17 February 2021

The Manager
Company Announcements Office
Australia Securities Exchange

Dear Manager,

HALF-YEAR REPORT TO 31 DECEMBER 2020

In accordance with ASX Listing Rule 4.2A, attached is the 2021 Half-year Report (incorporating Appendix 4D).

It is recommended that the report be read in conjunction with the Annual Financial Report of Wesfarmers Limited for the period ended 30 June 2020, together with any public announcements made by Wesfarmers Limited in accordance with its continuous disclosure obligations arising under the Corporations Act 2001.

An analyst briefing will be held at 9:30am AWST / 12:30pm AEDT on Thursday, 18 February 2021. This briefing will be webcast and is accessible via our website at www.wesfarmers.com.au.

Yours faithfully,

V. Robinson

Vicki Robinson
Executive General Manager
Company Secretariat

This announcement was authorised to be given to the ASX by the Wesfarmers Limited Board.

Wesfarmers Limited
ABN 28 008 984 049

Level 14, Brookfield Place Tower 2
123 St Georges Terrace
Perth WA 6000

T + 61 8 9327 4211
info@wesfarmers.com.au
www.wesfarmers.com.au

Half-year Report 2021

INCORPORATING APPENDIX 4D

For the six months ended 31 December 2020

It is recommended that the 2021 Half-year Report is read in conjunction with the annual financial report of Wesfarmers Limited as at 30 June 2020 together with any public announcements made by Wesfarmers Limited and its controlled entities during the half-year ended 31 December 2020 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001.*

Wesfarmers Limited ABN 28 008 984 049

The primary objective of Wesfarmers is to provide a satisfactory return to shareholders.

We believe it is only possible to achieve this over the long term by:

anticipating the needs of our customers and delivering competitive goods and services	looking after our team members and providing a safe, fulfilling work environment	engaging fairly with our suppliers, and sourcing ethically and sustainably
supporting the communities in which we operate	taking care of the environment	acting with integrity and honesty in all of our dealings

About Wesfarmers

From its origins in 1914 as a Western Australian farmers' cooperative, Wesfarmers has grown into one of Australia's largest listed companies. With headquarters in Perth, Wesfarmers' diverse business operations cover: home improvement, outdoor living and building materials; general merchandise and apparel; office and technology products; manufacturing and distribution of chemicals and fertilisers; industrial and safety product distribution; and gas processing and distribution. Wesfarmers is one of Australia's largest private sector employers with approximately 120,000 employees (including more than 2,700 Indigenous team members) and is owned by more than 483,000 shareholders.

About this report

This Half-year Report is a summary of Wesfarmers' and its subsidiary companies' operations and financial positions as at 31 December 2020 and performance for the half-year ended on that date.

In this report references to 'Wesfarmers', 'the company', 'the Group', 'we', 'us' and 'our' refer to Wesfarmers Limited (ABN 28 008 984 049) unless otherwise stated.

References in this report to 'the half' or 'half-year' are to the financial period 1 July 2020 to 31 December 2020 unless otherwise stated. The prior corresponding period (pcp) is the half-year ended 31 December 2019.

All dollar figures are expressed in Australian dollars (AUD) unless otherwise stated.

References to AASB refer to the Australian Accounting Standards Board and IFRS refers to the International Financial Reporting Standards. There are references to IFRS and non-IFRS financial information in this report. Non-IFRS financial measures are financial measures other than those defined or specified under any relevant accounting standard and may not be directly comparable with other companies' information. Non-IFRS financial measures are used to enhance the comparability of information between reporting periods (such as pre AASB 16 financial information). Non-IFRS financial information should be considered in addition to, and is not intended to be a substitute for, IFRS financial information and measures. Non-IFRS financial measures are not subject to audit or review.

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Appendix 4D

For the half-year ended 31 December 2020

Results for announcement to the market

Revenue from continuing operations	up 16.6% to $17,774 million
Profit after tax attributable to members from continuing operations[1]	up 23.3% to $1,390 million
Net profit for the period attributable to members	$1,390 million (2019: $1,210 million)
Interim dividend (fully-franked) per share	88 cents (2019: 75 cents)
Record date for determining entitlements to the interim dividend	5:00pm (AWST) 24 February 2021
Payment date for interim dividend	31 March 2021
Net tangible assets per ordinary share[2]	$5.08 (2019: $4.81)
Operating cash flow per share	$1.96 (2019: $1.88)

[1] Includes restructuring costs of $34 million (post-tax $24 million) in the Kmart Group.

[2] The calculation of net tangible assets per ordinary share includes right-of-use assets and lease liabilities.

Dividend Investment Plan

The company operates a Dividend Investment Plan (the Plan) which allows eligible shareholders to elect to invest dividends in ordinary shares which rank equally with Wesfarmers ordinary shares. The allocation price for shares under the Plan will be calculated as the average of the daily volume weighted average price of Wesfarmers ordinary shares on each of the 15 consecutive trading days from and including the third trading day after the record date of 24 February 2021 for participation in the Plan, being 1 March 2021 to 19 March 2021.

The latest time date for receipt of applications to participate in or to cease or vary participation in the Plan is by 5:00pm (AWST) on 25 February 2021. The Directors have determined that no discount shall apply to the allocation price and the Plan will not be underwritten. It is the Company's expectation that shares to be allocated under the Plan will be acquired on-market and transferred to participants on 31 March 2021. A broker will be engaged to assist in this process.

Further information

Further information to assist in the understanding of the above is provided throughout this Half-year Report.

Directors' Report
Half-year Report for the six months ended 31 December 2020

The directors of Wesfarmers Limited submit their report for the half-year ended 31 December 2020.

Directors

Except as otherwise stated below, the names of the directors in office during the half-year reporting period 1 July 2020 to 31 December 2020 and as at the date of this report are shown below.

M A Chaney AO	(Non-Executive Chairman)
R G Scott	(Group Managing Director)
S W English KNZM	(Non-Executive Director)
W G Osborn	(Non-Executive Director)
M Roche	(Non-Executive Director)
A Sabharwal	(Non-Executive Director – effective 1 February 2021)
D L Smith-Gander AO	(Non-Executive Director – retired 12 November 2020)
V M Wallace	(Non-Executive Director)
S L Warburton	(Non-Executive Director)
J A Westacott AO	(Non-Executive Director)

Directors' Report

Review of results and operations

Financial highlights

Half-year ended 31 December ($m)	2020	2019	Variance %
Results from continuing operations excluding significant items[a]			
Revenue	17,774	15,249	*16.6*
Earnings before interest and tax	2,171	1,734	*25.2*
Earnings before interest and tax (after interest on lease liabilities)	2,057	1,615	*27.4*
Net profit after tax	1,414	1,127	*25.5*
Basic earnings per share (cps)	125.0	99.6	*25.5*
Results including discontinued operations and significant items[a]			
Net profit after tax	1,390	1,210	*14.9*
Basic earnings per share (cps)	122.9	106.9	*14.9*
Operating cash flows	2,216	2,131	*4.0*
Interim ordinary dividend (fully-franked, cps)	88	75	*17.3*

[a] Further detail on significant items and discontinued operations is set out on page 21.

Wesfarmers Limited has reported a statutory net profit after tax (NPAT) of $1,390 million for the half-year ended 31 December 2020. NPAT from continuing operations, excluding significant items, increased 25.5 per cent to $1,414 million.

The result was underpinned by strong sales and earnings growth across the retail businesses, as well as an improvement in the performance of Industrial and Safety, during a period of continued disruption and uncertainty due to COVID-19.

Bunnings, Kmart Group and Officeworks delivered strong trading results for the half, reflecting their ability to adapt to changing customer preferences and provide a safe environment for customers and team members. In line with Wesfarmers' objective of delivering superior and sustainable long-term returns, the retail divisions continued to invest in building deeper customer relationships and trust by providing greater value, service and convenience for customers during a period in which many Australian households faced significant challenges and uncertainty.

The result in Chemicals, Energy and Fertilisers (WesCEF) reflected a solid operating performance, while Industrial and Safety reported an improvement in the performance of Blackwoods.

Pleasing progress on the Group's data and digital agenda in recent years supported strong online sales growth and digital engagement during the half. Total online sales across the Group more than doubled for the half, excluding Catch. Including the Catch marketplace, online sales of $2.0 billion were recorded for the half.

Good progress to accelerate the growth of Kmart and address the performance in Target continued during the half and, on a combined basis, Kmart and Target delivered a record earnings result for the period. Sales and transaction volume uplifts from Target stores that have been converted to Kmart stores continue to be very encouraging, and 19 stores were converted during the half. Target's profitability improved significantly, supported by strong demand and the ongoing simplification of the business.

The Group maintained its commitment to sustainable long-term value creation during the half. Across the Group, Scope 1 and 2 emissions reduced by eight per cent. Wesfarmers also employed approximately 9,500 more team members at the end of December 2020 compared with the prior corresponding period, reflecting continued investment in customer service and digital capabilities across the Group, as well as increased levels of activity in the retail businesses. Aboriginal and Torres Strait Islander team member numbers increased by 800, continuing the Group's progress towards achieving employment parity of three per cent by 2022.

Operating cash flows increased 4.0 per cent for the half to $2,216 million, supported by strong divisional earnings growth, which was partially offset by the ongoing normalisation in working capital positions in the retail businesses following the abnormal balances recorded at the end of the 2020 financial year, as well as the timing of tax payments.

Wesfarmers has maintained a strong balance sheet as a result of the solid cash flow performance and the actions taken in the 2020 financial year in response to the uncertainty associated with COVID-19. The Group reported a net cash position of $871 million at the end of the half.

The directors have determined to pay a fully-franked ordinary interim dividend of $0.88 per share, reflecting the strong NPAT result and Wesfarmers' dividend policy, which takes into account available franking credits, balance sheet position, credit metrics and cash flow generation while preserving the flexibility to manage continued uncertainty associated with COVID-19, and to take advantage of value-accretive growth opportunities, if and when they arise.

Impact of COVID-19

During the half, COVID-19 had a significant impact on the Group's operations and financial results. The Group maintained many of the important measures implemented in the second half of the 2020 financial year to protect the health and safety of customers and team members, and continued to support government efforts to limit the spread of COVID-19. Costs associated with providing a COVID-safe environment of approximately $30 million were incurred during the half.

The Group continued to provide paid pandemic leave to team members and also paid team members during the Stage 4 restrictions in metropolitan Melbourne, even where the Group's businesses did not have meaningful work for them.

The Group's retail businesses experienced significant volatility in sales during the half due to changes in store traffic as a result of government restrictions and physical distancing requirements. Customers spending more time working, learning and relaxing at home, in part due to travel restrictions, continued to support strong demand in some product categories. Government stimulus measures, including those designed to provide income support to households and businesses, also had a positive impact on the Group's retail sales during the half.

COVID-19 has accelerated shifts in customer preferences, with significant increases in digital engagement and online purchases during the half. The Group's investment in digital capabilities over recent years supported strong online sales growth, and investment in this area continued during the half. Some additional fulfilment costs were incurred within stores and distribution centres to accommodate peak periods of online demand.

Disruptions and capacity constraints in global supply chains also led to some inventory delays and higher ocean freight charges.

Many of the changes made to ensure COVID-safe operations and respond to changing customer shopping preferences have been integrated into normal business practices.

Further detail on the operational impact of COVID-19 is provided in the divisional results commentary.

Group results summary

Half-year ended 31 December ($m)	2020	2019	Variance %
Key financials			
Results from continuing operations[a]			
Revenue	17,774	15,249	*16.6*
EBIT	2,137	1,734	*23.2*
EBIT (after interest on lease liabilities)	2,023	1,615	*25.3*
EBIT (after interest on lease liabilities) (excluding significant items)[b]	2,057	1,615	*27.4*
NPAT	1,390	1,127	*23.3*
NPAT (excluding significant items)[b]	1,414	1,127	*25.5*
Basic earnings per share (excluding significant items)[b] (cps)	125.0	99.6	*25.5*
Results including discontinued operations[a]			
NPAT from discontinued operations[a]	-	83	*n.m.*
NPAT	1,390	1,210	*14.9*
NPAT (excluding significant items)[b]	1,414	1,127	*25.5*
Return on equity (excluding significant items)[b] (R12, %)	24.7	21.4	*3.3 ppt*
Cash flows and dividends including discontinued operations[a]			
Operating cash flows	2,216	2,131	*4.0*
Net capital expenditure	243	207	*17.4*
Free cash flows	1,964	1,039	*89.0*
Cash realisation ratio (excluding significant items)[b,c] (%)	102	114	*(12 ppt)*
Interim ordinary dividend (fully-franked, cps)	88	75	*17.3*
Balance sheet			
Net financial debt / (cash)[d]	(871)	2,317	*n.m.*

n.m. = not meaningful

[a] Further detail on discontinued operations is set out on page 21.

[b] Further detail on significant items is set out on page 21.

[c] Operating cash flows as a percentage of net profit after tax, before depreciation and amortisation.

[d] Interest-bearing liabilities less cash at bank and on deposit, net of cross-currency interest rate swaps and interest rate swap contracts. Excludes lease liabilities.

Divisional earnings summary

Half-year ended 31 December ($m)	2020	2019	Variance %
Earnings before tax (EBT) excluding significant items[a]			
Bunnings	1,274	938	*35.8*
Kmart Group[b]	487	343	*42.0*
Officeworks	100	82	*22.0*
WesCEF	160	173	*(7.5)*
Industrial and Safety[c]	37	7	*n.m.*
Divisional EBT (excluding significant items)[a]	**2,058**	**1,543**	*33.4*

n.m. = not meaningful

[a] Further detail on significant items is set out on page 21.

[b] 2019 includes $9 million of payroll remediation costs relating to Target.

[c] 2019 includes $15 million of payroll remediation costs.

Performance overview – divisional

Bunnings

Revenue for Bunnings increased 24.4 per cent to $9,054 million for the half, with earnings increasing 35.8 per cent to $1,274 million. Excluding the net contribution from property, earnings increased 39.0 per cent.

The strength of the sales and earnings results reflects Bunnings' solid execution of the strategic agenda and the ability of the operating model to successfully adapt to changing customer behaviour and operating environments.

Bunnings continued to invest in the customer experience through its commitment to lowest prices, expansion of online product ranges and upgrades to in-store product displays across kitchen and garage organisation ranges. Travel restrictions and customers spending more time undertaking projects at home continued to support sales growth.

Kmart Group

Kmart Group's revenue increased 9.0 per cent to $5,441 million for the half. Earnings before significant items and payroll remediation costs increased 38.4 per cent to $487 million. Good progress was made during the half on executing the planned changes to the Kmart and Target store networks, with initial trading results from converted stores exceeding expectations. Including significant items associated with these changes, Kmart Group recorded earnings of $453 million.

Kmart's earnings growth for the half was driven by higher sales and lower clearance costs. Kmart's inventory position improved over the half, with higher stock weights in key product lines supporting trade through the Christmas period. Kmart also continued to invest in new in-store retail technology and the development of its data and digital capabilities, and recorded an increase in online penetration to 8.7 per cent for the half.

Target's profitability improved significantly in the half, reflecting a higher proportion of full-price sales and lower operating costs, supported by the ongoing simplification of the business. Target also made enhancements to its product offer, particularly in apparel and soft home, and continued to prioritise online growth, with online penetration increasing to 15.9 per cent for the half.

Pleasing progress continued in Catch, with gross transaction value increasing 95.6 per cent for the half, supported by strong growth in both in-stock and marketplace offerings. Catch's earnings were impacted by accelerated investment in technology, marketing and fulfilment capacity to support future growth.

Officeworks

Officeworks' revenue increased 23.7 per cent to $1,523 million for the half. Earnings increased 22.0 per cent to $100 million.

Strong sales growth was driven by increased demand for technology and home office products as customers spent more time learning and working from home. Officeworks delivered strong earnings growth despite some gross margin compression from continued investment in prices and changes in sales mix towards lower margin technology products. COVID-19 restrictions also adversely impacted sales across higher margin categories such as office supplies and print, copy & create.

Officeworks' long-running investment in its every-channel capabilities supported an increase in online penetration to 37.1 per cent for the half.

Chemicals, Energy and Fertilisers

WesCEF's revenue decreased 6.6 per cent to $830 million. Earnings decreased 7.5 per cent to $160 million.

WesCEF delivered a solid operating performance for the half and, as expected, earnings were impacted by additional supply from a competitor ammonium nitrate (AN) plant in the Burrup. This impact was moderated by recent work by CSBP to establish contracted positions and strong AN demand from the iron ore sector, as well as the continued development of new growth opportunities across the WesCEF portfolio.

Earnings were also impacted by continued weakness in the Saudi Contract Price and weaker export demand in the sodium cyanide business as a result of international gold mine closures due to COVID-19.

Industrial and Safety

Industrial and Safety's revenue increased 4.7 per cent to $898 million. Earnings increased to $37 million, up from $22 million, excluding payroll remediation costs, in the prior corresponding period.

The performance of Industrial and Safety was supported by higher sales and cost improvements in Blackwoods and continued growth in demand from Coregas' industrial and healthcare customers.

Other businesses

Other businesses and corporate overheads reported a loss of $1 million compared to a profit of $72 million in the prior corresponding period.

Earnings from this segment benefited from a positive contribution from property revaluations in BWP Trust and a reduction in corporate overheads. This was offset by the reclassification of the Group's 4.9 per cent interest in Coles to a financial asset following the sale of the Group's 10.1 per cent interest in the second half of the 2020 financial year, as well as the conclusion of the Curragh value sharing arrangement.

Significant items and discontinued operations

Post-tax significant items of $24 million ($34 million pre-tax) recorded during the half relate to Target store closure and conversion costs as part of the restructuring actions in Kmart Group announced during the 2020 financial year.

Post-tax significant items of $83 million recorded in the prior corresponding period relate to discontinued operations and primarily comprise the recognition of tax losses relating to the Bunnings United Kingdom and Ireland (BUKI) business which was divested in June 2018.

Cash flows, financing and dividends

Operating cash flows of $2,216 million were 4.0 per cent higher than the prior corresponding period, with strong divisional earnings growth partially offset by a normalisation in working capital positions in the Group's retail businesses, targeted investments to increase stock weights in Kmart to meet higher demand, and the timing of tax payments. Disciplined working capital management and capital expenditure resulted in pre-tax divisional operating cash flows after net capital expenditure and repayment of finance leases increasing 16.1 per cent. The Group's cash realisation ratio was 102 per cent for the half.

Gross capital expenditure of $410 million was 9.9 per cent below the prior corresponding period, with increased investment in data and digital initiatives across all divisions and progress on the conversion of Target stores to Kmart stores offset by lower new store and refurbishment expenditure in Bunnings and Kmart Group. Property disposals of $167 million were $81 million below the prior year, reflecting fewer property sales in Bunnings. The resulting net capital expenditure of $243 million was $36 million, or 17.4 per cent, higher than the prior corresponding period.

Free cash flows of $1,964 million were 89.0 per cent higher than the prior corresponding period, reflecting the increase in operating cash flows during the half and acquisition consideration for Kidman and Catch of $1.0 billion in the prior corresponding period.

The directors have determined to pay a fully-franked ordinary interim dividend of $0.88 per share, reflecting the strong NPAT result and Wesfarmers' dividend policy, which takes into account available franking credits, balance sheet position, credit metrics and cash flow generation. The Group has maintained balance sheet flexibility to respond to the high levels of uncertainty associated with COVID-19, and to take advantage of value-accretive growth opportunities, if and when they arise.

Outlook

Economic conditions in Australia have recovered strongly and the outlook is more positive, subject to future COVID-19 risks. While the continued impact of COVID-19 on customer demand and operations presents significant uncertainty, the Group's portfolio of cash-generative businesses with leading market positions remains well-placed to deliver satisfactory shareholder returns over the long term.

Sales across the Group's retail businesses have continued to remain strong through January and February, with some impact from government-mandated trading restrictions in Victoria, Western Australia and New Zealand. Consumers spending more time at home while travel restrictions persist is likely to continue to support higher demand in some of the Group's businesses. Retail sales growth is expected to moderate from March as the businesses begin to cycle the initial impacts of COVID-19 in the prior year, particularly in Bunnings and Officeworks.

The Group also expects to continue to incur costs of approximately $10 million per quarter, reflecting additional operating costs to provide a COVID-safe environment for customers and team members.

The Group's retail businesses will maintain their focus on meeting changing customer needs and delivering even greater value, quality and convenience for customers. Investment in Group and divisional digital capabilities will continue and is expected to support enhancements to customer value propositions, expansion of addressable markets and delivery of operating efficiencies.

The performance of the Group's industrial businesses will continue to be subject to international commodity prices, foreign exchange rates, competitive factors and seasonal outcomes.

On 17 February 2021, Wesfarmers announced the joint approval, together with Sociedad Quimica y Minera de Chile S.A. (SQM), of the final investment decision for the Mt Holland lithium project. Following receipt of all relevant approvals, construction of the mine, concentrator and refinery is expected to commence in the first half of the 2022 financial year. The first production of lithium hydroxide is expected in the second half of the 2024 calendar year. Wesfarmers' share of capital expenditure for the development of the project is estimated at approximately $950 million[1].

Wesfarmers will maintain an appropriately strong balance sheet to preserve flexibility to invest in long-term growth initiatives across the Group and manage the ongoing uncertainty associated with COVID-19.

Wesfarmers will continue to actively consider climate change risk in the context of key business decisions and manage the portfolio with deep carbon awareness. The Group will maintain its focus on delivering progress against its net zero emissions targets and aspirations, and continue to make disciplined investments to ensure appropriate climate change resilience in each of its businesses.

The Group will continue to develop and enhance its portfolio, building on its unique capabilities and platforms to take advantage of growth opportunities within existing businesses and to pursue investments and transactions that create value for shareholders over the long term.

[1] Real 2021 terms.

Bunnings

Half-year ended 31 December ($m)	2020	2019	Variance %
Revenue	**9,054**	**7,276**	***24.4***
EBITDA	1,669	1,316	*26.8*
Depreciation and amortisation	(337)	(321)	*(5.0)*
EBIT	**1,332**	**995**	***33.9***
Interest on lease liabilities	(58)	(57)	*(1.8)*
EBT	**1,274**	**938**	**35.8**
Net property contribution	1	22	*n.m.*
EBT (excluding net property contribution)	**1,273**	**916**	***39.0***
EBT margin excluding property (%)	14.1	12.6	
RoC[a] (R12, %)	76.6	51.5	
Total store sales growth[b] (%)	24.8	5.8	
Store-on-store sales growth[b] (%)	27.7	4.7	
Online penetration (%)	3.1	0.4	
Safety (R12, TRIFR)	10.0	10.4	
Scope 1 and 2 emissions (ktCO_2e)	115	130	

n.m. = not meaningful

[a] RoC is calculated as EBT / capital employed, where capital employed excludes right-of-use assets and lease liabilities.

[b] See Additional Disclosures (page 44) for relevant retail calendars.

Performance review

Revenue for Bunnings increased 24.4 per cent to $9,054 million for the half, with earnings increasing 35.8 per cent to $1,274 million. Excluding the net contribution from property, earnings increased 39.0 per cent for the half.

Total store sales in the first half increased 24.8 per cent, with store-on-store sales increasing 27.7 per cent. Strong growth was recorded across all major trading regions and all product categories, with sales in gardening and outdoor living categories particularly strong. Online sales penetration increased to 3.1 per cent for the half with digital engagement for both consumer and trade customers continuing to increase.

COVID-19 has continued to impact Bunnings' team members, operations and the communities it serves. Travel restrictions and customers spending more time undertaking projects at home continued to support strong sales growth. To ensure a COVID-safe environment for team members and customers, costs of approximately $16 million associated with additional cleaning, security and protective equipment were incurred during the half.

The strength of the earnings result reflects solid execution of the strategic agenda and the ability of the Bunnings operating model to successfully adapt to changing customer behaviour and operating environments across Australia and New Zealand. Return on capital increased to 76.6 per cent as a result of strong earnings growth and continued disciplined capital management. The net property contribution for the half was lower due to fewer property sales.

Bunnings continued to invest in improving the customer experience through lower prices across a wide number of categories and products. Over 6,000 new team members were also recruited to service increased demand, and upgrades to product displays including kitchen and garage organisation ranges helped to make shopping experiences more convenient. Good progress was made on the development of the digital agenda across Australia and New Zealand, including the expansion of product ranges available online and enhancements to the Bunnings Product Finder app.

Bunnings continued to strengthen relationships with commercial customers through expanded product offerings and improved service. Transactions completed through the PowerPass app grew strongly and improvements to the app's functionality were implemented during the half. A successful trial of new trade desk formats designed to provide a dedicated service area that improves the customer transaction experience for trade customers was completed and will be rolled out in the second half.

During the half, Bunnings opened nine warehouses and two smaller format stores, including six replacement warehouses. In addition, there was one store closure. At the end of the period there were 276 warehouses, 70 smaller format stores and 30 trade centres in the Bunnings network, as well as six Adelaide Tools stores. Five additional Bunnings warehouses and one smaller format store are currently under construction and due to be completed in the second half.

Outlook

While the outlook remains uncertain, Bunnings' trading performance is expected to continue to benefit from consumers continuing to spend more time at home. Sales and earnings growth are likely to moderate from March as the business begins to cycle the initial impacts of COVID-19 in the prior year. Bunnings will also continue to incur additional costs associated with operating safely in a COVID-19 environment for the foreseeable future.

Bunnings is well-positioned for continued growth and remains committed to investing for long-term success with a focus on expanding digital capabilities, broadening commercial markets and strengthening its offer both in-store and online.

Kmart Group

Half-year ended 31 December ($m)[a]	2020	2019	Variance %
Revenue	**5,441**	**4,990**	***9.0***
EBITDA[b]	818	696	*17.5*
Depreciation and amortisation	(283)	(292)	*3.1*
EBIT[b]	**535**	**404**	***32.4***
Interest on lease liabilities	(48)	(52)	*7.7*
EBT[b]	**487**	**352**	***38.4***
EBT including payroll remediation costs	**487**	**343**	***42.0***
Significant items	(34)	-	*n.m.*
EBT including significant items	**453**	**343**	***32.1***
EBT margin[b] (%)	9.0	7.1	
RoC[c] (R12, %)	35.5	25.1	
Safety (R12, TRIFR)	10.6	16.0	
Scope 1 and 2 emissions (ktCO_2e)	143	154	
Kmart			
Total sales growth[d] (%)	7.1	7.6	
Comparable store sales growth[d] (%)	9.1	5.5	
Online penetration (%)	8.7	3.7	
Target			
Total sales growth[d] (%)	2.3	(4.3)	
Comparable store sales growth[d] (%)	13.0	(2.3)	
Online penetration (%)	15.9	6.9	
Catch			
Gross transaction value growth[e] (%)	95.6	21.4	

n.m. = not meaningful

[a] 2019 includes Catch from 12 August 2019.

[b] 2020 excludes $34 million of pre-tax significant items. 2019 excludes $9 million of payroll remediation costs relating to Target.

[c] RoC is calculated as EBT / capital employed, where capital employed excludes right-of-use assets and lease liabilities. Earnings excludes significant items and includes payroll remediation costs.

[d] See Additional Disclosures (page 44) for relevant retail calendars.

[e] 2020 gross transaction value growth reflects the period 1 July 2020 to 31 December 2020 and 1 July 2019 to 31 December 2019. 2019 gross transaction value growth reflects the period 12 August 2019 to 31 December 2019 and 12 August 2018 to 31 December 2018.

Performance review

Kmart Group's revenue increased 9.0 per cent to $5,441 million for the half. Excluding significant items and payroll remediation costs, earnings of $487 million were 38.4 per cent above the prior corresponding period, driven by strong earnings growth in Kmart and a significant improvement in the profitability of Target. As previously announced, significant items incurred during the half relate to Target store closure and conversion costs that could not be provided for as part of the 2020 full-year results. Total online sales across Kmart Group, including the Catch marketplace, increased to $1,171 million for the half.

Kmart and Target

Half-year ended 31 December ($m)	2020	2019	Variance %
Revenue	5,112	4,835	*5.7*
EBITDA[a]	822	685	*20.0*
EBT[a]	502	348	*44.3*

[a] 2020 excludes $34 million of pre-tax significant items. 2019 excludes $9 million of payroll remediation costs relating to Target.

Kmart and Target revenue increased 5.7 per cent for the half, while earnings before significant items and payroll remediation costs of $502 million were 44.3 per cent above the prior corresponding period. The government-mandated temporary closure of 38 Kmart stores and 32 Target stores in metropolitan Melbourne impacted headline sales, partially offset by very strong online growth and strong customer demand when these stores reopened. In Kmart and Target, solid growth in home, active and kids categories was partially offset by lower demand for some apparel products.

Kmart's total sales increased 7.1 per cent for the half, with comparable sales increasing 9.1 per cent, driven by a continued focus on lowest price positioning and an enhanced product range. Limits on the number of customers allowed in store, combined with Kmart's very high customer traffic, restricted customer access in many stores. Kmart's inventory position improved over the half, with investments made in higher stock weights for key product lines to support trade through the Christmas period.

Target's total sales increased 2.3 per cent for the half, with comparable sales increasing 13.0 per cent, driven by increased demand for full-price items and improvements in the product range, which resulted in a stabilisation in transaction growth over the half.

Online sales penetration for Kmart and Target was 8.7 per cent and 15.9 per cent respectively. Strong online sales growth was supported by the introduction of customer-driven initiatives such as contactless Click and Collect, same day delivery options in some areas, as well as an expanded fulfilment network.

Kmart's earnings growth for the half was driven by higher sales and lower clearance costs, which offset higher operational costs associated with online fulfilment and higher shrinkage. Disruptions and capacity constraints in global supply chains resulted in higher ocean freight charges and impacted the speed with which inventory availability improved in some high-demand categories. Kmart continued to invest in key strategic initiatives to enhance its customer offer, including new in-store retail technology and the development of data and digital assets and capabilities.

Target's profitability improved significantly in the half, reflecting strong sales growth, a higher proportion of full-price sales and lower operating costs, which was underpinned by the ongoing simplification of the business. In line with the previously announced strategy, Target has prioritised online growth and focused on improving the product offer in destination categories of apparel and soft home.

Higher costs associated with additional in-store cleaning and security measures associated with providing COVID-safe environments also impacted Kmart and Target earnings during the half.

Good progress was made during the half on executing the planned changes to the Target and Kmart store networks, with 12 large format Target stores converted to Kmart stores and seven Target Country stores converted to the new K Hub small format. Early customer feedback is favourable and the uplift in transaction volumes and sales continues to be very encouraging, with initial trading results from converted stores exceeding expectations. A significant number of impacted store and support office team members have been successfully redeployed across the Wesfarmers Group and additional roles have been created in local communities from the Kmart conversions completed to date.

During the half, Kmart opened two new stores in addition to the 19 Target conversions, and closed four stores, while Target closed 25 stores, including converted stores. There were 514 stores across Kmart and Target as at 31 December 2020.

Catch

Half-year ended 31 December ($m)[a]	2020	2019
Gross transaction value	610	255
Revenue	329	155
EBITDA	(4)	11
EBT[b]	(15)	4
Gross transaction value growth[c] (%)	95.6	21.4

[a] 2019 includes Catch from 12 August 2019. Variance not shown due to different period of ownership between 2020 and 2019.
[b] Includes an amortisation expense in 2020 and 2019 of $5 million and $4 million, respectively, relating to assets recognised as part of the acquisition.
[c] 2020 gross transaction value growth reflects the period 1 July 2020 to 31 December 2020 and 1 July 2019 to 31 December 2019. 2019 gross transaction value growth reflects the period 12 August 2019 to 31 December 2019 and 12 August 2018 to 31 December 2018.

Catch's gross transaction value increased 95.6 per cent on the prior corresponding period to $610 million, driven by strong growth in both the in-stock and marketplace offerings. Active customers increased by 0.6 million during the half to 2.9 million as at 31 December 2020.

Catch's earnings performance for the half reflects the previously announced accelerated investment in technology, marketing and capabilities to support customer acquisition and growth in gross transaction value. Investments were also made in automation technology and fulfilment capacity, as well as in broadening the range of categories and brands available in both the in-stock and marketplace offerings. Catch implemented a number of customer-driven initiatives to leverage Wesfarmers Group assets, including offering Click and Collect in over 160 Target and Kmart stores, introducing Target as a marketplace seller and Kmart products into the in-stock range, and joining flybuys as a loyalty partner.

Outlook

In an uncertain and volatile environment, Kmart Group is well-positioned for the future. The business will be focused on meeting the changing needs of customers, and delivering greater value and convenience, while providing safe and trusted environments for customers to shop.

Kmart's focus will be on investing for future growth, including accelerating the development of new technology capabilities, re-platforming its website, optimising elements of its supply chain and online fulfilment model, as well as successfully converting select Target stores. While good progress was made during the half to improve inventory availability, current global supply chain disruptions are expected to persist in the second half of the financial year and the business will continue to make incremental investments in inventory to mitigate these impacts.

The restructuring of Target will accelerate in the second half, resulting in a significantly reduced store network and a simplified operating model that will ensure Target is fit for purpose in a competitive, challenging and dynamic market. Target will continue to improve the product offer in destination categories while accelerating online growth. Given the recent improvement in Target's sales performance and achieved cost reductions, Target is now expected to be profitable for the 2021 financial year before one-off costs.

Kmart Group expects to convert a further 19 large format Target stores to Kmart stores and a further 46 Target Country stores to K Hub stores in the second half.

Kmart Group now expects to incur one-off non-operating costs of approximately $90 to $110 million in the 2021 financial year relating to Target store closures and conversions to Kmart, a reduction from the previous estimate of $120 to $140 million.

Catch will continue to invest significantly in growing gross transaction value through customer acquisition by building brand awareness and enhancing its customer value proposition through additional investment in marketing, technology and fulfilment capacity. It will also continue broadening its product and brand offering, and leveraging Wesfarmers Group assets.

Officeworks

Half-year ended 31 December ($m)	2020	2019	Variance %
Revenue	**1,523**	**1,231**	***23.7***
EBITDA	156	137	*13.9*
Depreciation and amortisation	(51)	(48)	*(6.3)*
EBIT	**105**	**89**	***18.0***
Interest on lease liabilities	(5)	(7)	*28.6*
EBT	**100**	**82**	***22.0***
EBT margin (%)	6.6	6.7	
RoC[a] (R12, %)	23.4	17.2	
Total sales growth[b] (%)	23.6	11.5	
Online penetration (%)	37.1	29.7	
Safety (R12, TRIFR)	7.3	7.1	
Scope 1 and 2 emissions ($ktCO_2e$)	20	22	

[a] RoC is calculated as EBT / capital employed, where capital employed excludes right-of-use assets and lease liabilities.

[b] See Additional Disclosures (page 44) for relevant retail calendars.

Performance review

Officeworks' revenue increased 23.7 per cent for the half to $1,523 million. Earnings of $100 million were 22.0 per cent higher than the prior corresponding period.

Customers continued to respond positively to Officeworks' every-channel offer with strong sales growth both in stores and online. Sales growth of 23.6 per cent for the half was underpinned by increased demand for technology and furniture products due to customers establishing, maintaining and upgrading their working and learning spaces at home. There was also solid demand for early learning and art & craft products.

Sales across higher margin categories such as office supplies and print, copy & create were adversely impacted by COVID-19 restrictions, particularly in metropolitan Melbourne.

Officeworks' long-running, and ongoing, focus on its every-channel proposition placed the business in a strong position to be able to respond quickly to changes in customer behaviour throughout the course of the half. Online sales penetration, including Click and Collect, was 37.1 per cent for the half.

The business delivered strong earnings growth despite gross margin compression driven by changes in sales mix and continued investment in low prices. The significant growth in online sales required some additional resourcing to support peak demand, resulting in higher fulfilment costs. The business also incurred additional costs to keep team members and customers safe in a COVID-19 environment.

During the half, Officeworks continued to invest in long-term growth through upgrades to store designs and the online proposition to enhance customer convenience, as well as improvements in supply chain capacity. The business also continued to develop its customer and data analytics platforms to improve personalisation.

Return on capital improved to 23.4 per cent for the half, driven by strong earnings growth and a disciplined approach to cost and capital management.

There were two new stores opened and one store closed during the half, resulting in 168 stores across Australia as at 31 December 2020.

Outlook

While the outlook is uncertain, Officeworks remains well-positioned for the future with a focus on meeting the evolving needs and wants of customers, and continuing to invest in the health and wellbeing of team members. Sales and earnings growth are likely to moderate from March as the business begins to cycle the initial impacts of COVID-19 in the prior year.

Officeworks will continue to drive long-term growth by executing its strategic agenda through investing in the every-channel offer, enhancing supply chain capacity and capability, and expanding its presence in the education and business-to-business segments.

Chemicals, Energy and Fertilisers

Half-year ended 31 December ($m)[a]	2020	2019	Variance %
Revenue[b]			
Chemicals	489	510	*(4.1)*
Energy	206	219	*(5.9)*
Fertilisers	135	160	*(15.6)*
Total	**830**	**889**	***(6.6)***
EBITDA	202	214	*(5.6)*
Depreciation and amortisation	(42)	(41)	*(2.4)*
EBIT	**160**	**173**	***(7.5)***
Interest on lease liabilities	-	-	-
EBT	**160**	**173**	***(7.5)***
External sales volumes[c] ('000 tonnes)			
Chemicals	550	568	*(3.2)*
LPG & LNG	115	103	*11.7*
Fertilisers	274	324	*(15.4)*
RoC[d] (R12, %)	18.1	26.7	
RoC[d] (R12, %) (excluding ALM)	29.0	32.0	
Safety (R12, TRIFR)	3.2	3.1	
Scope 1 and 2 emissions (ktCO_2e)	455	493	

[a] 2019 includes Australian Light Minerals, the holding company for WesCEF's 50 per cent interest in the Covalent Lithium joint venture, from 23 September 2019.

[b] Excludes intra-division sales.

[c] External sales exclude AN volumes transferred between Chemicals and Fertilisers business segments.

[d] RoC is calculated as EBT / capital employed, where capital employed excludes right-of-use assets and lease liabilities.

Performance review

Revenue of $830 million was 6.6 per cent below the prior corresponding period. Chemicals revenue declined 4.1 per cent, impacted by lower volumes and prices. Energy recorded a 5.9 per cent decrease in revenue due to a lower Saudi Contract Price (the international benchmark indicator for LPG price). Fertilisers revenue declined 15.6 per cent as a result of unusually high volumes recorded in the prior corresponding period due to later than usual fertiliser applications.

Earnings of $160 million were 7.5 per cent below the prior corresponding period, driven by lower ammonium nitrate (AN) sales and weaker export demand in the sodium cyanide business.

A continued focus on safety, particularly high potential incidents, has seen the total recordable injury frequency rate remain broadly in line with the prior corresponding period at 3.2.

Chemicals

Chemicals delivered a solid result and, as expected, earnings were impacted by additional supply from a competitor AN plant in the Burrup. This impact was moderated by strong AN demand from the iron ore sector and CSBP's contracted positions. The business successfully delivered an improved AN emulsion product offering to customers during the half, with the product issues that had impacted earnings in the prior corresponding period now resolved.

Ammonia earnings were marginally down on the prior corresponding period due to a planned two-week plant shutdown during September. Earnings in the sodium cyanide business were impacted by weaker export demand as a result of international gold mine closures due to COVID-19.

Input cost pressures were experienced across most Chemical businesses during the period as a result of temporary supply chain disruptions.

Energy

Kleenheat earnings were slightly down on the prior corresponding period with higher export sales volumes offset by a lower Saudi CP. The natural gas retailing business experienced an increase in residential volumes and continued to grow its residential customer base in Western Australia.

Fertilisers

While not as material as the second half due to seasonality, Fertilisers earnings declined on the prior corresponding period due to a drier end of season compared to favourable late season conditions in the prior year. The business is benefiting from a newly commissioned liquid storage facility and has continued to invest in data and digital capabilities to enhance its service activities and customer experience.

Outlook

Production and demand for AN is expected to remain stable. The sodium cyanide business is expected to continue to experience weaker export demand in the short term due to the ongoing impacts of international gold mine disruptions as a result of COVID-19. The sodium cyanide business is investigating opportunities to expand production capacity, supported by the expected growth in global demand for gold.

Kleenheat earnings are expected to benefit from increased LPG sales due to the closure of the BP Refinery in Kwinana from the 2022 financial year. The natural gas retailing business remains focused on continuing its market-leading customer service.

Fertiliser sales volumes remain contingent upon farmer sentiment and seasonal outcomes in Western Australia. Second half earnings will remain dependent upon the timing and extent of the seasonal break in autumn and may be impacted by increased competitive pressures in the Western Australian fertiliser market.

On 17 February 2021, Wesfarmers announced the joint approval, together with Sociedad Quimica y Minera de Chile S.A. (SQM), of the final investment decision for the Mt Holland lithium project. Following receipt of all relevant approvals, construction of the mine, concentrator and refinery is expected to commence in the first half of the 2022 financial year, with purchase of long lead time items commencing late in the 2021 financial year. The first production of lithium hydroxide is expected in the second half of the 2024 calendar year. Wesfarmers' share of capital expenditure for the development of the project is estimated at approximately $950 million[1].

Overall earnings for Chemicals, Energy and Fertilisers will continue to be impacted by international commodity prices (in particular, ammonia and Saudi CP), exchange rates, competitive factors and seasonal outcomes.

[1] Real 2021 terms.

Industrial and Safety

Half-year ended 31 December ($m)	2020	2019	Variance %
Revenue	898	858	*4.7*
EBITDA[a]	76	61	*24.6*
Depreciation and amortisation	(37)	(36)	*(2.8)*
EBIT[a]	**39**	**25**	***56.0***
Interest on lease liabilities	(2)	(3)	*33.3*
EBT[a]	**37**	**22**	***68.2***
EBT including payroll remediation costs	**37**	**7**	***n.m.***
EBT margin[a] (%)	4.1	2.6	
RoC[b] (R12, %)	5.4	3.4	
Safety (R12, TRIFR)	4.5	4.1	
Scope 1 and 2 emissions ($ktCO_2e$)	13	14	

n.m. = not meaningful

[a] 2019 excludes $15 million of payroll remediation costs.

[b] RoC is calculated as EBT / capital employed, where capital employed excludes right-of-use assets and lease liabilities. 2019 earnings include $15 million of payroll remediation costs.

Performance review

Industrial and Safety revenue of $898 million was 4.7 per cent above the prior corresponding period. Earnings of $37 million were above the prior corresponding period, primarily driven by an improvement in the performance of Blackwoods.

Blackwoods' revenue increased on the prior corresponding period, underpinned by continued growth from strategic customers and strong demand for critical products in the first quarter, including respiratory, cleaning and hygiene products, partially offset by weakness in the coal mining, oil and gas, and manufacturing sectors. Investments made in improving Blackwoods' operational execution to date supported the reliable supply of products during the half despite COVID-19 related shipping disruptions.

Earnings growth in Blackwoods was supported by higher sales and cost improvement initiatives, partially offset by continued investment in customer service and digital capabilities, including the enterprise resource planning (ERP) system.

Workwear Group earnings were in line with the prior corresponding period with lower revenue from uniforms as a result of the impact of COVID-19 on some customer segments including airlines, retail and hospitality, offset by higher revenues from the industrial workwear brands, including KingGee and Hard Yakka, and operating efficiencies.

Coregas' earnings increased on the prior corresponding period due to higher demand from industrial and healthcare customers, reflecting investment in the product offerings in these segments in recent years. The business also benefited from improved materials sourcing costs.

Safety and injury management remains a core focus with the total recordable injury frequency rate increasing marginally to 4.5.

Outlook

Market conditions are expected to remain uncertain and challenging for the remainder of the 2021 financial year.

Blackwoods continues to focus on improving the customer value proposition. Blackwoods will build on the investment made in the first half to improve its core operational capabilities, including through the implementation of the ERP system.

Customer demand in Workwear Group will continue to be impacted by COVID-19. The business continues to focus on growth from key brands, cost improvement initiatives and continued investment in its digital offering. Customer demand in Coregas is expected to remain stable, with continued strength in healthcare and industrial segments offset by some weakness in other sectors and ongoing competitive pressures.

Other

Half-year ended 31 December ($m)	Holding %	2020	2019	Variance %
Share of profit of associates and joint ventures				
Coles[a]	4.9	-	73	*n.m.*
BWP Trust	24.8	36	34	*5.9*
Other associates and joint ventures[b]	Various	5	27	*n.m.*
Sub-total share of profit of associates and joint ventures		**41**	**134**	***n.m.***
Interest revenue		8	4	*n.m.*
Other[c]		13	2	*n.m.*
Corporate overheads		(62)	(68)	*(8.8)*
Total Other EBIT		**-**	**72**	***n.m.***
Interest on lease liabilities		(1)	-	*n.m.*
Total Other EBT		**(1)**	**72**	***n.m.***

n.m. = not meaningful

[a] Wesfarmers held a 15 per cent interest in Coles as at 31 December 2019 and sold 10.1 per cent of its interest via two separate transactions on 18 February 2020 and 30 March 2020.

[b] Includes investments in Gresham, flybuys, Wespine and BPI.

[c] 2020 includes $18 million of dividends received from the Group's 4.9 per cent interest in Coles. 2019 includes $9 million from the Curragh value sharing arrangement.

Performance review

Other businesses and corporate overheads reported a loss of $1 million compared to a profit of $72 million in the prior corresponding period.

Earnings from the Group's associates and joint ventures decreased by $93 million, primarily due to the reclassification of the Group's 4.9 per cent interest in Coles to a financial asset following the sale of the Group's 10.1 per cent interest during the second half of the 2020 financial year. This was partially offset by a positive contribution from property revaluations in BWP Trust.

Other corporate earnings of $13 million were recorded, compared to $2 million in the prior period. The increase reflects the recognition of dividends received from the 4.9 per cent in Coles, partially offset by the cessation of the Curragh value share arrangement in the second half of the 2020 financial year.

Corporate overheads reduced by $6 million to $62 million.

Discontinued operations and significant items

Half-year ended 31 December ($m)	2020	2019
Significant items (pre-tax)		
Restructuring costs in Kmart Group	(34)	-
Total significant items (pre-tax)	**(34)**	**-**
Significant items (post-tax)		
Restructuring costs in Kmart Group	(24)	-
Capital losses in BUKI[a] (disposed in June 2018)	-	84
True-up of tax base in Coles[a]	-	10
Tax expense on sale of Bengalla[a]	-	(11)
Total significant items (post-tax)	**(24)**	**83**

[a] Also reported as discontinued operations.

Discontinued operations and significant items

Post-tax significant items of $24 million ($34 million pre-tax) recorded during the half relate to Target store closure and conversion costs as part of the restructuring actions in Kmart Group announced during the 2020 financial year.

Post-tax significant items of $83 million recorded in the prior corresponding period relate to discontinued operations and primarily comprise the recognition of tax losses relating to BUKI which was divested in June 2018. Following finalisation of the tax cost base of Coles on demerger, the Group also recognised an adjustment to tax expense on demerger in Coles, partially offset by an additional expense associated with the sale of Bengalla, on completion of the Group's income tax return.

Cash flows, financing and dividends

Half-year ended 31 December ($m)	2020	2019	Variance %
Cash flows including discontinued operations			
Operating cash flows	2,216	2,131	*4.0*
Gross capital expenditure	410	455	*(9.9)*
Net capital expenditure	243	207	*17.4*
Free cash flows	1,964	1,039	*89.0*
Cash realisation ratio (excluding significant items)[a] (%)	102	114	*(12 ppt)*
Balance sheet			
Net financial debt / (cash)[b]	(871)	2,317	*n.m.*
Other finance costs	60	69	*(13.0)*
Weighted average cost of debt[c] (%)	4.38	4.25	*0.13 ppt*
Dividends per share			
Interim ordinary dividend (fully-franked, cps)	88	75	*17.3*

n.m. = not meaningful

[a] Operating cash flows as a percentage of net profit after tax, before depreciation and amortisation and significant items. Further detail on significant items is set out on page 21.

[b] Interest-bearing liabilities less cash at bank and on deposit, net of cross-currency interest rate swaps and interest rate swap contracts. Excludes lease liabilities.

[c] Weighted average cost of debt based on total gross debt before hedging costs, undrawn facility fees and amortisation of debt establishment costs.

Cash flows

Operating cash flows of $2,216 million were 4.0 per cent higher than the prior corresponding period, with strong divisional earnings growth partially offset by a normalisation in working capital positions in the Group's retail businesses, targeted investments to increase stock weights in Kmart to meet higher demand, and the timing of tax payments. Disciplined working capital management and capital expenditure resulted in pre-tax divisional operating cash flows after net capital expenditure and repayment of finance leases increasing 16.1 per cent. The Group's cash realisation ratio was 102 per cent for the half.

Gross capital expenditure of $410 million was 9.9 per cent below the prior corresponding period, with increased investment in data and digital initiatives across all divisions and progress on the conversion of Target stores to Kmart stores offset by lower new store and refurbishment expenditure in Bunnings and Kmart Group. Property disposals of $167 million were $81 million below the prior year, reflecting fewer property sales in Bunnings. The resulting net capital expenditure of $243 million was $36 million, or 17.4 per cent, higher than the prior corresponding period.

Free cash flows of $1,964 million were 89.0 per cent higher than the prior corresponding period, reflecting the increase in operating cash flows during the half and acquisition consideration for Kidman and Catch of $1.0 billion in the prior corresponding period.

Financing

The Group recorded a net cash position of $871 million as at 31 December 2020, comprising interest-bearing liabilities, excluding lease liabilities, net of cross-currency swap assets and cash at bank and on deposit. This compares to a net financial debt position of $2,317 million on 31 December 2019, and a net cash position of $471 million as at 30 June 2020. The current net cash position reflects the solid operating cash flow performance during the half, as well as the proceeds from the sale of the Group's 10.1 per cent interest in Coles during the second half of the 2020 financial year. During the half, the Group also repaid $500 million of domestic bonds.

Finance costs decreased 13.0 per cent to $60 million, reflecting lower average debt balances.

The Group's strong credit ratings remained unchanged during the half, with a rating from Moody's Investors Services of A3 (stable) and rating of A- (stable) from Standard & Poor's.

Dividends

The directors have determined to pay a fully-franked ordinary interim dividend of 0.88 per share, reflecting the strong NPAT result and Wesfarmers' dividend policy, which takes into account available franking credits, balance sheet position, credit metrics and cash flow generation. The Group has maintained balance sheet flexibility to respond to the high levels of uncertainty associated with COVID-19, and to take advantage of value-accretive growth opportunities, if and when they arise.

The interim dividend will be paid on 31 March 2021 to shareholders on the company's register on 24 February 2021, the record date for the interim dividend.

Given the preference of many shareholders to receive dividends in the form of equity, the directors have decided to continue the operation of the Dividend Investment Plan (the 'Plan'). The allocation price for shares issued under the Plan will be calculated as the average of the daily volume weighted average price of Wesfarmers ordinary shares on each of the 15 consecutive trading days from and including the third trading day after the record date, being 1 March 2021 to 19 March 2021.

The latest time for receipt of applications to participate in or to cease or vary participation in the Plan is by 5:00pm (AWST) on 25 February 2021. The Directors have determined that no discount shall apply to the allocation price and the Plan will not be underwritten. It is the Company's expectation that shares to be allocated under the Plan will be acquired on-market and transferred to participants on 31 March 2021. A broker will be engaged to assist in this process.

The auditor's independence declaration, as required under section 307C of the *Corporations Act 2001*, is provided below and forms part of this report.

EY

Building a better working world

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Auditor's independence declaration to the directors of Wesfarmers Limited

As lead auditor for the review of the half-year financial report of Wesfarmers Limited for the half-year ended 31 December 2020, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Wesfarmers Limited and the entities it controlled during the financial period.

Ernst + Young

Ernst & Young

T S Hammond
Partner
17 February 2021

Rounding

The amounts contained in this report and in the financial statements have been rounded to the nearest million dollars unless otherwise stated (where rounding is applicable) under the option available to the company under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. The company is an entity to which the instrument applies.

Signed in accordance with a resolution of the directors.

M A Chaney AO
Chairman
Perth, 17 February 2021

Financial statements

For the half-year ended 31 December 2020

Contents

Income statement

For the half-year ended 31 December 2020

		Consolidated	
	Note	**December 2020 $m**	December 2019 $m
Continuing operations			
Revenue	5	**17,774**	15,249
Expenses			
Raw materials and inventory		**(10,978)**	(9,523)
Employee benefits expense	6	**(2,749)**	(2,418)
Freight and other related expenses		**(284)**	(197)
Occupancy-related expenses	6	**(223)**	(233)
Depreciation and amortisation	6	**(755)**	(741)
Impairment expenses	6	**(49)**	(6)
Other expenses	6	**(685)**	(599)
Total expenses		**(15,723)**	(13,717)
Other income	5	**38**	60
Share of net profits of associates and joint ventures		**48**	142
		86	202
Earnings before finance costs and income tax expense		**2,137**	1,734
Interest on lease liabilities		**(114)**	(119)
Other finance costs	6	**(60)**	(69)
Profit before income tax expense		**1,963**	1,546
Income tax expense	7	**(573)**	(419)
Profit after tax from continuing operations		**1,390**	1,127
Discontinued operations			
Profit after tax from discontinued operations		**-**	83
Profit attributable to members of the parent		**1,390**	1,210
Earnings per share attributable to ordinary equity holders of the parent from continuing operations		**cents**	cents
Basic earnings per share		**122.9**	99.6
Diluted earnings per share		**122.8**	99.6
Earnings per share attributable to ordinary equity holders of the parent	12		
Basic earnings per share		**122.9**	106.9
Diluted earnings per share		**122.8**	106.9

Statement of comprehensive income

For the half-year ended 31 December 2020

		Consolidated	
	Note	**December 2020 $m**	December 2019 $m
Profit attributable to members of the parent		**1,390**	1,210
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Foreign currency translation reserve			
Exchange differences on translation of foreign operations		**(5)**	1
Cash flow hedge reserve	14		
Unrealised (losses)/gains on cash flow hedges		**(230)**	48
Realised losses transferred to net profit		**-**	-
Realised losses/(gains) transferred to non-financial assets		**126**	(120)
Share of associates and joint ventures reserves		**2**	-
Tax effect		**30**	21
Items that will not be reclassified to profit or loss:			
Financial assets reserve			
Changes in the fair value of financial assets designated at fair value through other comprehensive income		**65**	8
Tax effect		**(19)**	(2)
Retained earnings			
Remeasurement loss on defined benefit plan		**-**	-
Tax effect		**-**	-
Other comprehensive loss for the year, net of tax		**(31)**	(44)
Total comprehensive income for the year, net of tax, attributable to members of the parent arising from:			
Continuing operations		**1,359**	1,083
Discontinued operations		**-**	83
		1,359	1,166

Balance sheet

As at 31 December 2020

		Consolidated		
		December 2020	June 2020	December 2019
	Note	**$m**	$m	$m
ASSETS				
Current assets				
Cash and cash equivalents	8	**2,680**	2,913	436
Receivables - trade and other		**894**	1,037	949
Inventories		**4,516**	3,844	4,578
Derivatives		**81**	41	58
Other		**129**	229	182
Total current assets		**8,300**	8,064	6,203
Non-current assets				
Investments in associates and joint ventures		**731**	710	3,398
Other financial assets		**1,189**	1,123	-
Deferred tax assets		**651**	670	452
Property, plant and equipment		**3,478**	3,623	3,919
Mineral rights		**829**	813	801
Goodwill and intangible assets		**3,867**	3,814	4,285
Right-of-use assets	9	**6,192**	6,212	6,664
Derivatives		**264**	386	346
Other		**17**	10	11
Total non-current assets		**17,218**	17,361	19,876
Total assets		**25,518**	25,425	26,079
LIABILITIES				
Current liabilities				
Trade and other payables		**4,520**	4,008	4,130
Interest-bearing loans and borrowings	10	**959**	503	873
Lease liabilities	9	**942**	1,019	995
Income tax payable		**275**	392	164
Provisions		**1,000**	1,078	789
Derivatives		**238**	81	37
Other		**264**	189	239
Total current liabilities		**8,198**	7,270	7,227
Non-current liabilities				
Interest-bearing loans and borrowings	10	**1,032**	2,153	2,079
Lease liabilities	9	**6,318**	6,223	6,626
Provisions		**346**	346	329
Derivatives		**13**	4	4
Other		**-**	85	90
Total non-current liabilities		**7,709**	8,811	9,128
Total liabilities		**15,907**	16,081	16,355
Net assets		**9,611**	9,344	9,724
EQUITY				
Equity attributable to equity holders of the parent				
Issued capital	11	**15,818**	15,818	15,809
Reserved shares	11	**(102)**	(89)	(89)
Retained earnings		**68**	(245)	118
Reserves		**(6,173)**	(6,140)	(6,114)
Total equity		**9,611**	9,344	9,724

Cash flow statement

For the half-year ended 31 December 2020

	Note	Consolidated December 2020 $m	 December 2019 $m
Cash flows from operating activities			
Receipts from customers		**19,800**	16,995
Payments to suppliers and employees		**(16,816)**	(14,381)
Dividends and distributions received from associates		**35**	99
Dividends received from other investments		**18**	-
Interest received		**8**	4
Borrowing costs		**(170)**	(184)
Income tax paid		**(659)**	(402)
Net cash flows from operating activities	8	**2,216**	2,131
Cash flows from investing activities			
Payments for property, plant and equipment and intangibles	8	**(410)**	(455)
Proceeds from sale of property, plant and equipment and intangibles	8	**167**	248
Net proceeds from disposals of interests in associates and other investments		**-**	89
Net investments in associates and joint ventures		**(5)**	-
Acquisition of subsidiaries, net of cash acquired		**(2)**	(974)
Purchase of other financial assets		**(2)**	-
Net cash flows used in investing activities		**(252)**	(1,092)
Cash flows from financing activities			
Proceeds from borrowings		**-**	12
Repayment of borrowings		**(620)**	(61)
Repayment of lease liabilities		**(501)**	(465)
Equity dividends paid		**(1,076)**	(884)
Net cash flows used in financing activities		**(2,197)**	(1,398)
Net decrease in cash and cash equivalents		**(233)**	(359)
Cash and cash equivalents at beginning of period		**2,913**	795
Cash and cash equivalents at end of period	8	**2,680**	436

Statement of changes in equity

For the half-year ended 31 December 2020

		Attributable to equity holders of the parent				
Consolidated	Note	**Issued capital $m**	**Reserved shares $m**	**Retained earnings $m**	**Reserves $m**	**Total equity $m**
Balance at 1 July 2019		15,809	(81)	(208)	(6,067)	9,453
Net profit for the year		-	-	1,210	-	1,210
Other comprehensive income						
Exchange differences on translation of foreign operations		-	-	-	1	1
Changes in the fair value of cash flow hedges, net of tax	14	-	-	-	(51)	(51)
Changes in the fair value of financial assets designated at fair value through other comprehensive income, net of tax		-	-	-	6	6
Remeasurement loss on defined benefit plan, net of tax		-	-	-	-	-
Total other comprehensive income for the period, net of tax		-	-	-	(44)	(44)
Total comprehensive income for the period, net of tax		-	-	1,210	(44)	1,166
Share-based payment transactions		-	-	-	(3)	(3)
Acquisition of shares on-market for Wesfarmers Long Term Incentive Plan (WLTIP) and Key Executive Equity Performance Plan (KEEPP)	11	-	(8)	-	-	(8)
Equity dividends	13	-	-	(884)	-	(884)
		-	(8)	(884)	(3)	(895)
Balance at 31 December 2019		**15,809**	**(89)**	**118**	**(6,114)**	**9,724**
Balance at 1 July 2020		**15,818**	**(89)**	**(245)**	**(6,140)**	**9,344**
Net profit for the year		**-**	**-**	**1,390**	**-**	**1,390**
Other comprehensive income						
Exchange differences on translation of foreign operations		**-**	**-**	**-**	**(5)**	**(5)**
Changes in the fair value of cash flow hedges, net of tax	14	**-**	**-**	**-**	**(72)**	**(72)**
Changes in the fair value of financial assets designated at fair value through other comprehensive income, net of tax		**-**	**-**	**-**	**46**	**46**
Total other comprehensive income for the period, net of tax		**-**	**-**	**-**	**(31)**	**(31)**
Total comprehensive income for the period, net of tax		**-**	**-**	**1,390**	**(31)**	**1,359**
Share-based payment transactions		**-**	**-**	**-**	**(2)**	**(2)**
Acquisition of shares on-market for KEEPP and Performance Tested Shares	11	**-**	**(13)**	**-**	**-**	**(13)**
Equity dividends	13	**-**	**-**	**(1,077)**	**-**	**(1,077)**
		-	**(13)**	**(1,077)**	**(2)**	**(1,092)**
Balance at 31 December 2020		**15,818**	**(102)**	**68**	**(6,173)**	**9,611**

Notes to the financial statements: About this report

For the half-year ended 31 December 2020

1. Corporate information

The financial report of Wesfarmers Limited (referred to as 'Wesfarmers' or 'the Company') and its subsidiaries (referred to as 'the Group') for the half-year ended 31 December 2020 (HY2020) was authorised for issue in accordance with a resolution of the directors on 17 February 2021. Wesfarmers is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange ('the ASX').

2. Basis of preparation and accounting policies

a) Basis of preparation

This general purpose condensed financial report for the half-year ended 31 December 2020 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the annual financial report.

It is recommended that the half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2020 and considered with any public announcements made by the Company during the half-year ended 31 December 2020 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

The half-year financial report is presented in Australian dollars and all values are rounded to the nearest million dollars unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the class order applies.

b) Significant accounting policies

Except as noted below, the same accounting policies and methods of computation have been applied by each entity in the consolidated group and are consistent with those adopted and disclosed in the most recent annual financial report.

The Group early adopted AASB 2020-4 *Amendments to Australian Accounting Standards — COVID-19-Related Rent Concessions* in the prior year, adopted from 1 July 2019. The impact of the early application of this amendment was not material.

New and revised Accounting Standards and Interpretations adopted as at 1 July 2020

All new and amended Australian Accounting Standards and Interpretations mandatory as at 1 July 2020 to the Group have been adopted and include:

- *Conceptual Framework for Financial Reporting*;
- AASB 2019-1 *Amendments to Australian Accounting Standards — References to the Conceptual Framework*;
- AASB 2018-6 *Amendments to Australian Accounting Standards — Definition of a Business*;
- AASB 2019-3 *Amendments to Australian Accounting Standards — Interest Rate Benchmark Reform*;
- AASB 2018-7 *Amendments to Australian Accounting Standards — Definition of Material*; and
- AASB 2019-5 *Amendments to Australian Accounting Standards — Disclosures of the Effect of New IFRS Standards Not Yet Issued in Australia*.

The impact of these has not resulted in a material change to the financial performance or position of the Company.

3. Significant items in the current reporting period

Kmart Group

During FY2020, the first phase of the strategic review into the operations of Target was completed, identifying a number of actions to accelerate the growth of Kmart and address the financial performance of Target. These actions continued during the period and included the conversion of suitable Target stores to Kmart stores, the closure of a number of Target stores and a restructuring of the Target store support office. Total restructuring costs incurred in HY2020 were $34 million (post-tax $24 million).

Impact of COVID-19

COVID-19 has continued to have significant impacts on the Group in HY2020 including:

- Retail sales being impacted by volatility in foot traffic, driven by government restrictions and physical distancing requirements;
- Customers spending more time at home and government stimulus measures designed to provide income support to households and businesses had a positive impact on the Group's retail sales;
- Higher online transaction volumes, with some additional fulfilment costs associated with peak demand and disruptions to transport providers;
- Higher ocean freight charges and inventory delays as a result of disruptions and capacity constraints in global supply chains; and
- Additional costs associated with additional cleaning, security and personal protective equipment required to ensure a safe environment for customers and team members.

4. Segment information

The operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and operates in different industries and markets. The Board and executive management team (the chief operating decision-makers) monitor the operating results of business units separately for the purpose of making decisions about resource allocation and performance assessment. The types of products and services from which each reportable segment derives its revenues is disclosed in the Wesfarmers 30 June 2020 financial report. Segment performance is evaluated based on operating profit or loss, which in certain respects, as explained in the table below, is presented differently from operating profit or loss in the consolidated financial statements.

Revenue and earnings of retail divisions, particularly the Kmart Group, are typically greater in the December half of the financial year due to the impact of the Christmas holiday trading period.

Transfer prices between business segments are on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated on consolidation and are not considered material.

	BUNNINGS[1]		KMART GROUP		OFFICEWORKS		WesCEF		WIS		OTHER[2]		CONSOLIDATED	
	2020 $m	2019 $m	**2020 $m**	2019 $m	**2020 $m**	2019 $m	**2020 $m**	2019 $m	**2020 $m**	2019 $m	**2020 $m**	2019 $m	**2020 $m**	2019 $m
Revenue from contracts with customers	**9,046**	7,275	**5,406**	4,957	**1,515**	1,226	**829**	887	**898**	858	**3**	2	**17,697**	15,205
Other revenue	**8**	1	**35**	33	**8**	5	**1**	2	**-**	-	**25**	3	**77**	44
Segment revenue	**9,054**	7,276	**5,441**	4,990	**1,523**	1,231	**830**	889	**898**	858	**28**	5	**17,774**	15,249
EBITDA	**1,669**	1,316	**818**	687	**156**	137	**202**	214	**76**	46	**5**	75	**2,926**	2,475
Depreciation and amortisation	**(337)**	(321)	**(283)**	(292)	**(51)**	(48)	**(42)**	(41)	**(37)**	(36)	**(5)**	(3)	**(755)**	(741)
Interest on lease liabilities	**(58)**	(57)	**(48)**	(52)	**(5)**	(7)	**-**	-	**(2)**	(3)	**(1)**	-	**(114)**	(119)
Segment result	**1,274**	938	**487**	343	**100**	82	**160**	173	**37**	7	**(1)**	72	**2,057**	1,615
Items not included in segment result[3]	**-**	-	**(34)**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(34)**	-
Other finance costs													**(60)**	(69)
Profit before income tax expense													**1,963**	1,546
Income tax expense													**(573)**	(419)
Profit attributable to members of the parent													**1,390**	1,127
Capital expenditure[4]	**219**	269	**84**	72	**26**	22	**53**	55	**30**	33	**2**	1	**414**	452
Share of net profit or loss of associates and joint ventures included in segment result	**-**	-	**-**	-	**-**	-	**7**	8	**-**	-	**41**	134	**48**	142

1 The Bunnings HY2020 segment result includes a net property contribution of $1 million (HY2019: $22 million).
2 The Other result includes dividends received from Wesfarmers' 4.9 per cent interest in Coles.
3 The Kmart Group segment result excludes restructuring costs of $34 million (post-tax $24 million).
4 Capital expenditure includes accruals for costs incurred during the period. The amount excluding movement in accruals is $410 million (2019: $455 million).

5. Revenue and other income from continuing operations

	Consolidated	
	December 2020 $m	December 2019 $m
Revenue from contracts with customers		
Sale of retail goods in store	**14,234**	12,673
Sale of retail goods online	**1,673**	754
Sale of fertilisers, chemicals, speciality gases, LPG and LNG	**827**	885
Sale of industrial products	**876**	834
Services revenue	**87**	59
	17,697	15,205
Other revenue		
Interest revenue	**8**	4
Dividend revenue	**18**	-
Other	**51**	40
	77	44
Total revenue	**17,774**	15,249
Other income		
Gains on disposal of property, plant and equipment and other assets	**1**	25
Other	**37**	35
Total other income	**38**	60

	Consolidated	
	December 2020 $m	December 2019 $m
Revenue from contracts with customers by geography		
Australia	**16,385**	14,021
New Zealand	**1,294**	1,152
United Kingdom	**14**	14
Other foreign countries	**4**	18
	17,697	15,205

Revenue from contracts with customers by segment for HY2020

	$m	%
Bunnings	**9,046**	**51.1**
Kmart Group	**5,406**	**30.5**
Officeworks	**1,515**	**8.6**
WesCEF	**829**	**4.7**
WIS	**898**	**5.1**
Other	**3**	**0.0**

6. Expenses from continuing operations

	Consolidated	
	December 2020 $m	December 2019 $m
Remuneration, bonuses and on-costs	**2,513**	2,202
Superannuation expense	**177**	164
Share-based payments expense	**59**	52
Employee benefits expense	**2,749**	2,418
Short-term and low-value lease payments	**13**	11
Contingent rental payments	**17**	26
Outgoings and other	**193**	196
Occupancy-related expenses	**223**	233
Depreciation	**200**	215
Depreciation of right-of-use assets	**484**	464
Amortisation of intangibles	**36**	27
Amortisation other	**35**	35
Depreciation and amortisation	**755**	741
Impairment of plant, equipment and other assets	**18**	6
Impairment of goodwill and intangible assets	**-**	-
Impairment of right-of-use assets	**22**	-
Impairment of trade and other receivables	**9**	-
Impairment expenses	**49**	6
Repairs and maintenance	**116**	98
Utilities and office expenses	**259**	230
Insurance expenses	**27**	45
Consulting expenses	**50**	51
Bank fees	**63**	50
Other	**170**	125
Other expenses	**685**	599
Interest on interest-bearing loans and borrowings	**46**	61
Discount rate adjustment	**1**	1
Amortisation of debt establishment costs	**3**	2
Other finance related costs	**10**	5
Other finance costs	**60**	69

Notes to the financial statements: Group performance and balance sheet

For the half-year ended 31 December 2020

7. Tax expense from continuing operations

	Consolidated	
	December 2020 $m	December 2019 $m
A reconciliation between tax expense and the product of accounting profit before tax multiplied by the Group's applicable income tax rate is as follows:		
Profit before tax	**1,963**	1,546
Income tax at the statutory rate of 30%	**589**	464
Adjustments relating to prior years	**(7)**	(2)
Non-deductible items	**4**	4
Share of results of associates and joint ventures	**(2)**	(3)
Non-assessable dividends	**(5)**	(22)
Deferred tax balances not previously recognised	**-**	(29)
Other	**(6)**	7
Income tax on profit before tax	**573**	419

8. Cash and cash equivalents

	Consolidated	
	December 2020 $m	June 2020 $m
For the purposes of the cash flow statement, cash and cash equivalents comprise the following:		
Cash on hand and in transit	**160**	172
Cash at bank and on deposit	**2,520**	2,741
	2,680	2,913

Cash capital expenditure by segment for HY2020

	$m	%
Bunnings	219	53.4
Kmart Group	81	19.8
Officeworks	26	6.3
WesCEF	53	12.9
WIS	30	7.3
Other	1	0.3

8. Cash and cash equivalents (continued)

	Consolidated	
	December 2020 $m	December 2019 $m
Reconciliation of net profit after tax to net cash flows from operations		
Net profit	**1,390**	1,210
Non-cash items		
Depreciation and amortisation	**755**	741
Impairment and writedowns of assets	**49**	6
Net loss/(gain) on disposal of non-current assets including investments and associates	**7**	(24)
Share of net profits of associates and joint ventures	**(48)**	(142)
Dividends and distributions received from associates	**35**	99
Discount adjustment in borrowing costs	**1**	1
Other	**(9)**	(7)
(Increase)/decrease in assets		
Receivables - trade and other	**135**	80
Inventories	**(671)**	(286)
Prepayments	**41**	16
Deferred tax assets	**30**	(232)
Other assets	**-**	(3)
Increase/(decrease) in liabilities		
Trade and other payables	**604**	454
Current tax payable	**(117)**	167
Provisions	**(63)**	63
Other liabilities	**77**	(12)
Net cash flows from operating activities	**2,216**	2,131

	Consolidated	
Net cash capital expenditure	**December 2020 $m**	December 2019 $m
Cash capital expenditure		
Payment for property	**102**	164
Payment for plant and equipment	**229**	250
Payment for intangibles	**79**	41
	410	455
Proceeds from sale of property, plant, equipment and intangibles	**167**	248
Net cash capital expenditure	**243**	207

9. Leases

Consolidated	Right-of-use assets Land $m	Buildings $m	Vehicles $m	Total $m
Half-year ended 31 December 2019				
Gross carrying amount - at cost	48	7,060	20	7,128
Accumulated depreciation and impairment	(2)	(460)	(2)	(464)
Net carrying amount	46	6,600	18	6,664
Movement				
At 1 July 2019	48	6,287	17	6,352
Net additions	-	748	3	751
Acquisition of controlled entities	-	26	-	26
Depreciation expense	(2)	(460)	(2)	(464)
Other including foreign exchange movements	-	(1)	-	(1)
Net carrying amount at 31 December 2019	**46**	**6,600**	**18**	**6,664**
Half-year ended 31 December 2020				
Gross carrying amount - at cost	**55**	**7,676**	**44**	**7,775**
Accumulated depreciation and impairment	**(7)**	**(1,569)**	**(7)**	**(1,583)**
Net carrying amount	**48**	**6,107**	**37**	**6,192**
Movement				
At 1 July 2020	**42**	**6,147**	**23**	**6,212**
Net additions	**8**	**459**	**18**	**485**
Impairment	**-**	**(22)**	**-**	**(22)**
Depreciation expense	**(2)**	**(478)**	**(4)**	**(484)**
Other including foreign exchange movements	**-**	**1**	**-**	**1**
Net carrying amount at 31 December 2020	**48**	**6,107**	**37**	**6,192**

Set out below are the carrying amounts of lease liabilities and the movements during the period:

Consolidated	$m
At 1 July 2019	7,275
Additions	777
Acquisition of controlled entities	32
Accretion of interest	119
Lease payments	(584)
Other including foreign exchange movements	2
Carrying amount at 31 December 2019	**7,621**
At 1 July 2020	**7,242**
Additions	**513**
Acquisition of controlled entities	**-**
Accretion of interest	**114**
Lease payments	**(615)**
Other including foreign exchange movements	**6**
Carrying amount at 31 December 2020	**7,260**
Current	**942**
Non-current	**6,318**

Lease liabilities by segment
as at 31 December 2020

	$m	%
Bunnings	3,822	52.6
Kmart Group	2,875	39.6
Officeworks	342	4.7
WesCEF	27	0.4
WIS	160	2.2
Other	34	0.5

10. Interest-bearing loans and borrowings

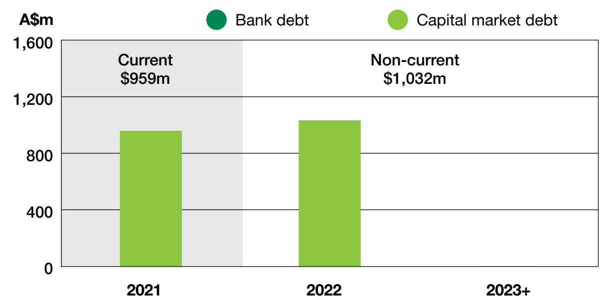
Funding activities

The Group continues its strategy of maintaining diversity of funding sources, pre-funding upcoming maturities (if required) and seeking to maintain a presence in key markets within the Group's borrowing requirements. In November 2020, $500 million of domestic bonds matured and were repaid from available cash balances. During the half-year ended 31 December 2020, there were no medium term note issuances. The Group has unused financing facilities available at 31 December 2020 of $5,057 million.

	Consolidated	
	December 2020 $m	June 2020 $m
Current		
Unsecured		
Bank debt	**-**	-
Capital market debt	**959**	503
	959	503
Non-current		
Unsecured		
Bank debt	**-**	111
Capital market debt	**1,032**	2,042
	1,032	2,153
Total interest-bearing loans and borrowings	**1,991**	2,656

The illustration below provides details, including the principal repayment obligations, of all loans and borrowings on issue at 31 December 2020:

Outstanding loans and borrowings



11. Equity

Movement in shares on issue	Ordinary Shares '000	Ordinary Shares $m	Reserved Shares '000	Reserved Shares $m
At 1 July 2019	1,133,840	15,809	(2,709)	(81)
Exercise of in-substance options	-	-	61	-
Acquisition of shares on-market for KEEPP	-	-	(185)	(8)
Acquisition of shares on-market for WLTIP	-	-	(17)	-
At 31 December 2019	**1,133,840**	**15,809**	**(2,850)**	**(89)**
Exercise of in-substance options	-	-	44	-
Transfer from other reserves	-	9	-	-
KEEPP and WLTIP vested during the year	-	-	271	-
At 30 June 2020 and 1 July 2020	**1,133,840**	**15,818**	**(2,535)**	**(89)**
Acquisition of shares on-market for KEEPP and Performance Tested Shares	**-**	**-**	**(276)**	**(13)**
At 31 December 2020	**1,133,840**	**15,818**	**(2,811)**	**(102)**

Notes to the financial statements: Capital

For the half-year ended 31 December 2020

12. Earnings per share

	Consolidated	
	December 2020	December 2019
Profit attributable to ordinary equity holders of the parent ($m)	**1,390**	1,210
WANOS[1] used in the calculation of basic EPS (shares, million)[2]	**1,131**	1,131
WANOS used in the calculation of diluted EPS (shares, million)[2]	**1,132**	1,132
- Basic EPS (cents per share)	**122.9**	106.9
- Diluted EPS (cents per share)	**122.8**	106.9

1 Weighted average number of ordinary shares (WANOS).
2 The variance in the WANOS used in the calculation of basic EPS and diluted EPS is attributable to in-substance options and restricted shares.

There have been no transactions involving ordinary shares between the reporting date and the date of completion of these financial statements, apart from the normal conversion of employee reserved shares (treated as in-substance options) to unrestricted ordinary shares.

Calculation of earnings per share

Basic earnings per share

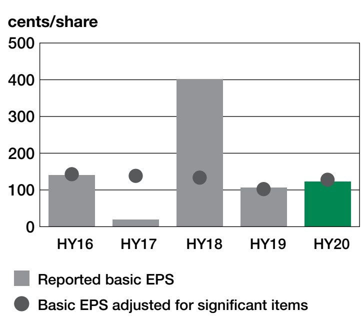
Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share

Diluted earnings per share is calculated as basic earnings per share with an adjustment for the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares. Dilution arises as a result of the employee reserved shares issued under the employee share plan being accounted for as in-substance options and unvested restricted shares.

Half-year basic EPS from total operations

122.9 cents



	Reported basic EPS	Adjusted basic EPS
HY20[1]	**122.9**	**125.0**
HY19[2]	106.9	99.6
HY18[3]	401.2	130.8
HY17[4]	18.7	135.6
HY16	140.1	140.1

1 HY2020 EPS of 122.9 cents per share includes costs relating to the restructure of the Kmart Group ($24 million post-tax). Excluding these costs, basic EPS is 125.0 cents per share.
2 HY2019 EPS of 106.9 cents per share includes significant items relating to the finalisation of tax positions on prior year disposals and the Coles demerger. Excluding these items, basic EPS is 99.6 cents per share.
3 HY2018 EPS of 401.2 cents per share includes significant items relating to the gains on disposal of Bengalla, KTAS and Quadrant Energy, the gain on demerger of Coles and the provision for Coles' supply chain automation. Excluding these items, basic EPS is 130.8 cents per share, which includes the operating results of Bengalla, KTAS, Quadrant Energy and Coles to the date of disposal or demerger.
4 HY2017 EPS of 18.7 cents per share includes significant items relating to non-cash impairments and write-offs and store closure provisions at BUKI and Target's non-cash impairment. Excluding these items, basic EPS is 135.6 cents per share.

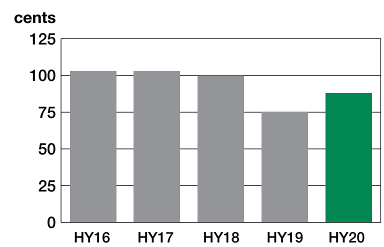
13. Dividends and distributions

	Consolidated	
	December 2020 $m	December 2019 $m
Determined and paid during the period (fully-franked at 30 per cent)		
Final dividend for 2020: $0.77 (2019: $0.78)	**873**	884
Special dividend for 2020: $0.18 (2019: nil)[1]	**204**	-
	1,077	884
Proposed and unrecognised as a liability (fully-franked at 30 per cent)		
Interim dividend for 2021: $0.88 (2020: $0.75)	**998**	850

1 The fully-franked special dividend reflects the distribution of profits on the sale of the Group's 10.1 per cent interest in Coles during FY2020.

Interim distributions

88 cents



HY20	**88**
HY19	75
HY18	100
HY17	103
HY16	103

14. Cash flow hedge reserve

The change in cash flow hedge reserve for the half-year ended 31 December 2020 includes the after-tax net movement in the market value of cash flow hedges from 30 June 2020 and comprised: $(77) million (2019: $(45) million) of foreign exchange rate contracts, $2 million (2019: $(3) million) of commodity swaps, $3 million (2019: $(3) million) of interest rate swaps and nil (2019: nil) movement in associates and joint ventures reserves.

15. Financial instruments

Valuation methodology of financial instruments

For all fair value measurements and disclosures, the Group uses the following to categorise the method used:

- Level 1: fair value is calculated using quoted prices in active markets;
- Level 2: fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: fair value is estimated using inputs for the asset or liability that are not based on observable market data.

All of the Group's financial instruments carried at fair value were valued using market observable inputs (Level 2) with the exception of financial assets measured at fair value through other comprehensive income (FVOCI) (Level 1) and shares in unlisted companies at fair value (Level 3).

For financial instruments that are carried at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no transfers between Level 1 and Level 2 during the period. There were no material Level 3 fair value movements during the period.

Fair values

The carrying amounts and estimated fair values of all the Group's financial instruments recognised at amortised cost in the financial statements are materially the same, with the exception of the following:

Consolidated	**December 2020 $m**	June 2020 $m	December 2019 $m
Capital market debt: carrying amount	**1,991**	2,545	2,851
Capital market debt: fair value	**2,043**	2,574	2,935

The methods and assumptions used to estimate the fair value of financial instruments are as follows:

Cash

The carrying amount is fair value due to the asset's liquid nature.

Receivables/payables

Due to the short-term nature of these financial rights and obligations, carrying amounts are estimated to represent fair values.

Other financial assets/liabilities

The fair values of corporate bonds (capital market debt) held at fair value have been calculated by discounting the expected future cash flows at prevailing interest rates using market observable inputs. The fair values of other financial assets have been calculated using market interest rates. The fair values of listed investments, classified as financial assets held at FVOCI, have been calculated using quoted share prices.

Derivatives

The fair values are calculated at the present value of estimated future cash flows using a market based yield curve sourced from available market data quoted for all major currencies.

The fair values of foreign exchange contracts are calculated by reference to forward exchange market rates at reporting date for contracts with similar maturity profiles. As market rates are observable they are classified as Level 2.

Interest-bearing loans and borrowings

Quoted market prices or dealer quotes for similar instruments are used to value long-term debt instruments, except capital market debt.

Financial risk factors

The Group's activities expose its financial instruments to a variety of market risks, including foreign currency, commodity price and interest rate risk. The half-year financial report does not include all financial risk management information and disclosures required in the annual financial statements and as such, should be read in conjunction with the Group's annual financial statements as at 30 June 2020. There have been no significant changes in risk management policies since 30 June 2020.

16. Impairment of non-financial assets

Wesfarmers is required to review, at the end of each reporting period, whether there is any indication that an asset may be impaired, in accordance with Australian Accounting Standards. Wesfarmers has reviewed each cash generating unit (CGU) for indications of impairment using both external and internal sources of information. This review included an assessment of performance against expectations and changes in market values or discount rates.

Detailed impairment testing is completed for non-current assets when the existence of an indication of impairment is identified. No indications of impairment were identified and no material impairment has been recognised in the half-year ended 31 December 2020.

Consistent with prior periods, Wesfarmers will perform detailed impairment testing prior to the end of the financial year using cash flow projections based on Wesfarmers' five-year corporate plans, long-term business forecasts and market-based valuation assumptions. Where there are significant changes in the corporate plan, long-term business forecasts or market-based valuation assumptions from those used in impairment testing in previous periods, this may cause the carrying values of non-current assets to exceed their recoverable amounts.

17. Contingent liabilities

Certain companies within the Group are party to various legal actions that have arisen in the normal course of business. It is expected that any liabilities arising from such legal action would not have a material effect on the Group's financial performance.

18. Events after the reporting period

Dividends

A fully-franked interim dividend of 88 cents per share resulting in a dividend payment of $998 million was determined for a payment date of 31 March 2021. This dividend has not been provided for in the 31 December 2020 half-year financial report.

Mt Holland lithium project - final investment decision

On 17 February 2021, Wesfarmers announced the joint approval, together with Sociedad Quimica y Minera de Chile S.A., of the final investment decision for the Mt Holland lithium project based on an updated definitive feasibility study. The necessary government and regulatory approvals have either been secured or are underway.

Initial funding has been committed and full funding will be committed upon receiving environmental approvals for the Kwinana refinery, which are anticipated in early FY2022. Following receipt of all relevant approvals, construction of the mine, concentrator and refinery is expected to commence in the first half of FY2022, with purchase of long lead time items in late FY2021. The first production of lithium hydroxide is expected in the second half of the 2024 calendar year. Wesfarmers' share of capital expenditure for the development of the project is estimated at approximately $950 million (real 2021 terms) and will be funded using existing cash and debt facilities.

The Mt Holland lithium project is recognised as the $829 million mineral rights asset in the Group's balance sheet as at 31 December 2020.

Directors' declaration

Wesfarmers Limited and its controlled entities

1. In accordance with a resolution of the directors of Wesfarmers Limited, I note that in the opinion of the directors:
    (a) The financial statements and notes of Wesfarmers Limited for the half-year ended 31 December 2020 are in accordance with the *Corporations Act 2001*, including
        (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
        (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*;
    (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declaration made to the directors for the half-year ended 31 December 2020 in accordance with the fourth edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

On behalf of the Board

M A Chaney AO
Chairman
Perth, 17 February 2021

Building a better
working world

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Independent auditor's review report to the members of Wesfarmers Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Wesfarmers Limited (the Company) and its subsidiaries (collectively the Group), which comprises the balance sheet as at 31 December 2020, the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2020 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

Independent auditor's review report to the members of Wesfarmers Limited

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst + Young

Ernst & Young

T S Hammond
Partner
Perth
17 February 2021

J K Newton
Partner

Additional disclosures

2021 Half-year retail sales results

Headline retail sales results

Half-year sales ($m)[1]	Half-year 2021	Half-year 2020	Variance %
Bunnings[2]	**9,046**	**7,275**	***24.3***
Kmart	3,658	3,417	*7.1*
Target	1,527	1,492	*2.3*
Total Kmart Group[3]	**5,185**	**4,909**	***5.6***
Officeworks	**1,515**	**1,226**	***23.6***

1 See Additional Disclosures (page 44) for relevant retail calendars.
2 Includes cash and trade sales, excludes property income.
3 Excludes Catch.

Key metrics

Key metrics (%)[1]	Half-year 2021	Half-year 2020
Bunnings[2]		
Total store sales growth	24.8	5.8
Store-on-store sales growth	27.7	4.7
Online penetration	3.1	0.4
Kmart Group[3]		
Kmart		
Comparable sales growth	9.1	5.5
Online penetration	8.7	3.7
Target		
Comparable sales growth	13.0	(2.3)
Online penetration	15.9	6.9
Catch[4]		
Gross transaction value growth	95.6	21.4
Officeworks		
Total sales growth	23.6	11.5
Online penetration	37.1	29.7

1 See Additional Disclosures (page 44) for relevant retail calendars.
2 Includes cash and trade sales, excludes property income.
3 Comparable store sales include lay-by sales. Lay-by sales are excluded from total sales under Australian Accounting Standards.
4 2020 gross transaction value growth reflects the period 1 July 2020 to 31 December 2020 and 1 July 2019 to 31 December 2019. 2019 gross transaction value growth reflects the period 12 August 2019 to 31 December 2019 and 12 August 2018 to 31 December 2018.

Additional disclosures

2021 Half-year retail sales results

Retail calendars

Business	Retail sales period
Bunnings, Officeworks and Catch	
Half-year 2021	1 Jul 2020 to 31 Dec 2020 (6 months)
Half-year 2020	1 Jul 2019 to 31 Dec 2019 (6 months)
Half-year 2019	1 Jul 2018 to 31 Dec 2018 (6 months)
Kmart	
Half-year 2021	29 Jun 2020 to 3 Jan 2021 (27 weeks)
Half-year 2020	1 Jul 2019 to 5 Jan 2020 (27 weeks)
Half-year 2019	25 Jun 2018 to 30 Dec 2018 (27 weeks)
Target	
Half-year 2021	28 Jun 2020 to 2 Jan 2021 (27 weeks)
Half-year 2020	30 Jun 2019 to 4 Jan 2020 (27 weeks)
Half-year 2019	24 Jun 2018 to 29 Dec 2018 (27 weeks)

Retail operations - store network

	Open at 1 Jul 2020	Opened	Closed	Re-branded	Open at 31 Dec 2020
BUNNINGS					
Bunnings Warehouse	274	9	(7)	-	276
Bunnings smaller formats	68	2	-	-	70
Bunnings Trade Centres	30	-	-	-	30
Adelaide Tools	6	-	-	-	6
Total Bunnings	**378**	**11**	**(7)**	**-**	**382**
KMART GROUP					
Kmart	239	2	(4)	12	249
K Hub	-	-	-	7	7
Total Kmart	**239**	**2**	**(4)**	**19**	**256**
Target Large	182	-	(4)	(12)	166
Target Small	101	-	(2)	(7)	92
Total Target	**283**	**-**	**(6)**	**(19)**	**258**
OFFICEWORKS					
Officeworks	167	2	(1)	-	168

Retail operations - store network history

Open at 31 December	2020	2019	2018	2017	2016
BUNNINGS					
Bunnings Warehouse	276	273	265	253	248
Bunnings smaller formats	70	74	75	77	73
Bunnings Trade Centres	30	31	32	33	33
Adelaide Tools	6	-	-	-	-
Total Bunnings	**382**	378	372	363	354
KMART					
Kmart	249	236	231	224	214
K Hub	7	-	-	-	-
Kmart Tyre & Auto	-	-	-	254	250
Total Kmart	**256**	236	231	478	464
TARGET					
Large	166	183	186	189	185
Small	92	102	110	118	119
Total Target	**258**	285	296	307	304
OFFICEWORKS					
Officeworks	168	167	166	165	163

Additional disclosures

Five-year history – financial performance and key metrics

Group financial performance

	Post AASB 16		Pre AASB 16			
Half-year ended 31 December ($m)	**2020**	**2019**	**2019**	**2018**	**2017**	**2016**
Summarised income statement						
Revenue	17,774	15,249	15,249	31,152	35,903	34,917
EBIT (after interest on lease liabilities)	2,023	1,615	1,637	5,482	1,113	2,429
Other finance costs	(60)	(69)	(69)	(97)	(114)	(149)
Income tax expense	(573)	(336)	(343)	(847)	(787)	(703)
Profit after tax from discontinued operations	-	83	83	3,458	(466)	-
NPAT (including discontinued operations)	1,390	1,210	1,225	4,538	212	1,577
Summarised balance sheet						
Total assets	25,518	26,079	19,188	20,585	40,467	41,399
Total liabilities	15,907	16,355	8,931	9,293	17,638	17,632
Net assets	9,611	9,724	10,257	11,292	22,829	23,767
Net debt / (cash)[1]	(529)	2,666	2,666	731	4,401	5,916
Summarised cash flow statement						
Operating cash flows	2,216	2,131	1,666	1,987	2,897	2,648
Add/(less): Net capital expenditure	(243)	(207)	(207)	(678)	(686)	(400)
Add/(less): Other investing cash flows	(9)	(885)	(885)	1,084	17	(17)
Add/(less): Total investing cash flows	(252)	(1,092)	(1,092)	406	(669)	(417)
Free cash flows	1,964	1,039	574	2,393	2,228	2,231
Add/(less): Financing cash flows	(2,197)	(1,398)	(933)	(134)	(1,399)	(2,104)
Net increase/(decrease) in cash	(233)	(359)	(359)	2,259	829	127
Distributions to shareholders (cents per share)						
Interim ordinary dividend	88	75	75	100	103	103
Special dividend	-	-	-	100	-	-
Key performance metrics						
Earnings per share (cents per share)	122.9	106.9	108.3	401.2	18.7	140.1
Earnings per share from continuing operations excluding sig. items (cents per share)	125.0	99.6	101.0	95.5	86.4	140.1
Operating cash flow per share[2] (cents per share)	195.9	188.4	147.3	175.4	255.7	234.9
Cash realisation ratio (excluding sig. items)[3] (%)	102	114	117	99	133	120
Return on equity (R12, %)	19.9	23.3	22.2	26.9	6.4	2.5
Return on equity (R12, %) (excluding sig. items)	24.7	21.4	20.4	13.5	12.0	10.2
Net tangible asset backing per share ($ per share)	5.08	4.81	5.28	6.41	4.31	4.23

[1] Excludes lease liabilities.

[2] For the purposes of this calculation, reserved shares have been included.

[3] Operating cash flows as a percentage of net profit after tax, before depreciation and amortisation and significant items.

Additional disclosures

Five-year history – financial performance and key metrics

Divisional key performance metrics

	Post AASB 16		*Pre AASB 16*			
Half-year ended 31 December ($m)	**2020**	**2019**	**2019**	**2018**	**2017**	**2016**
Bunnings						
Revenue	9,054	7,276	7,276	6,909	6,566	5,957
EBITDA[1]	1,669	1,316	1,059	1,027	953	853
Depreciation and amortisation	(337)	(321)	(98)	(95)	(89)	(83)
Interest on lease liabilities	(58)	(57)	-	-	-	-
EBT[1]	1,274	938	961	932	864	770
EBT margin[1] (%)	14.1	12.9	13.2	13.5	13.2	12.9
RoC[1] (R12, %)	76.6	51.5	52.2	50.2	47.0	39.0
Capital expenditure (cash basis)	219	269	269	240	275	212
Total sales growth (%)	24.3	5.3	5.3	5.5	10.0	8.3
Total store sales growth[2] (%)	24.8	5.8	5.8	5.5	10.1	8.4
Store-on-store sales growth[2] (%)	27.7	4.7	4.7	4.0	9.0	6.5
Online penetration (%)	3.1	0.4	0.4	n.r.	n.r.	n.r.
Safety (R12, TRIFR)	10.0	10.4	10.4	12.0	15.8	n.r.
Scope 1 and 2 emissions (ktCO_2e)	115	130	130	n.r.	n.r.	n.r.
Kmart Group						
Revenue[3]	5,441	4,990	4,990	4,754	4,769	4,619
EBITDA[3,4]	818	687	453	492	518	499
Depreciation and amortisation[3]	(283)	(292)	(108)	(99)	(103)	(99)
Interest on lease liabilities	(48)	(52)	-	-	-	-
EBT[3,4]	487	343	345	393	415	400
EBT margin[3,4] (%)	9.0	6.9	6.9	8.3	8.7	8.7
RoC[3,4,5] (R12, %)	35.5	25.1	25.2	34.4	26.2	14.5
Capital expenditure[3] (cash basis)	81	80	80	121	201	123
Safety (R12, TRIFR)	10.6	16.0	16.0	21.0	24.2	n.r.
Scope 1 and 2 emissions (ktCO_2e)	143	154	154	n.r.	n.r.	n.r.
Kmart (excludes KTAS from 2018)						
- Total sales growth[6] (%)	7.1	7.6	7.6	1.0	8.6	9.1
- Comparable sales growth[6] (%)	9.1	5.5	5.5	(0.6)	5.4	5.7
- Online penetration (%)	8.7	3.7	3.7	n.r.	n.r.	n.r.
Target						
- Total sales growth[6] (%)	2.3	(4.3)	(4.3)	0.3	(6.2)	(17.4)
- Comparable sales growth[6] (%)	13.0	(2.3)	(2.3)	0.5	(6.5)	(18.2)
- Online penetration (%)	15.9	6.9	6.9	n.r.	n.r.	n.r.
Catch						
- Gross transaction value growth (%)	95.6	21.4	21.4	n.r.	n.r.	n.r.

n.r. = not reported

1 Includes net property contribution for 2020 of $1 million; 2019 of $22 million post AASB 16 ($42 million pre AASB 16); 2018 of $51 million; 2017 of $30 million; and for 2016 of $44 million.

2 Excludes sales related to Trade Centres and 'Frame and Truss'.

3 2016 to 2018 includes KTAS.

4 Earnings excludes pre-tax restructuring costs and provisions in 2020 ($34 million) and 2016 ($13 million) and pre-tax non-cash impairments relating to Target in 2017 ($306 million). 2019 includes $9 million of payroll remediation costs relating to Target.

5 RoC includes the impact of lower capital employed as a result of pre-tax non-cash impairments relating to Target in 2017 ($306 million).

6 Based on retail periods (rather than Gregorian reporting).

Additional disclosures

Five-year history – financial performance and key metrics

Divisional key performance metrics (continued)

	Post AASB 16		*Pre AASB 16*			
Half-year ended 31 December ($m)	**2020**	**2019**	**2019**	**2018**	**2017**	**2016**
Officeworks						
Revenue	1,523	1,231	1,231	1,100	1,017	927
EBITDA	156	137	94	90	80	74
Depreciation and amortisation	(51)	(48)	(15)	(14)	(12)	(12)
Interest on lease liabilities	(5)	(7)	-	-	-	-
EBT	100	82	79	76	68	62
EBT margin (%)	6.6	6.7	6.4	6.9	6.7	6.7
RoC (R12, %)	23.4	17.2	16.9	17.2	15.7	13.9
Capital expenditure (cash basis)	26	22	22	20	11	17
Total sales growth (%)	23.6	11.5	11.5	8.2	9.8	5.8
Online penetration (%)	37.1	29.7	29.7	n.r.	n.r.	n.r.
Safety (R12, TRIFR)	7.3	7.1	7.1	11.0	10.7	n.r.
Scope 1 and 2 emissions (ktCO_2e)	20	22	22	n.r.	n.r.	n.r.
Chemicals, Energy and Fertilisers						
Chemicals revenue	489	510	510	502	439	412
Energy revenue[1]	206	219	219	233	223	182
Fertilisers revenue	135	160	160	139	102	101
Total revenue	830	889	889	874	764	695
EBITDA[2,3]	202	214	212	226	223	225
Depreciation and amortisation	(42)	(41)	(38)	(36)	(35)	(38)
Interest on lease liabilities	-	-	-	-	-	-
EBT[2,3]	160	173	174	190	188	187
RoC[2,3] (R12, %)	18.1	26.7	26.7	28.2	28.0	25.1
RoC[2,3] (R12, %) (excluding ALM)	29.0	32.0	32.0	28.2	28.0	25.1
Capital expenditure[4] (cash basis)	53	50	50	32	30	20
Safety (R12, TRIFR)	3.2	3.1	3.1	5.3	3.8	n.r.
Scope 1 and 2 emissions (ktCO_2e)	455	493	493	n.r.	n.r.	n.r.
Sales volumes ('000 tonnes)						
Chemicals	550	568	568	546	494	499
LPG & LNG	115	103	103	99	100	69
Fertilisers	274	324	324	301	253	234

n.r. = not reported

1 Includes interest revenue from Quadrant Energy loan notes and excludes intra-division sales.

2 2016 to 2018 include Quadrant Energy.

3 2016 includes a profit on sale of land of $22 million.

4 Includes Australian Light Minerals capital expenditure for 2020 of $15 million; and for 2019 of $11 million.

Additional disclosures

Five-year history – financial performance and key metrics

Divisional key performance metrics (continued)

	Post AASB 16		*Pre AASB 16*			
Half-year ended 31 December ($m)	**2020**	**2019**	**2019**	**2018**	**2017**	**2016**
Industrial and Safety						
Revenue	898	858	858	876	869	884
EBITDA[1]	76	46	25	61	73	73
Depreciation and amortisation	(37)	(36)	(19)	(19)	(21)	(21)
Interest on lease liabilities	(2)	(3)	-	-	-	-
EBT[1]	37	7	6	42	52	52
EBT margin[1] (%)	4.1	0.8	0.7	4.8	6.0	5.9
RoC[1] (R12, %)	5.4	3.4	3.4	7.5	8.3	5.9
Capital expenditure (cash basis)	30	33	33	46	19	16
Safety (R12, TRIFR)	4.5	4.1	4.1	7.3	6.4	n.r.
Scope 1 and 2 emissions (ktCO_2e)	13	14	14	n.r.	n.r.	n.r.

n.r. = not reported

[1] 2019 includes $15 million of payroll remediation costs.

Corporate directory
Wesfarmers Limited ABN 28 008 984 049

Registered office

Level 14, Brookfield Place Tower 2

123 St Georges Terrace, Perth,
Western Australia 6000

Telephone: (+61 8) 9327 4211
Facsimile: (+61 8) 9327 4216
Website: **www.wesfarmers.com.au**
Email: info@wesfarmers.com.au

Executive director

Rob Scott
Group Managing Director and Chief Executive Officer

Non-executive directors

Michael Chaney AO, Chairman
The Right Honourable Sir Bill English KNZM
Wayne Osborn
Mike Roche
Anil Sabharwal - *effective 1 February 2021*
Diane Smith-Gander AO - *retired 12 November 2020*
Vanessa Wallace
Sharon Warburton
Jennifer Westacott AO

Chief Financial Officer

Anthony Gianotti

Company Secretary

Vicki Robinson

Share registry

Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street,
Abbotsford, Victoria 3067

Telephone
Australia: 1300 558 062
International: (+61 3) 9415 4631

Facsimile
Australia: (03) 9473 2500
International: (+61 3) 9473 2500

Website: **www.investorcentre.com/wes**

Key dates+

Half-year end	31 December 2020
Half-year results briefing	18 February 2021
Record date for interim dividend	24 February 2021
Interim dividend payable	31 March 2021
Year end	30 June 2021
Closing date for receipt of director's nominations	19 August 2021
Full-year results announcement	27 August 2021
Record date for final dividend	September 2021
Final dividend payable	October 2021
Annual general meeting	21 October 2021

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

Website

To view the 2021 Half-year Report, the 2020 Annual Report, shareholder and company information, news announcements, background information on Wesfarmers' businesses and historical information, visit the Wesfarmers website at **www.wesfarmers.com.au**