAL

5.5%

down 605 bps

2014	11.6%
2015	5.5%



Key dates

2015 Full-year results announcement and briefing	20 August 2015
2015 Final dividend	
– Ex-dividend date	25 August 2015
– Record date	5:00pm WST 27 August 2015
– Last date for receipt of election notice for DIP	5.00pm WST 28 August 2015
– Payment date and DIP allocation date	30 September 2015
***2016 first quarter retail sales update**	22 October 2015
***Annual General Meeting**	12 November 2015

* Dates are subject to change should circumstances require. All changes will be advised to the ASX.

Share registry

Shareholders seeking information about their shareholdings or who wish to manage their shareholdings should contact our share registry, Computershare Investor Services Pty Limited. The registry can assist with queries such as share transfers, dividend payments, the Dividend Investment Plan, and changes of name, address or bank details.

Computershare Investor Services Pty Limited

Shareholder information line:
1300 558 062 (in Australia)
or (+61 3) 9415 4631.

www.investorcentre.com/wes

Dividend Investment Plan (DIP)

The DIP provides a convenient way for shareholders to invest their dividends in new fully paid shares in Wesfarmers, without paying brokerage or other costs. At each dividend payment date, dividends on shares nominated to be subject of the Plan are automatically invested in Wesfarmers ordinary shares.

Wesfarmers Investor Centre

The Investor Centre is a dedicated online resource for keeping shareholders informed about our performance. For information such as current and historical share prices, company announcements, reports and presentations, dividend and capital management information and key financial dates, visit **http://www.wesfarmers.com.au/investors/investor-centre-home.html**. You can also link to our share registry where you can manage your shareholding.

Go electronic!

Shareholders are encouraged to elect to receive electronic communications. It's quicker, it reduces costs and it's better for the environment.

Notifications of dividends and payments, Notices of Meetings, Annual Reports, Shareholder Reviews and/or ASX announcements can all be delivered instantly to your email inbox.
To receive some or all shareholder communications electronically, contact our share registry, Computershare Investor Services Pty Limited.

Group structure

Retail operations

Coles

coles, coles.com.au, coles express, Vintage Cellars, first choice liquor, BI-LO, Liquorland, spirit hotels, coles Financial Services

Home Improvement and Office Supplies

Bunnings warehouse, Bunnings, Bunnings Trade, Officeworks

Kmart

Kmart, Kmart Tyre & Auto Service

Target

Target

Industrials and other businesses

Resources

Wesfarmers Resources, Curragh, Bengalla

Chemicals, Energy and Fertilisers

Wesfarmers Chemicals, Energy & Fertilisers, CSBP, Australian Vinyls, AGA, QNP, Evol LNG, Kleenheat, Modwood, Quadrant Energy

Industrial and Safety

Wesfarmers Industrial and Safety, Blackwoods, Blackwoods Protector, Protector Alsafe, NZ Safety, Safety Source, Greencap, coregas, Bullivants, Total Fasteners, Packaging House, NSCA, Workwear Group

Other businesses

bwp Trust, Gresham, Wespine

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