



2024 HALF-YEAR REPORT



Incorporating Appendix 4D for the six months ended 31 December 2023

It is recommended that the 2024 Half-year Report is read in conjunction with the annual financial report of Wesfarmers Limited as at 30 June 2023, together with any public announcements made by Wesfarmers Limited and its controlled entities during the half-year ended 31 December 2023 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

Wesfarmers Limited ABN 28 008 984 049

Wesfarmers Way

Wesfarmers' primary objective is to deliver a satisfactory return to shareholders. We believe it is only possible to achieve this over the long term by:



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 businesses today span: home improvement, outdoor living products and supply of building materials; general merchandise and apparel; office and technology products; health, beauty and wellbeing products and services; management of a retail subscription program and shared data asset; wholesale distribution of pharmaceutical goods; manufacturing and distribution of chemicals and fertilisers; development of an integrated lithium project, including mine, concentrator and refinery; industrial and safety product distribution; gas processing and distribution; and management of the Group's investments. Wesfarmers is one of Australia's largest private sector employers with approximately 120,000 team members and is owned by approximately 505,000 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 2023 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 period', 'the half' or 'half-year' are to the financial period 1 July 2023 to 31 December 2023 (HY2024) unless otherwise stated. The prior corresponding period (pcp) is the half-year ended 31 December 2022 (HY2023).

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. 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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Acknowledgement of Country

Wesfarmers proudly acknowledges the Traditional Owners of Country throughout Australia and their continuing connection to lands and waterways upon which we depend and where our businesses operate.

We pay our respects to their Elders, past and present, and actively support progress towards Aboriginal and Torres Strait Islander cultural, social and economic equity.

Appendix 4D

For the half-year ended 31 December 2023

Results for announcement to the market¹

Revenue from ordinary activities	up 0.5% to \$22,673 million
Profit from ordinary activities after tax attributable to members	up 3.0% to \$1,425 million
Net profit for the period attributable to members	up 3.0% to \$1,425 million
Interim dividend (fully-franked) per share	91 cents (HY2023: 88 cents)
Record date for determining entitlements to the interim dividend	5:00pm (AWST) 21 February 2024
Payment date for interim dividend	27 March 2024
Net tangible assets per ordinary share ²	\$2.98 (HY2023: \$3.01)
Operating cash flow per share ³	\$2.56 (HY2023: \$1.74)

¹ Commentary on the results for the period is included in this report and on the Wesfarmers website.

² Net tangible assets per ordinary share calculation includes right-of-use assets and lease liabilities. HY2023 has been restated to reflect the adjustments to the provisional acquisition accounting for Australian Pharmaceuticals Industries Pty Ltd.

³ Operating cash flow per share has been calculated by dividing the net cash flows from operating activities by the weighted average number of ordinary shares on issue during the period.

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 21 February 2024 for participation in the Plan, being 26 February 2024 to 15 March 2024.

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 22 February 2024. The Board has determined that no discount will 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 27 March 2024.

Changes to subsidiaries, associates and joint arrangements

Entities where control was gained

Acquisition of InstantScripts Pty Ltd

On 3 July 2023, Wesfarmers, through its wholly-owned subsidiary Australian Pharmaceuticals Industries Pty Ltd (API), completed the acquisition of 100 per cent of the shares in InstantScripts Pty Ltd. Refer to note 14 on page 36 of the financial statements for further details.

Acquisition of SILK Laser Australia Limited

On 29 November 2023, Wesfarmers, through its wholly-owned subsidiary API, completed the acquisition of 100 per cent of the shares in SILK Laser Australia Limited (SILK). Refer to note 14 on page 36 of the financial statements for further details.

Refer to the [2023 SILK Annual Report](#) for further information on SILK, including a list of subsidiaries, associates and joint arrangements.

Refer to note 18 on page 38 for other changes to controlled entities during the period.

Changes to associates and joint arrangements

There have been no changes to the details of associates and joint arrangements since 30 June 2023, with the exception of those associates and joint arrangements acquired as part of the acquisition of SILK.

Refer to the [2023 SILK Annual Report](#) for the most recently published list of SILK's associates and joint arrangements.

Previous corresponding period

The previous corresponding period is the half-year ended 31 December 2022 (HY2023).

Directors' report

Half-year Report for the six months ended 31 December 2023

The directors of Wesfarmers Limited submit their report for the half-year ended 31 December 2023.

Directors

The names of the directors in office during the half-year reporting period 1 July 2023 to 31 December 2023 and as at the date of this Half-year Report are shown below.

Michael Chaney AO	(Non-Executive Chairman)
Rob Scott	(Managing Director)
Vanessa Wallace	(Non-Executive Director)
Jennifer Westacott AO	(Non-Executive Director)
The Right Honourable Sir Bill English KNZM	(Non-Executive Director)
Mike Roche	(Non-Executive Director)
Sharon Warburton	(Non-Executive Director)
Anil Sabharwal	(Non-Executive Director)
Alison Watkins AM	(Non-Executive Director)
Alan Cransberg	(Non-Executive Director)

Directors' report

Review of results and operations

Highlights

Half-year ended 31 December (\$m)	2023	2022	Variance %
Revenue	22,673	22,558	0.5
Earnings before interest and tax	2,195	2,160	1.6
Net profit after tax	1,425	1,384	3.0
Basic earnings per share (cps)	125.8	122.3	2.9
Operating cash flows	2,898	1,971	47.0
Interim ordinary dividend (fully-franked, cps)	91	88	3.4
Sustainability highlights			
Total recordable injury frequency rate (R12, TRIFR)	10.9	11.4	
Aboriginal and Torres Strait Islander team members (#)	4,277	4,020	
Scope 1 and 2 emissions, market-based (ktCO ₂ e)	568	616	
Operational waste diverted from landfill ^a (% total waste)	72.3	71.2	
Gender balance, Board and Leadership Team (women % total)	43	48	

^a 2022 excludes Wesfarmers Health.

Wesfarmers Limited has reported a statutory net profit after tax of \$1,425 million for the half-year ended 31 December 2023, an increase of 3.0 per cent.

The pleasing profit growth and strong cash flows for the half demonstrate the strength of Wesfarmers' operating model and quality of the Group's portfolio of businesses.

Wesfarmers' retail divisions executed strongly during the half, responding effectively to changing customer needs as households increasingly sought out value. In this environment, the retail divisions' core offer of everyday products with market-leading value credentials supported growth in sales and customer transaction numbers.

The retail divisions have benefitted from a proactive focus on productivity and efficiency initiatives in recent years, which together with their unique sourcing capabilities and strong supplier partnerships enabled them to mitigate ongoing cost pressures and provide compelling value for customers during the half.

In Bunnings, solid sales and earnings growth continued during the half, with growth in both consumer and commercial sales. Kmart Group delivered record earnings for the half, reflecting the market-leading value credentials of its Anko products as well as actions to drive cost efficiencies, and a moderation in some key input costs. Officeworks' results were supported by continued growth in stationery, art, education, Print & Create and technology categories.

OnePass launched significant enhancements to its offer during the period, with new retail partnerships and unique online and in-store benefits providing additional value for customers. These enhancements supported new customer acquisition, improved customer retention and incremental sales for Wesfarmers' businesses during the half.

Strong operating performance continued in WesCEF, with good plant availability and production rates during the period. As previously indicated, earnings for the half were impacted by lower global commodity prices relative to the elevated pricing environment over recent years. The Mt Holland concentrator was successfully commissioned during the half, and operations recently entered the ramp-up phase. Good progress continued on the construction of the Kwinana lithium hydroxide refinery.

Wesfarmers Industrial and Safety recorded solid revenue and earnings growth for the half despite the impact of ongoing domestic cost pressures, foreign exchange movements and continued investments to support long-term growth.

Wesfarmers Health's results for the half reflected ongoing investments to position the division for long-term growth and value creation, including through progress on the 'Accelerate' transformation plan and the acquisitions of SILK Laser Australia (SILK) and InstantScripts.

Catch recorded a reduction in operating losses during the half, simplifying its in-stock offer to enable improved unit economics and further reducing its cost base.

The Group delivered strong growth in operating cash flows of 47.0 per cent, supported by 27.1 per cent growth in divisional operating cash flows as a result of favourable working capital movements and strong earnings growth in Kmart Group.

As a result of profit growth and strong cash flows for the half, the Wesfarmers Board has determined to pay a fully-franked interim dividend of \$0.91 per share, an increase of 3.4 per cent on the prior corresponding period.

Directors' report

Review of results and operations

Wesfarmers maintains significant balance sheet flexibility, supporting investment activity across the Group and providing capacity to manage potential risks and opportunities under a range of economic scenarios.

The Group recognises the alignment between long-term shareholder value and sustainability performance.

Wesfarmers maintains its commitment to providing a safe and fulfilling work environment for team members, and improvements in safety results were recorded across most divisions, with Wesfarmers' TRIFR improving to 10.9.

At the end of the period, the Wesfarmers Board and Leadership Team remained in gender balance. The Group also remained above Indigenous employment parity, with 4,277 Aboriginal and Torres Strait Islander team members, representing 3.7 per cent of the Group's Australian workforce. During the half, 37 team members completed the Wesfarmers Indigenous Leadership Program to receive a Certificate II or IV in Indigenous Leadership.

At a Group level, Scope 1 and 2 market-based emissions reduced 7.8 per cent, with the divisions making continued progress towards their intermediate and long-term targets. WesCEF achieved a 3.8 per cent reduction in Scope 1 emissions for the half, while a continued focus on operational efficiency and renewable electricity use supported reductions in Scope 2 market-based emissions across the retail divisions.

Operational waste recovery, including for recycling, is supported by a diverse range of strategies across the Group. During the half, operational waste diverted from landfill increased to 72.3 per cent of total operational waste.

Outlook

Wesfarmers remains focused on long-term value creation and continues to invest to strengthen its existing businesses and develop platforms for growth.

Low unemployment and strong population growth provide support to overall economic conditions in Australia, driving demand and contributing to the need for additional housing stock. While Australian inflation has moderated over the last 12 months, current inflation and interest rates remain elevated, and consumers continue to focus on value and manage spending carefully.

The strong value credentials and expanding offer of everyday products across the Group's retail businesses make them well positioned in the current environment and for any improvements in consumer sentiment.

For the first five weeks of the second half of the 2024 financial year, Kmart Group has continued to deliver strong sales growth. Sales growth in Bunnings remained broadly in line with results for the first half. Officeworks' sales for the first five weeks were in line with the prior corresponding period.

Domestic cost pressures in Australia and New Zealand are expected to remain elevated, driven by inflation, labour market constraints and wage cost increases, and energy and supply chain costs. The Group is monitoring ongoing pressures in international supply chains and key shipping routes, and has implemented additional contingencies where possible to mitigate the risk of interruptions.

Wesfarmers' larger businesses are benefitting from investments made to digitise their operations and develop their sourcing capabilities. Together with benefits from proactive investments in productivity and efficiency over recent years, the Group remains focused on disciplined cost management.

The high quality of the Mt Holland deposit is expected to enable the integrated Covalent lithium hydroxide project to operate with an attractive relative cost structure and support satisfactory long-term shareholder returns.

Following the successful commissioning of the concentrator at Mt Holland, operations are now in ramp up and WesCEF's share of spodumene concentrate production in the 2024 financial year is expected to be approximately 50,000 tonnes. Spodumene concentrate sales volume for 2024 will be dependent on commercial factors including the prevailing spot price, but at current spodumene prices sales will not contribute positive earnings during the 2024 financial year due to the higher cost of production while volumes ramp up towards full capacity.

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

Wesfarmers will continue to invest in its existing operations and in the development of platforms for long-term growth and shareholder value creation. The Group expects net capital expenditure of between \$1,000 million and \$1,200 million for the 2024 financial year, subject to net property investment and the timing of project expenditures.

Directors' report

Review of results and operations

Group results summary

Half-year ended 31 December ^a (\$m)	2023	2022	Variance %
Key financials			
Revenue	22,673	22,558	0.5
EBIT	2,195	2,160	1.6
EBIT (after interest on lease liabilities)	2,081	2,053	1.4
NPAT	1,425	1,384	3.0
Basic earnings per share (cps)	125.8	122.3	2.9
Return on equity (R12, %)	31.4	32.8	(1.4 ppt)
Cash flows			
Operating cash flows	2,898	1,971	47.0
Net capital expenditure	570	578	(1.4)
Free cash flows	2,012	1,365	47.4
Cash realisation ratio (%)	126	89	37 ppt
Dividends and distributions			
Interim ordinary dividend (fully-franked, cps)	91	88	3.4
Balance sheet and credit metrics			
Net financial debt	3,866	4,716	(18.0)
Debt to EBITDA (x)	1.8	2.1	(0.3 x)
Sustainability highlights			
Total recordable injury frequency rate (R12, TRIFR)	10.9	11.4	
Aboriginal and Torres Strait Islander team members (#)	4,277	4,020	
Scope 1 and 2 emissions, market-based (ktCO _{2e})	568	616	
Operational waste diverted from landfill ^b (% total waste)	72.3	71.2	
Gender balance, Board and Leadership Team (women % total)	43	48	

^a See Additional Disclosures on page 50 for relevant definitions.

^b 2022 excludes Wesfarmers Health.

Divisional earnings summary

Half-year ended 31 December ^a (\$m)	Revenue			Earnings		
	2023	2022	Variance %	2023	2022	Variance %
Bunnings Group	9,963	9,792	1.7	1,282	1,278	0.3
Kmart Group	5,986	5,714	4.8	601	475	26.5
WesCEF	1,105	1,402	(21.2)	172	324	(46.9)
Officeworks	1,681	1,651	1.8	86	85	1.2
Industrial and Safety	1,009	978	3.2	49	47	4.3
Wesfarmers Health	2,774	2,778	(0.1)	27	27	-
Catch	136	219	(37.9)	(41)	(108)	n.m.
Total divisional	22,654	22,534	0.5	2,176	2,128	2.3
Other	19	24	(20.8)	(95)	(75)	(26.7)
Total	22,673	22,558	0.5	2,081	2,053	1.4

^a See divisional sections from page 9 for more information.

Directors' report

Divisional performance overview

Bunnings Group



Half-year ended 31 December ^a (\$m)	2023	2022	Variance %
Revenue	9,963	9,792	1.7
EBITDA	1,748	1,721	1.6
Depreciation and amortisation	(408)	(387)	(5.4)
EBIT	1,340	1,334	0.4
Interest on lease liabilities	(58)	(56)	(3.6)
EBT	1,282	1,278	0.3
Net property contribution	-	35	<i>n.m.</i>
EBT (excluding net property contribution)	1,282	1,243	3.1
EBT margin excluding property (%)	12.9	12.7	
ROC (R12, %)	65.8	70.7	
Total store sales growth (%)	1.9	5.1	
Store-on-store sales growth ^b (%)	1.2	2.8	
Digital sales ^c (%)	5.1	4.4	
Safety (R12, TRIFR)	15.9	16.9	
Scope 1 and 2 emissions, market-based (ktCO _{2e})	27	31	

^a See Additional Disclosures on pages 43 and 50 for relevant retail calendars and definitions.

^b Store-on-store sales growth in 2022 excludes stores in months that were impacted by extended periods of temporary closure in New South Wales, Australian Capital Territory, Victoria and New Zealand.

^c Digital sales includes online sales, app sales and marketplace sales expressed as a share of total sales including marketplace.

Performance review

Revenue for Bunnings increased 1.7 per cent to \$9,963 million for the half, with earnings increasing 0.3 per cent to \$1,282 million. Excluding net property contributions, earnings increased 3.1 per cent and represent a four-year compound annual growth rate of 8.8 per cent per annum.

Total store and store-on-store sales increased 1.9 per cent and 1.2 per cent respectively, and sales growth was recorded in both consumer and commercial customer segments.

Consumer sales growth was supported by ongoing demand for home repair and necessity products across a range of categories during the half. With continued pressure on many household budgets, Bunnings' 'lowest prices' value proposition continued to resonate strongly, with growth in consumer transaction numbers, units sold and store visitations. Bunnings maintained its focus on providing compelling own brand and entry-level ranges, with these products appealing to more value-focused customers and performing well during the period.

Bunnings' new and expanded product ranges across pets, cleaning and outdoor recreation all performed strongly during the half, and are promoting higher frequency visits and attracting new customers to stores.

Commercial sales growth during the half reflected continued demand from trades and builders as they work through the pipeline of outstanding work, albeit with activity moderating through the half as new building starts normalised relative to peak commencements in recent years.

Ongoing cost discipline, moderating global supply chain costs post COVID-19 and business improvement initiatives have supported ongoing investment in prices and experience for customers and improved business productivity. A new Enterprise Agreement was implemented for Australian store team members during the half, providing more flexibility to reward team members with industry-leading benefits, improving rostering flexibility, optimising labour productivity and supporting Bunnings' strong retention rates.

Bunnings continued to invest in supply chain, data and technology projects to strengthen the customer experience across channels. This included the expansion of the last mile delivery offer for customers and the introduction of a two-hour Click & Collect option for OnePass members.

Bunnings increased personalisation in its customer communications across multiple digital channels to improve relevance and drive incremental sales, leveraging recent investments in data and analytics through Flybuys and OnePass.

Digital sales increased during the half as Bunnings experienced strong growth in online and app sales supported by the expansion of online product ranges, Bunnings Marketplace, the PowerPass app and the OnePass program.

Directors' report

Divisional performance overview

Bunnings continues to strengthen its 'Whole of Build' commercial strategy and develop deeper connections with customers across trades, builders and organisations. During the half, a new state-of-the-art automated Frame & Truss plant was opened in Minto, NSW, enabling Bunnings to supply prefabricated frames and trusses with greater efficiency and at a lower cost.

Beaumont Tiles traded strongly during the half and expanded into Western Australia with three new stores. Tool Kit Depot expanded its customer reach through further integrations with the PowerPass membership base.

Return on capital of 65.8 per cent reflected disciplined capital management, with favourable working capital movements and strong cash realisation while ensuring good stock availability.

Bunnings' TRIFR improved for the period, attributable to an ongoing, business-wide focus on critical risks and moving product safely through each step in the supply chain to the end customer.

During the half, Bunnings opened one new warehouse, four new Beaumont Tiles stores and one replacement Tool Kit Depot store. At the end of the period there were 286 warehouses, 65 smaller format stores and 31 trade centres in the Bunnings network, as well as 14 Tool Kit Depot stores and 117 Beaumont Tiles stores.

Outlook

Bunnings' resilient operating model, diversified customer base across consumer and commercial segments, and leading customer value proposition position the business to continue to support profitable growth through the economic cycle.

As many households continue to manage cost of living and budget pressures, Bunnings remains well positioned to provide leading customer value, supported by ongoing productivity and efficiency initiatives across supply chain, technology and space optimisation.

While there has been near-term moderation in dwelling commencements, long-term housing undersupply and net inbound migration continues to underpin a robust demand pipeline for builders and trades.

Bunnings will continue to pursue opportunities to grow its addressable market and customer participation through new ranges, network optimisation, commercial strategies and digital channel growth.

Directors' report

Divisional performance overview

Kmart Group



Half-year ended 31 December ^a (\$m)	2023	2022	Variance %
Revenue	5,986	5,714	4.8
EBITDA	895	765	17.0
Depreciation and amortisation	(252)	(250)	(0.8)
EBIT	643	515	24.9
Interest on lease liabilities	(42)	(40)	(5.0)
EBT	601	475	26.5
EBT margin (%)	10.0	8.3	
ROC (R12, %)	58.8	43.3	
Safety (R12, TRIFR)	7.3	7.0	
Scope 1 and 2 emissions, market-based (ktCO _{2e})	91	115	
Kmart			
Total sales growth (%)	7.8	29.9	
Comparable sales growth ^b (%)	7.5	17.1	
Online penetration (%)	7.9	7.3	
Target			
Total sales growth (%)	(5.1)	8.2	
Comparable sales growth ^b (%)	(2.9)	2.8	
Online penetration (%)	16.3	17.0	

^a See Additional Disclosures on pages 43 and 50 for relevant retail calendars and definitions.

^b Comparable growth in 2022 excludes stores that were temporarily closed as a result of COVID-19 restrictions for the duration of the closure period, where the closure period was longer than two weeks.

Performance review

Kmart Group delivered revenue of \$5,986 million, up 4.8 per cent for the half. Earnings of \$601 million were 26.5 per cent or \$126 million higher than the prior corresponding period and represents a record for the business.

Kmart's total sales increased 7.8 per cent for the half, with comparable sales increasing 7.5 per cent. Kmart extended its lowest price leadership during the half, resulting in strong trading performance in an environment where customers increased their focus on value. Availability continued to improve through further digitisation of the business and sales increased across all categories, with units sold, transaction volumes and customer numbers all growing on the prior corresponding period.

Target's total sales declined 5.1 per cent for the half, with comparable sales declining by 2.9 per cent. Performance was variable across categories, with relatively stronger performance in apparel but challenging trading conditions across toys, home and general merchandise categories, which have since been largely replaced with Anko products.

Earnings growth for the half reflected Kmart's strong trading performance, including strong growth in apparel sales as a result of improvements in the product offer. Well-executed pricing strategies enabled the business to deliver profitable growth in share of wallet while extending Kmart's lowest price positioning, with the strength of the Anko product offer resonating strongly with customers. Continued focus on productivity along with moderation in key input costs, including international freight, mitigated the impact of ongoing cost of doing business pressures and higher shrinkage. Target delivered positive earnings for the half.

Kmart Group continued to invest in strategic initiatives to digitise its operations across stores, sourcing and supply chain, and to develop its data and digital assets. RFID capability in Kmart stores was extended during the half, resulting in more accurate inventory information. Continued investment in the omnichannel customer experience enhanced Kmart and Target's online platforms with improved delivery efficiency, and new OnePass member benefits were launched during the period.

The integration of the Kmart and Target processes, systems and organisational structures to achieve one operating model across the two brands progressed in line with expectations.

Return on capital increased to 58.8 per cent, reflecting higher earnings and strong capital discipline, with the continued stabilisation in global supply chain conditions enabling strong cash generation.

There were 449 stores across Kmart and Target as at 31 December 2023.

Directors' report

Divisional performance overview

Outlook

Kmart is well positioned to continue to grow share of customer wallet in an environment where customers remain focused on value. Maintaining strong price leadership remains a key strategic focus.

Growth in share of wallet will also be supported by the delivery of strategic initiatives, including leveraging the leading Anko product development capabilities to expand and enhance existing categories and ranges, better engaging with customers through loyalty and personalisation and seeking to expand distribution of Anko products into new markets globally.

The introduction of select Anko ranges across hard home and general merchandise into Target was completed in February 2024, and will enable Target to leverage the strength of the Anko merchandise offer and provide greater value to customers. Delivering further improvements in the quality and value of the Target apparel and soft home offers also remains a key strategic priority.

Productivity and cost control remain areas of focus, with cost pressures expected to persist across operating expenses while deflation in input costs has moderated. The integration of systems, processes and organisational structures between Kmart and Target will accelerate in the second half of the 2024 financial year, providing the opportunity to drive greater efficiencies and to further fractionalise costs.

Directors' report

Divisional performance overview

Chemicals, Energy and Fertilisers



Half-year ended 31 December ^a (\$m)	2023	2022	Variance %
Revenue^b			
Chemicals	628	860	(27.0)
Energy	262	265	(1.1)
Fertilisers	215	277	(22.4)
Total	1,105	1,402	(21.2)
EBITDA	229	372	(38.4)
Depreciation and amortisation	(56)	(48)	(16.7)
EBIT	173	324	(46.6)
Interest on lease liabilities	(1)	-	<i>n.m.</i>
EBT	172	324	(46.9)
External sales volumes ^b ('000 tonnes)			
Chemicals	584	562	3.9
LPG & LNG	104	108	(3.7)
Fertilisers	302	248	21.8
ROC (R12, %)	16.2	23.0	
ROC (R12, %) (excluding ALM)	32.9	40.3	
Safety (R12, TRIFR)	3.7	3.0	
Scope 1 and 2 emissions, market-based (ktCO _{2e})	419	433	

^a See Additional Disclosures on page 50 for relevant definitions.

^b Revenue and external sales volumes exclude intra-division sales.

Performance review

Revenue for WesCEF decreased 21.2 per cent to \$1,105 million for the half, and earnings decreased 46.9 per cent to \$172 million. The decline in revenue and earnings for the half was largely driven by lower global commodity prices, particularly for ammonia and fertiliser products.

WesCEF's TRIFR increased to 3.7, and there remains a strong focus on hazard identification and in-field verification activities that ensure that hazard controls are in place and effective.

Scope 1 and 2 emissions decreased for the half, but WesCEF's focus remains on its longer-term emissions reduction targets, as periodic movements are impacted by a range of factors including variations in plant performance and operating efficiency. During the half, a decision was taken to install a tertiary catalyst in one of the three nitric acid plants during its planned shutdown in financial year 2025. This is a significant milestone in the delivery of WesCEF's 2030 interim target of a 30 per cent reduction in Scope 1 and 2 emissions relative to its 2020 baseline.

Chemicals

Chemicals' earnings decreased significantly for the half. Ammonia earnings were adversely impacted by lower average global ammonia pricing compared to the prior corresponding period, together with an unfavourable impact from the pricing lag mechanism embedded in some customer contracts as the ammonia price rose during the period due to global supply constraints. Ammonium Nitrate (AN) earnings were also affected by higher ammonia feedstock costs coupled with weaker demand from WA mining customers, partially offset by sales into other markets. Earnings from the Sodium Cyanide business remained in line with the prior corresponding period.

Energy

Kleenheat's earnings declined for the half, driven by a lower Saudi Contract Price, the international benchmark indicator for LPG, and higher WA natural gas costs. The natural gas retailing business remained focused on its market leading customer service, which supported continued growth in the residential customer base in WA.

Directors' report

Divisional performance overview

Fertilisers

Fertilisers' earnings were down for the half, noting most earnings historically fall into the second half of the financial year due to seasonality. Declining global commodity prices in a competitive market environment resulted in compressed margins, which were partially offset by stronger sales volumes due to a later 2023 seeding season. Ongoing investment in data and digital capabilities, agronomic advice and service offerings, and dependability of supply from strong plant performance provided further improvements to the reliability, experience and advice provided to growers.

Lithium

The WesCEF result includes costs associated with the development and management of its 50 per cent interest in the Covalent lithium project. The Mt Holland concentrator was successfully commissioned during the half, and operations recently entered the ramp-up phase, with first quality spodumene concentrate product available for sale in the first half of the 2024 calendar year. Offtake arrangements with tier-one Auto and Battery customers have been agreed for the sale of interim spodumene concentrate. Good progress continued on construction of the Kwinana refinery, which was approximately 65 per cent complete as at the end of the period.

WesCEF's share of capital expenditure, excluding capitalised interest, for the development of the project was \$164 million for the half, taking total development expenditure since the final investment decision to \$892 million.

Separately from the Covalent lithium project, during the half WesCEF executed a farm-in agreement with Ora Banda Mining Limited for 65 per cent of the mineral rights (excluding gold and by-products) on the Davyhurst tenement package, whereby WesCEF will target lithium and critical mineral exploration, with the option to increase ownership to 80 per cent by undertaking a set amount of exploration over the next three years.

Outlook

Chemicals' earnings are expected to continue to be impacted by lower global ammonia pricing compared to the previous two financial years. Demand for AN from domestic mining customers is anticipated to improve in the second half of the financial year and remain strong in the long term. The positive outlook for the gold mining sector is expected to underpin long-term sodium cyanide demand.

Both Chemicals and Kleenheat earnings will continue to be impacted by higher WA natural gas costs as more gas supply contracts are renewed.

In the Fertilisers business, earnings will remain dependent on seasonal and market conditions in a competitive pricing environment. The business continues to investigate and implement initiatives focused on providing the best reliability, experience and advice to growers.

The high quality of the Mt Holland deposit is expected to enable the integrated Covalent lithium hydroxide project to operate with an attractive relative cost structure and support satisfactory long-term shareholder returns.

Following the successful commissioning of the concentrator at Mt Holland, operations are now in ramp up and WesCEF's share of spodumene concentrate production in the 2024 financial year is expected to be approximately 50,000 tonnes. Spodumene concentrate sales volume for 2024 will be dependent on commercial factors including the prevailing spot price, but at current spodumene prices sales will not contribute positive earnings during the 2024 financial year due to the higher cost of production while volumes ramp up towards full capacity.

Construction of the Kwinana refinery continues to progress, with first production timing and capital expenditure expectations remaining in line with guidance provided at the 2023 half-year results.

WesCEF continues to evaluate and implement opportunities within its strategic focus areas. Expansion studies for major growth projects across the portfolio continue to progress, with regulatory approvals to expand the production capacity of the Mt Holland mine and concentrator submitted during the period. The division's decarbonisation strategy continues to advance through investment in abatement initiatives and investigation into Carbon Capture and Storage (CCS) solutions.

Ongoing investment in divisional systems and enablers, including the new Enterprise Resource Planning (ERP) system, will drive future operating efficiencies and effectiveness, and will support WesCEF's long-term growth.

Overall, earnings for WesCEF remain subject to international commodity prices, exchange rates, competitive factors and seasonal outcomes.

Directors' report

Divisional performance overview

Officeworks

officeworks **geeks2u**

Half-year ended 31 December ^a (\$m)	2023	2022	Variance %
Revenue	1,681	1,651	1.8
EBITDA	161	152	5.9
Depreciation and amortisation	(67)	(62)	(8.1)
EBIT	94	90	4.4
Interest on lease liabilities	(8)	(5)	(60.0)
EBT	86	85	1.2
EBT margin (%)	5.1	5.1	
ROC (R12, %)	18.3	17.3	
Total sales growth (%)	1.8	4.6	
Online penetration (%)	34.7	34.5	
Safety (R12, TRIFR)	4.6	6.1	
Scope 1 and 2 emissions, market-based (ktCO ₂ e)	12	14	

^a See Additional Disclosures on pages 43 and 50 for relevant retail calendars and definitions.

Performance review

Officeworks' revenue increased 1.8 per cent to \$1,681 million and earnings increased 1.2 per cent to \$86 million for the half.

Sales growth of 1.8 per cent was supported by growth across key categories including stationery, art, education, and Print & Create, together with continued market share growth in technology, partially offset by lower furniture sales. Officeworks continued to invest in everyday low prices and promotional initiatives to deliver value for customers and increased the range of own brand and differentiated products during the half.

Officeworks' leading online offer, which includes next-day delivery to more postcodes than major marketplace providers, two-hour Click & Collect and same day delivery options, continued to support strong online sales. Officeworks' participation in the Flybuys and OnePass programs supported more personalised customer communications and an improved experience.

Earnings growth of 1.2 per cent was supported by sales growth as well as productivity initiatives and disciplined cost management, which mitigated the impacts of ongoing cost of doing business pressures. Officeworks continued to invest to modernise its operations, including increased use of technology in the support centre, stores and supply chain. The new automated CFC in WA was opened during the half, and the business delivered continued productivity improvements at the IDC and the automated CFC in Victoria.

The safety, health and wellbeing of team members and customers remains a priority for Officeworks, and continued investment in team member safety supported an improvement in TRIFR to 4.6.

Officeworks continued to focus on reducing its impact on the environment. Through continued investment in energy efficiency and renewable energy, Officeworks reduced its Scope 1 and 2 emissions by 14.3 per cent.

During the half, Officeworks opened two new stores and re-opened the Underwood, Queensland store, which had been closed due to fire. As at 31 December 2023, there were 169 Officeworks stores operating across Australia.

Outlook

Officeworks' commitment to everyday low prices, widest range and great service across all channels make it well positioned to meet the changing needs of its customers.

Officeworks' performance during the 2024 Back to School period has been solid, particularly given the non-recurrence of the NSW back-to-school voucher program, which supported sales in the prior corresponding period. Trading results through this period were supported by growth in Technology sales, reflecting the trend of increased digitisation in education.

As customers increasingly seek out value, Officeworks remains focused on maintaining its everyday low prices proposition and identifying new opportunities to expand its own-brand product ranges, which offer customers differentiated products at competitive prices. These initiatives will be supported by a continued focus on productivity, including increased use of technology in the support centre, stores and supply chain, and ongoing investments to leverage data insight capabilities.

Officeworks maintains its focus on driving profitable growth in key markets by solving customer missions to work, learn, create, and connect. This will be supported by the continued evolution of its core offer, expansion of market share with B2B and education customers, and investment in the every-channel offer and personalisation to deliver an even easier and more engaging customer experience.

Directors' report

Divisional performance overview

Industrial and Safety



Half-year ended 31 December ^a (\$m)	2023	2022	Variance %
Revenue	1,009	978	3.2
EBITDA	92	89	3.4
Depreciation and amortisation	(41)	(40)	(2.5)
EBIT	51	49	4.1
Interest on lease liabilities	(2)	(2)	-
EBT	49	47	4.3
EBT margin (%)	4.9	4.8	
ROC (R12, %)	7.9	8.1	
Safety (R12, TRIFR)	3.2	4.0	
Scope 1 and 2 emissions, market-based (ktCO ₂ e)	13	14	

^a See Additional Disclosures on page 50 for relevant definitions.

Performance review

Industrial and Safety revenue of \$1,009 million was 3.2 per cent above the prior corresponding period. Earnings of \$49 million were 4.3 per cent above the prior corresponding period.

Blackwoods' revenue increased for the half, with growth underpinned by demand from strategic customers in Australia, particularly in the mining, utilities, manufacturing and government sectors. Growth was recorded across major trading regions in Australia, while revenues in New Zealand moderated due to local market conditions. Blackwoods' earnings increased for the half, driven by higher sales. The business continued to invest in customer service and digital capabilities, providing benefits to customers and improving productivity within the business.

Workwear Group's revenue increased for the half, driven by higher customer demand for the industrial workwear brands including KingGee and Hard Yakka. Earnings were below the prior corresponding period due to higher domestic supply chain costs in Australia and New Zealand and the impact of a weaker Australian dollar.

Coregas' revenue and earnings increased for the half due to higher demand from industrial and healthcare customers.

Safety and injury management remains a core focus, and TRIFR improved to 3.2 during the period.

Outlook

The Industrial and Safety businesses will continue to actively manage supply chain volatility, cost inflation and labour availability constraints, and each business remains focused on delivering continued improvements in financial performance in this environment.

Blackwoods will continue to strengthen its customer value proposition and enhance its core operational capabilities, including through further investment in data and digital.

Workwear Group remains focused on driving growth in its industrial brands and uniforms business, delivering operational excellence and strengthening its digital offer.

Coregas is expected to benefit from continued strong demand in the healthcare and industrial segments.

Directors' report

Divisional performance overview

Wesfarmers Health



Half-year ended 31 December ^a (\$m)	2023	2022	Variance %
Revenue	2,774	2,778	(0.1)
EBITDA	66	66	-
Depreciation and amortisation ^b	(37)	(36)	(2.8)
EBIT^b	29	30	(3.3)
Interest on lease liabilities	(2)	(3)	33.3
EBT^b	27	27	-
EBT (excluding purchase price allocation adjustments)	36	34	5.9
EBT margin (%) (including purchase price allocation adjustments ^b)	1.0	1.0	
ROC (R12,%)	3.5	n.r.	
Safety (R12, TRIFR)	5.9	n.r.	
Scope 1 and 2 emissions, market-based (ktCO ₂ e)	5	7	

^a See Additional Disclosures on page 50 for relevant definitions.

^b 2023 includes \$9 million of amortisation expenses relating to assets recognised as part of the acquisitions of API, InstantScripts, SILK and SiSU. 2022 includes \$7 million of amortisation expenses relating to assets recognised as part of the acquisition of API.

Performance review

Wesfarmers Health revenue of \$2,774 million and earnings of \$27 million were in line with the prior corresponding period. Excluding non-cash expenses relating to assets recognised as part of business acquisitions, earnings increased 5.9 per cent to \$36 million.

Sales in the Pharmacy Distribution business declined for the half, with continued growth in customer acquisition and demand from existing trading partners offset by a significant reduction in COVID-19 anti-viral sales.

Priceline delivered pleasing sales growth, supported by continued growth in health and beauty categories, successful delivery of promotional initiatives and increased online sales following the launch of the new Priceline website. Priceline's Sister Club remains Australia's largest health and beauty loyalty program, with more than 8.6 million members.

Clear Skincare sales declined compared to the prior corresponding period, as clients opted for lower-priced treatments and the business closed nine unprofitable clinics over the 12 months to 31 December 2023.

Earnings for the division reflected continued investment to support long-term profitability and growth, together with short-term impacts from the introduction of 60-day dispensing, recent PBS price changes and higher costs in Clear Skincare.

During the half, the division continued to progress its 'Accelerate' transformation plan, with ongoing investment to build the capabilities necessary to support sustainable long-term returns.

The automated Sydney Fulfillment Centre delivered incremental efficiency and customer service benefits during the half, and good progress was made on the construction of the fully-automated fulfilment centre in Brisbane.

The Health division continues to pursue logical, adjacent acquisitions where they support long-term value creation, with the acquisitions of SILK Laser Clinics and InstantScripts completed during the half. SILK and Clear Skincare together will form the new MediAesthetics business while the acquisition of InstantScripts, Australia's leading telehealth provider, forms part of a new Digital Health business unit, driving an integrated experience for consumers across Wesfarmers Health.

As at 31 December 2023, the Health division had 73 Priceline company-owned stores, 400 Priceline pharmacy franchise stores, 88 Clear Skincare clinics and 146 SILK clinics.

Outlook

Wesfarmers Health is well placed to deliver improvements in financial performance over time, supported by clear transformation plans and long-term sector tailwinds.

The division continues to actively manage the impacts of cost inflation, including rising labour costs, labour availability constraints, and regulatory changes to the PBS and telehealth. Integration of the MediAesthetics business is underway, with a focus on optimising the combined businesses.

The division remains focused on transformation of the core businesses to strengthen their competitive position, and will continue to strengthen the Priceline offer, expand the franchise store network, improve the e-commerce offer, reset the wholesale proposition, and optimise the supply chain.

Directors' report

Divisional performance overview

Catch



Half-year ended 31 December ^{a,b} (\$m)	2023	2022	Variance %
Gross transaction value (GTV)	317	451	(29.7)
Revenue	136	219	(37.9)
EBITDA ^c	(27)	(93)	<i>n.m.</i>
EBT^{c,d}	(41)	(108)	<i>n.m.</i>
Restructuring costs ^c	(4)	(33)	<i>n.m.</i>
EBT^d (excluding restructuring costs)	(37)	(75)	<i>n.m.</i>
Safety (R12, TRIFR)	4.3	2.4	
Scope 1 and 2 market-based emissions (ktCO ₂ e)	1	2	

^a See Additional Disclosures on pages 43 and 50 for relevant retail calendars and definitions.

^b Includes intercompany transactions with OnePass.

^c Restructuring costs of \$33 million in 2022 relate to inventory provisions, team member redundancies and asset write-offs, with additional costs of \$4 million in 2023 as the program is completed.

^d 2023 includes \$2 million and 2022 includes \$3 million of amortisation expenses relating to assets recognised as part of Wesfarmers' acquisition of Catch.

Performance review

Catch's GTV declined 29.7 per cent to \$317 million for the half, driven by significant reductions to its in-stock range to exit unprofitable lines, curate the range to focus on in-demand categories and support a more profitable proposition.

Catch's reported loss for the period was \$41 million, or \$37 million excluding restructuring costs. Performance during the half represents continued improvement relative to the \$48 million loss in the second half of the 2023 financial year and \$75 million loss in the prior corresponding period.

As at the end of the half, Catch's in-stock range had been successfully reduced to approximately 28,000 items, reflecting the substantial completion of the range rationalisation program initiated during the second half of the 2023 financial year. The reduced in-stock range continues to complement Catch's broader marketplace offer, which provides customers with access to approximately 11 million additional products from third-party sellers.

Increased fulfilment efficiency during the period supported a significant reduction in labour costs per unit and improvements to customer service levels, with faster average time to delivery.

Range and fulfilment improvements together enabled a significant increase in average contribution per order, which more than doubled relative to the prior corresponding period.

Indirect costs continued to reduce during the half, with lower employee and marketing costs as a result of restructuring activities, as well as cost benefits from the exit of surplus warehouse capacity during the period.

Catch continued to leverage the benefits of OnePass and Flybuys, which drove traffic to Catch and contributed to reduced customer acquisition and retention costs. The Catch retail and marketplace offer has resonated with OnePass members, who value the broader range and e-commerce options. Customers that join OnePass increase their spend on Catch materially, and the average OnePass member spends three times that of other customers.

As performance in the in-stock offer improved, Catch has increasingly turned its focus to developing an enhanced marketplace platform, including further trials of 'Fulfilled by Catch' and investing in the development of a media advertising platform.

Outlook

Catch continues to focus on executing strategies for a more profitable proposition. Catch is expected to remain loss-making in the 2024 financial year but with losses in the second half continuing to reduce relative to the first half.

The business will continue to curate the in-stock range to focus on in-demand categories, further optimise fulfilment and transport efficiencies and leverage the OnePass program to improve customer experience. Strong cost controls will be maintained, and the business has continued to lower discretionary costs as well as reduce and rephase spending.

Catch will continue to progress the development of new revenue streams through its investment in 'Fulfilled by Catch' and the launch of a media advertising platform, with trials with marketplace sellers planned for the second half of the 2024 financial year.

Directors' report

Divisional performance overview

Group data and digital initiatives

Progress review

The development of the Group's data and digital capabilities continued during the half, with ongoing initiatives and investment across the divisions and through OneDigital to further strengthen connections with customers and drive incremental operating efficiencies.

Wesfarmers benefits from a significant digital reach through its portfolio of retail brands, diverse range of digital assets and complementary membership programs, which together provide a unique foundation from which to create long-term value for shareholders.

Investment in divisions' digital channels continued during the half, driving deeper customer connections, improved personalisation, and more targeted offers. The use of data analytics and further digitisation of operations and supply chains supported further improvements in productivity and efficiency. The continued application of increasingly sophisticated AI and predictive analytics models during the period delivered improved outcomes in areas such as demand forecasting, product design, customer service and marketing effectiveness.

Pleasing progress continued in the development of the OnePass membership program during the half, with the release of the most significant enhancements to its customer value proposition since its initial launch.

The OnePass program now delivers a consistent experience across an expanded set of retail partners, including new partnerships with Officeworks and InstantScripts during the half. In addition to free delivery and exclusive promotions, members now have access to new benefits including 5x Flybuys points on in-store spend, express Click & Collect, and 365-day change-of-mind returns.

The provision of both online and in-store benefits across a uniquely broad range of partners provides a key point of differentiation for the OnePass program, and the in-store response and degree of cross-shop by members has been positive.

The expanded OnePass offer provides significant value to customers. In an environment where customers are increasingly seeking value, the expanded offer supported continued growth in the paid membership base along with improved retention rates during the half. Importantly, members that join OnePass are demonstrating meaningfully higher spending across Wesfarmers retailers, both in store and online, relative to an appropriate control group.

An operating loss associated with investments in the OnePass membership program and the Group's customer and data insight capabilities of \$39 million was recorded for the half. Financial results for OnePass and supporting capabilities are reported in Other, with the benefits from these initiatives embedded in divisional results.

Outlook

The Group will continue to invest in data and digital through the expansion of divisional capabilities and ongoing development of the OnePass membership program and shared data asset.

The divisions will continue to focus on customer experience across all channels, including through enhancing digital assets and membership programs and leveraging insights and personalisation to create a more relevant and rewarding experience. Investment will continue in digitising operations to support improvements in productivity and efficiency as well as a better customer experience.

Development of the OnePass membership program will continue, building on its unique breadth of retail and loyalty partners and omnichannel offer, with a strong focus on leveraging customer insights to shape and improve the value proposition and drive membership growth. Priceline is expected to join the OnePass program as a partner in the second half of the 2024 financial year.

In line with previous guidance, the operating loss for OneDigital (excluding Catch) is expected to be approximately \$70 million for the 2024 financial year, with lower operating losses in the second half reflecting continued growth in subscription revenue and the non-repeat of launch costs associated with the features introduced in the first half.

Directors' report

Divisional performance overview

Other



Half-year ended 31 December ^a (\$m)	Holding %	2023	2022	Variance %
Share of profit of associates and joint ventures				
BWP Trust	24.8	13	28	(53.6)
Other associates and joint ventures ^b	Various	2	16	(87.5)
Sub-total share of net profit of associates and joint ventures		15	44	(65.9)
OneDigital ^c		(39)	(41)	4.9
Group overheads		(79)	(78)	(1.3)
Other ^d		8	-	n.m.
Total Other EBIT		(95)	(75)	(26.7)
Interest on lease liabilities		-	-	n.m.
Total Other EBT		(95)	(75)	(26.7)

^a See Additional Disclosures on page 50 for relevant definitions.

^b Includes investments in Gresham, Flybuys, Wespine and BPI.

^c Excludes Catch.

^d 2022 includes \$11 million of dividends received from the Group's 2.8 per cent interest in Coles, which was sold in April 2023.

Performance review

Other businesses and corporate overheads recorded a loss of \$95 million for the half, compared to a loss of \$75 million in the prior corresponding period.

The Group's share of profit from associates and joint ventures decreased by \$29 million to \$15 million, primarily due to lower property revaluations in BWP Trust.

Other EBIT includes costs associated with investments in the OnePass membership program and the Group's data and digital capabilities through OneDigital, with an operating loss associated with these initiatives of \$39 million for the period, broadly in line with a loss of \$41 million in the prior corresponding period. The benefits from these investments, including incremental sales, new customer acquisition and improved customer retention, are embedded in divisional results.

Other corporate earnings were \$8 million higher than the prior corresponding period, driven by a higher Group insurance result. This was partially offset by lower dividend income following the sale of Wesfarmers' final 2.8 per cent interest in Coles in April 2023.

Group overheads were \$79 million for the half, broadly in line with the prior corresponding period.

Directors' report

Divisional performance overview

Cash flows, portfolio actions, financing and dividends

Half-year ended 31 December ^a (\$m)	2023	2022	Variance %
Cash flows			
Operating cash flows	2,898	1,971	47.0
Gross capital expenditure	577	676	(14.6)
Net capital expenditure	570	578	(1.4)
Free cash flows	2,012	1,365	47.4
Cash realisation ratio (%)	126	89	37 ppt
Balance sheet			
Net financial debt	3,866	4,716	(18.0)
Other finance costs	81	62	30.6
Weighted average cost of debt (%)	3.83	3.06	0.77 ppt
Debt to EBITDA (x)	1.8	2.1	(0.3x)
Dividends per share			
Interim ordinary dividend (fully-franked, cps)	91	88	3.4

^a See Additional Disclosures on page 50 for relevant definitions.

Cash flows

Divisional operational cash flows before interest, tax, and the repayment of lease liabilities increased 27.1 per cent from the prior corresponding period, with divisional cash generation of 120 per cent for the half.

The growth in divisional cash flows reflected a favourable net working capital result, predominantly due to disciplined inventory management in line with market demand in Bunnings, a normalisation in WesCEF's net working capital movement following the impact of elevated commodity prices and the timing of fertiliser seasonal breaks in the prior corresponding period and strong earnings growth in Kmart Group. These factors were partially offset by working capital investment in the Health division, including as a result of changes to supplier and customer payment arrangements.

Reported operating cash flows increased 47.0 per cent to \$2,898 million, with cash realisation of 126 per cent supported by the strong divisional cash flow result and lower tax paid due to the timing of tax payments.

Gross capex of \$577 million was 14.6 per cent lower than the prior corresponding period, mainly due to fewer new store openings in Bunnings and the completion of construction at the Mt Holland concentrator during the second half of the 2023 financial year. Proceeds from the sale of property, plant and equipment of \$7 million were \$91 million lower than the prior corresponding period due to reduced property activity at Bunnings. The resulting net capex of \$570 million was 1.4 per cent lower than the prior corresponding period.

Free cash flows increased 47.4 per cent to \$2,012 million for the half, reflecting higher operating cash flows partially offset by the impact of cash consideration relating to the Group's acquisition of SILK Laser Australia and InstantScripts during the half.

Portfolio actions

The Group maintained strong financial discipline in evaluating opportunities and allocating capital during the half, with continued focus on investments that will generate attractive shareholder returns over time.

During the half, Wesfarmers Health completed investments in logical expansion opportunities in digital health and medical aesthetics.

On 3 July 2023, the acquisition of InstantScripts, Australia's leading telehealth provider, was completed for a consideration of \$142 million. InstantScripts, together with the Health division's interest in SiSU, forms a new Digital Health business unit, driving an integrated healthcare experience for consumers.

On 29 November 2023, the acquisition of SILK was completed for a consideration of \$175 million. SILK and the Health division's existing Clear Skincare business will form the new MediAesthetics business, providing scale and efficiency benefits through an expanded presence in the attractive and growing market for aesthetics products and services.

Directors' report

Divisional performance overview

The Group's ongoing investment in lithium reflects Wesfarmers' focus on long-term shareholder value creation and pursuit of opportunities that will contribute to, and benefit from, global efforts to reduce emissions.

Good progress continued on project development and construction activities for the integrated Covalent lithium project. The Mt Holland mine and concentrator are now operational and production is ramping up, while the construction of the Kwinana refinery was approximately 65 per cent complete as at the end of the half. Regulatory approvals to expand production capacity at the Mt Holland mine and concentrator were submitted during the period.

On 30 October 2023, WesCEF executed a farm-in agreement with Ora Banda Mining Limited for 65 per cent of the mineral rights excluding gold and by-products on the Davyhurst tenement package. WesCEF will target lithium and critical mineral exploration, with the option to increase ownership to 80 per cent through exploration activity over the next three years.

Financing

The Group recorded a net financial debt position of \$3,866 million as at 31 December 2023, 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 \$3,984 million as at 30 June 2023 and \$4,716 million as at 31 December 2022. The reduction in net financial debt was largely driven by strong operating cash flows, which offset the distribution of \$1.2 billion in fully-franked dividends during the half.

As at 31 December 2023, Wesfarmers had available unused bank financing facilities of \$2,408 million.

The Group retains significant headroom against key credit metrics and maintained its strong credit ratings during the half, with a rating from Moody's Investors Services of A3 (stable) and a rating from S&P Global Ratings of A- (stable).

Other finance costs increased 30.6 per cent to \$81 million, reflecting higher average interest rates during the half and lower capitalised interest following the Mt Holland mine commencing production in the 2023 financial year. On a combined basis, other finance costs including the component of interest that was capitalised increased 13.3 per cent to \$94 million.

Dividends

The Wesfarmers Board has determined to pay a fully-franked ordinary interim dividend of \$0.91 per share, reflecting Wesfarmers' dividend policy, which takes into account available franking credits, balance sheet position, credit metrics and cash flow generation and requirements.

The interim dividend will be paid on 27 March 2024 to shareholders on the company's register on 21 February 2024, the record date for the interim dividend. For unquoted shares issued under the Key Executive Equity Performance Plan (KEEPP) the dividend payment date will be deferred until quotation of the shares.

Given the preference of many shareholders to receive dividends in the form of equity, the Board has 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 26 February 2024 to 15 March 2024.

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 22 February 2024. No discount will 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 27 March 2024.

Directors' report

Auditor's independence declaration

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



**Building a better
working world**

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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 2023, 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;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene 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

T S Hammond
Partner
14 February 2024

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, 14 February 2024

Financial statements

For the half-year ended 31 December 2023

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Income statement

For the half-year ended 31 December 2023

	Note	Consolidated	
		December 2023 \$m	December 2022 \$m
Revenue	5	22,673	22,558
Expenses			
Raw materials and inventory		(14,773)	(15,032)
Employee benefits expense	6	(3,363)	(3,208)
Freight and other related expenses		(346)	(361)
Occupancy-related expenses	6	(262)	(253)
Depreciation and amortisation	6	(880)	(844)
Impairment expenses	6	(13)	(14)
Other expenses	6	(915)	(824)
Total expenses		(20,552)	(20,536)
Other income	5	52	92
Share of net profits of associates and joint ventures		22	46
		74	138
Earnings before finance costs and income tax expense		2,195	2,160
Interest on lease liabilities		(114)	(107)
Other finance costs	6	(81)	(62)
Profit before income tax expense		2,000	1,991
Income tax expense	7	(575)	(607)
Profit for the period attributable to equity holders of the parent		1,425	1,384
Earnings per share attributable to equity holders of the parent	11	cents	cents
Basic earnings per share		125.8	122.3
Diluted earnings per share		125.8	122.2

Statement of comprehensive income

For the half-year ended 31 December 2023

	Note	Consolidated	
		December 2023 \$m	December 2022 \$m
Profit for the period		1,425	1,384
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Foreign currency translation reserve			
Exchange differences on translation of foreign operations		(1)	15
Cash flow hedge reserve	13		
Unrealised (losses)/gains on cash flow hedges		(53)	65
Realised gains transferred on cash flow hedges		(116)	(261)
Share of associates and joint ventures reserves		(1)	1
Tax effect		51	58
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		-	(41)
Share of associates and joint ventures reserves		(5)	4
Tax effect		-	12
Other comprehensive loss for the period, net of tax		(125)	(147)
Total comprehensive income for the period, net of tax, attributable to equity holders of the parent		1,300	1,237

Balance sheet

As at 31 December 2023

	Note	Consolidated		
		December 2023 \$m	June 2023 \$m	December 2022 \$m
ASSETS				
Current assets				
Cash and cash equivalents	8	804	673	632
Trade and other receivables		1,955	2,046	2,043
Inventories		6,176	6,039	6,634
Income tax receivable		52	43	158
Derivatives		19	116	92
Other		220	237	224
Total current assets		9,226	9,154	9,783
Non-current assets				
Investments in associates and joint ventures		957	943	1,006
Other financial assets		17	15	639
Deferred tax assets		634	624	558
Property, plant and equipment		5,578	5,365	5,034
Goodwill and intangible assets		5,048	4,692	4,686
Right-of-use assets		5,746	5,676	5,854
Derivatives		22	27	3
Other		63	50	45
Total non-current assets		18,065	17,392	17,825
Total assets		27,291	26,546	27,608
LIABILITIES				
Current liabilities				
Trade and other payables		5,805	5,268	5,689
Interest-bearing loans and borrowings	9	17	-	200
Lease liabilities		1,143	1,135	1,105
Provisions		1,055	1,117	1,019
Derivatives		133	10	61
Other		385	327	353
Total current liabilities		8,538	7,857	8,427
Non-current liabilities				
Interest-bearing loans and borrowings	9	4,306	4,430	4,843
Lease liabilities		5,648	5,604	5,836
Provisions		365	374	366
Derivatives		15	-	42
Total non-current liabilities		10,334	10,408	11,087
Total liabilities		18,872	18,265	19,514
Net assets		8,419	8,281	8,094
EQUITY				
Equity attributable to equity holders of the parent				
Issued capital	10	13,574	13,574	13,574
Reserved shares	10	(102)	(102)	(102)
Retained earnings		1,074	818	735
Reserves		(6,127)	(6,009)	(6,113)
Total equity		8,419	8,281	8,094

Cash flow statement

For the half-year ended 31 December 2023

	Note	Consolidated	
		December 2023 \$m	December 2022 \$m
Cash flows from operating activities			
Receipts from customers		25,245	24,934
Payments to suppliers and employees		(21,668)	(22,139)
Dividends and distributions received from associates		30	18
Dividends received from other investments		-	11
Interest received		13	6
Interest component of lease payments		(114)	(107)
Borrowing costs		(73)	(71)
Income tax paid		(535)	(681)
Net cash flows from operating activities	8	2,898	1,971
Cash flows from investing activities			
Payments for property, plant and equipment and intangibles	8	(565)	(675)
Payments for mineral exploration	8	(12)	(1)
Proceeds from sale of property, plant and equipment and intangibles	8	7	98
Net proceeds from sale of businesses		-	13
Net investments in associates and joint ventures		(22)	(39)
Acquisition of subsidiaries, net of cash acquired	14	(293)	-
Purchase of other financial assets		(1)	(2)
Net cash flows used in investing activities		(886)	(606)
Cash flows from financing activities			
Repayment of borrowings		(30)	(764)
Net (repayment of)/proceeds from revolving facilities		(97)	1,035
Principal component of lease payments		(586)	(575)
Equity dividends paid		(1,168)	(1,134)
Net cash flows used in financing activities		(1,881)	(1,438)
Net increase/(decrease) in cash and cash equivalents		131	(73)
Cash and cash equivalents at beginning of period		673	705
Cash and cash equivalents at end of period	8	804	632

Statement of changes in equity

For the half-year ended 31 December 2023

ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

Consolidated	Note	Issued capital	Reserved shares	Retained earnings	Reserves	Total equity
		\$m	\$m	\$m	\$m	\$m
Balance at 1 July 2023		13,574	(102)	818	(6,009)	8,281
Profit for the period		-	-	1,425	-	1,425
Other comprehensive income						
Exchange differences on translation of foreign operations		-	-	-	(1)	(1)
Changes in the fair value of cash flow hedges, net of tax	13	-	-	-	(119)	(119)
Changes in the fair value of financial assets designated at fair value through other comprehensive income, net of tax		-	-	-	(5)	(5)
Total other comprehensive loss for the period, net of tax		-	-	-	(125)	(125)
Total comprehensive income for the period, net of tax		-	-	1,425	(125)	1,300
Share-based payment transactions		-	-	-	7	7
Dividends	12	-	-	(1,169)	-	(1,169)
		-	-	(1,169)	7	(1,162)
Balance at 31 December 2023		13,574	(102)	1,074	(6,127)	8,419
Balance at 1 July 2022		13,574	(102)	485	(5,976)	7,981
Profit for the period		-	-	1,384	-	1,384
Other comprehensive income						
Exchange differences on translation of foreign operations		-	-	-	15	15
Changes in the fair value of cash flow hedges, net of tax	13	-	-	-	(137)	(137)
Changes in the fair value of financial assets designated at fair value through other comprehensive income, net of tax		-	-	-	(25)	(25)
Total other comprehensive loss for the period, net of tax		-	-	-	(147)	(147)
Total comprehensive income for the period, net of tax		-	-	1,384	(147)	1,237
Share-based payment transactions		-	-	-	10	10
Dividends	12	-	-	(1,134)	-	(1,134)
		-	-	(1,134)	10	(1,124)
Balance at 31 December 2022		13,574	(102)	735	(6,113)	8,094

Notes to the financial statements: About this report

For the half-year ended 31 December 2023

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 2023 (HY2024) was authorised for issue in accordance with a resolution of the directors on 14 February 2024. Wesfarmers is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (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 2023 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 Group 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 2023 and considered with any public announcements made by the Company during the half-year ended 31 December 2023 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.

Key judgements, estimates and assumptions

The preparation of the financial report requires judgement and the use of estimates and assumptions in applying the Group's accounting policies, which affect amounts reported for assets, liabilities, income and expenses. Actual results may differ from the judgements, estimates and assumptions.

The judgements, estimates and assumptions applied in the half-year financial report, including the key sources of estimation uncertainty are the same as those applied in the most recent annual financial report.

b) Significant accounting policies

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.

New and revised Accounting Standards and Interpretations adopted as at 1 July 2023

A number of new and amended accounting standards and interpretations apply for the first time in this half-year reporting period, but do not have a material impact on the financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

3. Significant items impacting the current and prior reporting period

Acquisition of Australian Pharmaceutical Industries Ltd in the prior reporting period

On 31 March 2023, the provisional acquisition accounting period ended for the acquisition of Australian Pharmaceutical Industries Ltd (API). Adjustments were made in finalising the acquisition accounting, resulting in the fair value of identifiable assets recognised on acquisition decreasing by \$46 million compared to the provisional fair value amounts previously reported at 31 December 2022. This decrease was due to a reduction in the fair value of property, plant and equipment (\$21 million), an increase in provisions recognised (\$9 million) and as a result of finalising tax effect accounting (net tax adjustments of \$3 million). A reclassification between the indefinite life intangible assets of brand and goodwill (\$13 million) also occurred. The decrease in the fair value of identifiable assets resulted in a corresponding increase of \$46 million to the goodwill recognised on acquisition.

The 31 December 2022 balance sheet has been restated to reflect the adjustments to the provisional acquisition accounting for API. The 30 June 2023 annual financial report comparative was also restated.

Acquisition of InstantScripts Pty Ltd

On 3 July 2023, Wesfarmers, through its wholly-owned subsidiary API, completed the acquisition of 100 per cent of the shares in InstantScripts Pty Ltd (InstantScripts). Total consideration was \$142 million, or \$133 million net of cash acquired. At 31 December 2023, the acquisition accounting balances are provisional due to the ongoing work finalising valuations and tax matters that may impact acquisition accounting entries. Refer to note 14 for further details.

Acquisition of SILK Laser Australia Limited

On 29 November 2023, Wesfarmers, through its wholly-owned subsidiary API, completed the acquisition of 100 per cent of the shares in SILK Laser Australia Limited (SILK) by way of a Scheme of Arrangement. Total consideration was \$175 million, or \$160 million net of cash acquired. At 31 December 2023, the acquisition accounting balances are provisional due to the ongoing work finalising valuations and tax matters that may impact acquisition accounting entries. Refer to note 14 for further details.

Notes to the financial statements: Group performance and balance sheet

For the half-year ended 31 December 2023

4. Segment information

The Group's 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 are disclosed in the Wesfarmers 30 June 2023 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 the retail divisions, particularly Kmart Group, are typically greater in the December half of the financial year, due to the impact of the holiday trading period.

Interest income and other finance costs are not allocated to operating segments, as this type of activity is managed on a Group basis. 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 GROUP ¹		KMART GROUP		WesCEF		OFFICEWORKS		INDUSTRIAL AND SAFETY		HEALTH		CATCH ²		OTHER ³		CONSOLIDATED	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Half-year ended 31 December	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Revenue from contracts with customers	9,962	9,787	5,950	5,677	1,102	1,400	1,673	1,644	1,009	978	2,774	2,778	132	216	13	10	22,615	22,490
Other revenue	1	5	36	37	3	2	8	7	-	-	-	-	4	3	6	14	58	68
Segment revenue	9,963	9,792	5,986	5,714	1,105	1,402	1,681	1,651	1,009	978	2,774	2,778	136	219	19	24	22,673	22,558
EBITDA	1,748	1,721	895	765	229	372	161	152	92	89	66	66	(27)	(93)	(89)	(68)	3,075	3,004
Depreciation and amortisation	(408)	(387)	(252)	(250)	(56)	(48)	(67)	(62)	(41)	(40)	(37)	(36)	(13)	(14)	(6)	(7)	(880)	(844)
Interest on lease liabilities	(58)	(56)	(42)	(40)	(1)	-	(8)	(5)	(2)	(2)	(2)	(3)	(1)	(1)	-	-	(114)	(107)
Segment result	1,282	1,278	601	475	172	324	86	85	49	47	27	27	(41)	(108)	(95)	(75)	2,081	2,053
Other finance costs																	(81)	(62)
Profit before income tax expense																	2,000	1,991
Income tax expense																	(575)	(607)
Profit for the period																	1,425	1,384
Capital expenditure ⁴	135	226	75	58	255	272	28	26	42	31	20	19	3	7	10	18	568	657
Share of net profits of associates and joint ventures included in segment result	-	-	-	-	7	2	-	-	-	-	-	-	-	-	15	44	22	46

¹ The HY2024 Bunnings segment result includes a nil net property contribution (HY2023: \$35 million).

² The HY2024 Catch segment result includes \$4 million of restructuring costs (HY2023: \$33 million).

³ The HY2024 Other result includes an operating loss of \$39 million (HY2023: \$41 million) in relation to OnePass and supporting capabilities. The HY2023 Other result includes dividends received of \$11 million from Coles Group Limited.

⁴ Capital expenditure, inclusive of capitalised interest, includes accruals for costs incurred during the period. The amount excluding movement in accruals is \$577 million (HY2023: \$676 million).

Notes to the financial statements: Group performance and balance sheet

For the half-year ended 31 December 2023

5. Revenue and other income

	Consolidated	
	December	December
	2023	2022
	\$m	\$m
Revenue from contracts with customers		
Sale of retail goods in store	16,299	15,934
Sale of retail goods online	1,475	1,469
Sale of wholesale goods	2,569	2,584
Sale of fertilisers, chemicals, speciality gases, LPG and LNG	1,099	1,398
Sale of industrial products	1,009	974
Services revenue	164	131
	22,615	22,490
Other revenue		
Interest revenue	13	6
Dividend revenue	-	11
Other	45	51
	58	68
Total revenue	22,673	22,558
Other income		
Gains on disposal of property, plant and equipment and other assets	2	38
Other	50	54
Total other income	52	92

	Consolidated	
	December	December
	2023	2022
	\$m	\$m
Revenue from contracts with customers by geography		
Australia	21,098	21,030
New Zealand	1,504	1,438
Other	13	22
	22,615	22,490

Revenue from contracts with customers by segment for HY2024



	\$m	%
Bunnings Group	9,962	44.0
Kmart Group	5,950	26.3
WesCEF	1,102	4.9
Officeworks	1,673	7.4
Industrial and Safety	1,009	4.5
Health	2,774	12.3
Catch	132	0.5
Other	13	0.1
Total	22,615	

6. Expenses

	Consolidated	
	December	December
	2023	2022
	\$m	\$m
Remuneration, bonuses and on-costs	3,054	2,912
Superannuation expense	241	225
Share-based payments expense	68	71
Employee benefits expense	3,363	3,208
Short-term and low-value lease payments	19	24
Contingent rental payments	25	20
Outgoings and other	218	209
Occupancy-related expenses	262	253
Depreciation	221	209
Depreciation of right-of-use assets	555	539
Amortisation of intangibles	64	60
Amortisation of leasehold improvements	40	36
Depreciation and amortisation	880	844
Impairment of plant, equipment and other assets	3	6
Impairment of right-of-use assets	3	3
Impairment of trade and other receivables	7	5
Impairment expenses	13	14
Repairs and maintenance	164	148
Utilities and office expenses	344	304
Insurance expenses	29	26
Merchant fees	75	77
Other	303	269
Other expenses	915	824
Interest on interest-bearing loans and borrowings, net of borrowing costs capitalised	69	53
Discount rate adjustment	4	3
Amortisation of debt establishment costs	2	2
Other finance-related costs	6	4
Other finance costs	81	62

Capitalisation of borrowing costs

To determine the amount of borrowing costs to be capitalised as part of the costs of major construction projects, the Group uses the weighted average interest rate applicable to its outstanding borrowings, including lease liabilities, during the period. For HY2024, the weighted average interest rate applicable was 3.47 per cent (HY2023: 3.00 per cent) and \$13 million (HY2023: \$21 million) of interest was capitalised to property, plant and equipment for the Mt Holland lithium project. Capitalised borrowing costs are included within WesCEF's capital expenditure.

Notes to the financial statements: Group performance and balance sheet

For the half-year ended 31 December 2023

7. Tax expense

	Consolidated	
	December 2023 \$m	December 2022 \$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:		
Tax reconciliation		
Profit before tax	2,000	1,991
Income tax rate at the statutory rate of 30%	600	597
Adjustments relating to prior years	(26)	5
Non-deductible items	3	5
Share of results of associates and joint ventures	3	4
Non-assessable dividends	(5)	(4)
Income tax on profit before tax	575	607

8. Cash and cash equivalents

	Consolidated	
	December 2023 \$m	June 2023 \$m
For the purposes of the cash flow statement, cash and cash equivalents comprise the following:		
Cash on hand and in transit	369	252
Cash at bank and on deposit	293	254
Cash held in joint operation	142	167
	804	673

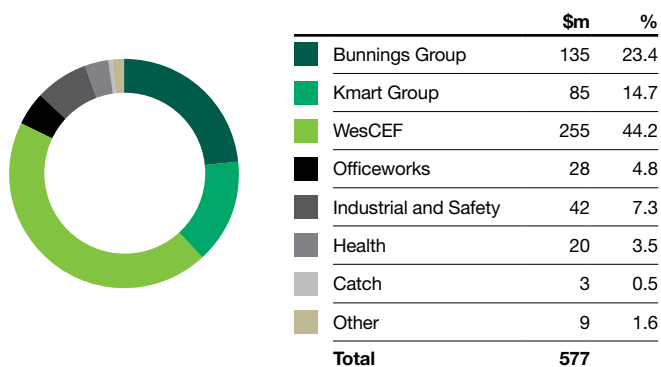
Cash on hand and in transit

Cash on hand and in transit includes receivables from electronic funds transfers, credit card and debit card point of sale transactions.

Cash held in joint operation

Cash held in joint operation is only available for use within the joint operation.

Cash capital expenditure by segment for HY2024



8. Cash and cash equivalents (continued)

	Consolidated	
	December 2023 \$m	December 2022 \$m
Reconciliation of net profit after tax to net cash flows from operations		
Net profit	1,425	1,384
Adjusted for		
Depreciation and amortisation	880	844
Impairment of assets	13	14
Net loss/(gain) on disposal of non-current assets including investments and associates	4	(35)
Share of net profits of associates and joint ventures	(22)	(46)
Dividends and distributions received from associates	30	18
Discount adjustment in other finance costs	4	3
Amortisation of debt establishment costs	2	2
Other	1	12
(Increase)/decrease in assets		
Trade and other receivables	101	28
Inventories	(127)	(531)
Income tax receivable	(9)	(166)
Prepayments	20	39
Deferred tax assets	49	92
Other assets	1	2
Increase/(decrease) in liabilities		
Trade and other payables	574	393
Provisions	(93)	(154)
Other liabilities	45	72
Net cash flows from operating activities	2,898	1,971

	Consolidated	
	December 2023 \$m	December 2022 \$m
Cash capital expenditure		
Payments for property	12	62
Payments for plant and equipment	478	529
Payments for intangibles	75	84
Payments for mineral exploration	12	1
	577	676
Proceeds from sale of property, plant and equipment and intangibles	(7)	(98)
Net cash capital expenditure	570	578

Notes to the financial statements: Capital

For the half-year ended 31 December 2023

9. Interest-bearing loans and borrowings

	Consolidated December 2023 \$m	June 2023 \$m
Current		
Unsecured		
Bank debt	17	-
	17	-
Non-current		
Unsecured		
Bank debt	2,341	2,452
Capital markets debt	1,965	1,978
	4,306	4,430
Total interest-bearing loans and borrowings	4,323	4,430

Funding strategies

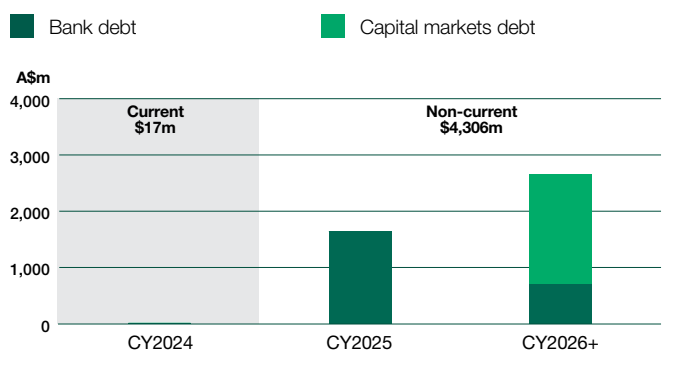
The Group's funding strategy is to maintain diversity of funding sources and a presence in key financing markets, maintain an appropriate average maturity, and balance exposures to fixed and floating rates.

Throughout the period, a number of bilateral bank agreements have been extended or entered into to maintain the Group's debt capacity and average maturity profile.

The Group had unused bank financing facilities available at 31 December 2023 of \$2,408 million (30 June 2023: \$2,625 million).

The illustration below provides details, including the principal repayment obligations, of all loans and borrowings on issue at 31 December 2023:

Outstanding loans and borrowings



10. Equity

Movement in shares on issue	ORDINARY SHARES		RESERVED SHARES	
	'000	\$m	'000	\$m
At 1 July 2022	1,134,145	13,574	(2,349)	(102)
Exercise of in-substance options	-	-	49	-
KEEPP ¹ vested during the period	-	-	339	-
Issue of unquoted fully-paid ordinary shares for the purposes of KEEPP	369	-	(369)	-
At 31 December 2022	1,134,514	13,574	(2,330)	(102)
Exercise of in-substance options	-	-	890	-
At 30 June 2023	1,134,514	13,574	(1,440)	(102)
KEEPP vested during the period	-	-	372	-
2020 Performance-tested shares vested during the period	-	-	60	-
Issue of unquoted fully-paid ordinary shares for the purposes of KEEPP	267	-	(267)	-
At 31 December 2023	1,134,781	13,574	(1,275)	(102)

¹ Key Executive Equity Performance Plan

Notes to the financial statements: Capital

For the half-year ended 31 December 2023

11. Earnings per share

	Consolidated	
	December 2023	December 2022
Profit attributable to ordinary equity holders of the parent (\$m)	1,425	1,384
WANOS ¹ used in the calculation of basic EPS (shares, million) ²	1,133	1,132
WANOS ¹ used in the calculation of diluted EPS (shares, million) ²	1,133	1,133
- Basic EPS (cents per share)	125.8	122.3
- Diluted EPS (cents per share)	125.8	122.2

¹ Weighted average number of ordinary shares.

² The variance in the WANOS used in the calculation of basic EPS and the diluted EPS is attributable to the dilutive effect of in-substance options and restricted shares.

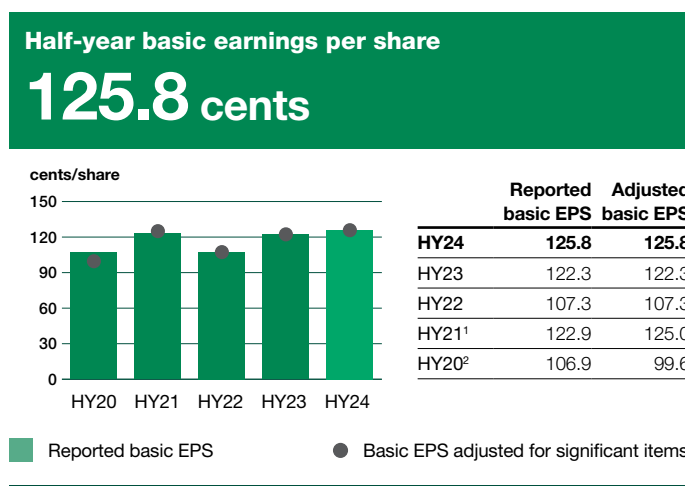
There have been no transactions involving ordinary shares between the reporting date and the date of completion of these financial statements, apart from the normal conversion of employee reserved shares (treated as in-substance options) to unrestricted ordinary shares.

Basic earnings per share

Basic EPS is calculated as net profit attributable to equity holders 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 EPS 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.



¹ HY2021 EPS of 122.9 cents per share includes costs relating to the restructure of the Kmart Group. Excluding these costs, basic EPS is 125.0 cents per share.

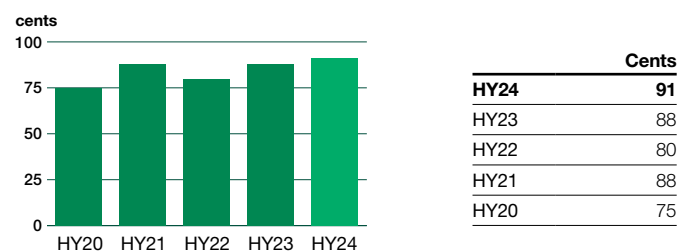
² HY2020 EPS of 106.9 cents per share includes significant items relating to the finalisation of tax positions on prior year disposals and the Coles demerger. Excluding these items, basic EPS is 99.6 cents per share.

12. Dividends and distributions

	Consolidated	
	December 2023	December 2022
	\$m	\$m
Determined during the period (dividends fully-franked at 30 per cent)		
Final dividend for 2023: \$1.03 (2022: \$1.00) per share	1,169	1,134
Proposed and unrecognised as a liability (dividends fully-franked at 30 per cent)		
Interim dividend for 2024: \$0.91 (2023: \$0.88) per share	1,033	998

Interim distributions

91 cents



13. Cash flow hedge reserve

The change in cash flow hedge reserve for the half-year ended 31 December 2023 includes the after-tax net movement in the market value of cash flow hedges from 30 June 2023 and comprised \$(125) million (HY2023: \$(105) million) of foreign exchange rate contracts, \$12 million (HY2023: \$(33) million) of cross-currency interest rate swaps, \$(5) million (HY2023: nil) of interest rate swaps and \$(1) million (HY2023: \$1 million) in associates and joint ventures reserves.

Notes to the financial statements: Group information

For the half-year ended 31 December 2023

14. Business combinations

Acquisition of InstantScripts Pty Ltd

On 3 July 2023, Wesfarmers, through its wholly-owned subsidiary API, completed the acquisition of 100 per cent of the shares in InstantScripts. Total consideration was \$142 million, or \$133 million net of cash acquired. InstantScripts is included within the Wesfarmers Health segment.

InstantScripts is complementary to the existing Wesfarmers Health portfolio and provides opportunities to leverage its existing pharmacy and medical aesthetics networks.

From the date of acquisition, the contribution to the Group's revenue and profit is immaterial. Had the acquisition of InstantScripts occurred at the beginning of the financial year and had the same fair values detailed below applied, neither the profit nor revenue of the Group would have been materially different from that reported.

At 31 December 2023, the acquisition accounting balances are provisional due to the ongoing work finalising valuations and tax matters that may impact acquisition accounting entries.

Details of the provisional fair values of identifiable assets and liabilities as at the date of acquisition are:

	Provisional fair value recognised on acquisition \$m
Assets	
Cash and cash equivalents	9
Intangible assets	35
Other	1
Liabilities	
Trade and other payables	4
Provisions	3
Fair value of identifiable net assets	38
Provisional goodwill arising on acquisition	104
Purchase consideration transferred	142
Cash outflow on acquisition	
Cash paid	142
Net cash acquired	(9)
Net cash outflow on acquisition	133

Acquisition of SILK Laser Australia Limited

On 29 November 2023, Wesfarmers, through its wholly-owned subsidiary API, completed the acquisition of 100 per cent of the shares in SILK by way of a Scheme of Arrangement. Total consideration was \$175 million, or \$160 million net of cash acquired. SILK is included within the Wesfarmers Health segment.

SILK is complementary to Wesfarmers Health's existing Clear Skincare Clinics and will provide scale and efficiency benefits through an expanded presence in the growing market for medical aesthetics products and services.

From the date of acquisition, the contribution to the Group's revenue and profit is immaterial. Had the acquisition of SILK occurred at the beginning of the financial year and had the same fair values detailed below applied, neither the profit nor revenue of the Group would have been materially different from that reported.

At 31 December 2023, the acquisition accounting balances are provisional due to the ongoing work finalising valuations and tax matters that may impact acquisition accounting entries.

Details of the provisional fair values of identifiable assets and liabilities as at the date of acquisition are:

	Provisional fair value recognised on acquisition \$m
Assets	
Cash and cash equivalents	15
Trade and other receivables	13
Inventories	5
Investment in associates and joint ventures	2
Deferred tax assets	7
Property, plant and equipment	19
Intangible assets	37
Right-of-use assets	16
Other	10
Liabilities	
Trade and other payables	18
Interest-bearing loans and borrowings	30
Lease liabilities	25
Provisions	12
Other	14
Fair value of identifiable net assets	25
Provisional goodwill arising on acquisition	150
Purchase consideration transferred	175
Cash outflow on acquisition	
Cash paid	175
Net cash acquired	(15)
Net cash outflow on acquisition	160

Notes to the financial statements: Risk

For the half-year ended 31 December 2023

15. Financial instruments

Valuation 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).
- Level 3: fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The Group's financial instruments were primarily 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 carried at amortised cost in the financial statements are materially the same, with the exception of the following:

	December 2023	June 2023	December 2022
Consolidated	\$m	\$m	\$m
Capital markets debt: carrying amount	1,965	1,978	1,937
Capital markets debt: fair value	1,659	1,563	1,494

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.

Derivatives

The Group enters into derivative financial instruments with various counterparties, principally banks and financial institutions with investment grade credit ratings. Foreign exchange forward contracts, interest rate swap contracts, cross-currency interest rate swaps and commodity futures contracts are all valued using forward pricing techniques. This includes the use of market observable inputs, such as foreign exchange spot and forward rates, yield curves of the respective currencies, interest rate curves and forward rate curves of the underlying commodity. Accordingly, these derivatives are classified as Level 2 in the fair value measurement hierarchy.

Interest-bearing loans and borrowings

The fair value of capital markets debt as outlined above have been calculated using quoted market prices or dealer quotes for similar instruments. The fair value of bank debt is calculated by discounting the expected future cash flows at prevailing interest rates using market observable inputs and is not materially different to the carrying amount.

15. Financial instruments (continued)

Financial risk factors

The Group's activities expose its financial instruments to a variety of financial risks, including liquidity risk, market risk (foreign currency, interest rate and commodity price) and credit risk. The half-year financial report does not include all financial risk management information and disclosures required in the annual financial report and as such, should be read in conjunction with the Group's annual financial report as at 30 June 2023. There have been no significant changes in financial risk management policies since 30 June 2023.

16. Impairment of non-financial assets

The Group 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. The Group 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 HY2024.

Consistent with prior periods, the Group will perform detailed impairment testing prior to the end of the financial year using cash flow projections based on the Group's 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.

Mt Holland lithium CGU

Mt Holland was closely monitored for any indications of impairment during the period, given the current price volatility, immaturity of the lithium market and status of the project.

External sources of information considered by the Group include long-term lithium hydroxide (LiOH) price forecasts, AUD/USD exchange rates and post-tax discount rates. Internal sources of information considered by the Group include estimated operating costs, production volumes and remaining project capital expenditure.

LiOH price assumptions are based on the latest internal forecasts and reflect the Group's long-term view of global supply and demand for battery grade LiOH. The LiOH price assumptions considered a range of external sources including broker consensus, Wood Mackenzie and Benchmark Minerals Intelligence.

At 31 December 2023, the Group concluded that there were no indications that Mt Holland was impaired, but significant adverse movements in key assumptions may lead to future impairment. In the event of an adverse movement in an assumption, the Group would seek to take mitigating action.

Notes to the financial statements: Other

For the half-year ended 31 December 2023

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. Changes to subsidiaries during the period

The Group has had the following changes to its subsidiaries during the period:

- InstantScripts and InstantClinics Pty Ltd (refer to note 14 for further details)
- SILK (refer to note 14 for further details)
- ANKO Global (France) SAS (incorporated on 19 December 2023)
- WWG Middle East Apparel Trading LLC (deregistered on 31 October 2023)
- ANKO Retail Incorporated (deregistered on 13 December 2023)

19. Events after the reporting period

Dividends

A fully-franked interim dividend of 91 cents per share resulting in a dividend payment of \$1,033 million was determined for a payment date of 27 March 2024. This dividend has not been provided for in the 31 December 2023 half-year financial report.

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 2023 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 2023 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 2023 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, 14 February 2024

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



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working world

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

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 2023, 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, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply 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 2023 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*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities 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.

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



Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us 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 financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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.

A handwritten signature in black ink that reads 'Ernst + Young'.

Ernst & Young

A handwritten signature in black ink, appearing to be 'T S Hammond'.

T S Hammond
Partner
Perth
14 February 2024

A handwritten signature in black ink, appearing to be 'M P Cunningham'.

M P Cunningham
Partner

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Additional disclosures

2024 Half-year retail sales results

Headline retail sales results

Half-year sales ¹ (\$m)	Half-year 2024	Half-year 2023	Variance %
Bunnings	9,951	9,782	1.7
Kmart	4,884	4,531	7.8
Target	1,199	1,263	(5.1)
Total Kmart Group	6,083	5,794	5.0
Officeworks	1,673	1,644	1.8
Catch (Gross transaction value)	317	451	(29.7)

¹ See Additional Disclosures on page 43 for relevant retail calendars.

Key metrics

Key metrics ¹ (%)	Half-year 2024	Half-year 2023	Half-year 2022
Bunnings			
Total store sales growth ²	1.9	5.1	1.0
Store-on-store sales growth ²	1.2	2.8	1.5
Digital sales ³	5.1	4.4	6.6
Kmart Group			
Kmart			
Comparable sales growth ⁴	7.5	17.1	(6.4)
Online penetration	7.9	7.3	14.3
Target			
Comparable sales growth ⁴	(2.9)	2.8	6.0
Online penetration	16.3	17.0	26.9
Officeworks			
Total sales growth	1.8	4.6	3.7
Online penetration	34.7	34.5	46.0
Catch			
Gross transaction value growth	(29.7)	(26.8)	1.0

¹ See Additional Disclosures on page 43 for relevant retail calendars.

² Includes cash, trade and online sales, excludes property income and sales related to Trade Centres, Frame & Truss, Tool Kit Depot and Beaumont Tiles. Store-on-store sales growth excludes stores in months that were impacted by extended periods of temporary closure in New South Wales, Australian Capital Territory, Victoria and New Zealand.

³ Digital sales includes online sales, app sales and marketplace sales expressed as a share of total sales including marketplace.

⁴ Comparable store sales recognise layby sales at point of deposit. Total sales recognise layby sales in accordance with the guidelines set by the Australian Accounting Standards. Comparable growth calculation excludes stores that were temporarily closed as a result of COVID-19 restrictions for the duration of the closure period, where the closure period was longer than two weeks.

Additional disclosures

2024 Half-year retail sales results

Retail calendars

Business	Retail sales period
Bunnings, Officeworks and Catch	
Half-year 2024	1 Jul 2023 to 31 Dec 2023 (6 months)
Half-year 2023	1 Jul 2022 to 31 Dec 2022 (6 months)
Half-year 2022	1 Jul 2021 to 31 Dec 2021 (6 months)
Kmart	
Half-year 2024	26 Jun 2023 to 31 Dec 2023 (27 weeks)
Half-year 2023	27 Jun 2022 to 1 Jan 2023 (27 weeks)
Half-year 2022	28 Jun 2021 to 2 Jan 2022 (27 weeks)
Target	
Half-year 2024	25 Jun 2023 to 30 Dec 2023 (27 weeks)
Half-year 2023	26 Jun 2022 to 31 Dec 2022 (27 weeks)
Half-year 2022	27 Jun 2021 to 1 Jan 2022 (27 weeks)

Additional disclosures

Store network

Retail and health operations - store network

	Open at 1 Jul 2023	Opened/ Acquired	Closed	Open at 31 Dec 2023
BUNNINGS GROUP				
Bunnings Warehouse	285	1	-	286
Bunnings smaller formats	67	-	(2)	65
Bunnings Trade Centres	31	-	-	31
Tool Kit Depot	14	1	(1)	14
Beaumont Tiles ¹	116	4	(3)	117
Total Bunnings Group	513	6	(6)	513
KMART GROUP				
Kmart	270	-	-	270
K hub	55	-	-	55
Target	124	-	-	124
Total Kmart Group	449	-	-	449
OFFICEWORKS				
Officeworks ²	166	3	-	169
WESFARMERS HEALTH				
Priceline ³	76	-	(3)	73
Priceline Pharmacy ⁴	390	15	(5)	400
Soul Pattinson Chemist ⁵	43	1	(3)	41
Pharmacist Advice ⁵	53	7	(2)	58
SILK Laser - Company	-	29	-	29
SILK Laser - Franchise	-	75	-	75
SILK Laser - Jointly owned	-	42	-	42
Clear Skincare	92	-	(4)	88
Total Wesfarmers Health	654	169	(17)	806

¹ Includes both company-owned and franchise stores.

² Includes the re-opening of the Underwood, Queensland store, which had been closed due to fire.

³ Refers to company-owned stores.

⁴ Refers to franchise stores.

⁵ Soul Pattinson Chemist and Pharmacist Advice are banner brands operated by independent pharmacies.

Additional disclosures

Store network

Retail and health operations - store network history

Open at 31 December	2023	2022	2021	2020	2019
BUNNINGS GROUP					
Bunnings Warehouse	286	283	280	276	273
Bunnings smaller formats	65	68	69	70	74
Bunnings Trade Centres	31	31	30	30	31
Tool Kit Depot	14	13	9	6	-
Beaumont Tiles ¹	117	116	114	-	-
Total Bunnings Group	513	511	502	382	378
KMART GROUP					
Kmart	270	269	270	249	236
K hub	55	56	56	7	-
Total Kmart	325	325	326	256	236
Target Large	124	126	134	166	183
Target Small	-	-	-	92	102
Total Target	124	126	134	258	285
OFFICEWORKS					
Officeworks ²	169	166	167	168	167
WESFARMERS HEALTH					
Priceline ³	73	83	-	-	-
Priceline Pharmacy ⁴	400	388	-	-	-
Soul Pattinson Chemist ⁵	41	44	-	-	-
Pharmacist Advice ⁵	58	47	-	-	-
SILK Laser - Company	29	-	-	-	-
SILK Laser - Franchise	75	-	-	-	-
SILK Laser - Jointly owned	42	-	-	-	-
Clear Skincare	88	96	-	-	-
Total Wesfarmers Health	806	658	-	-	-

¹ Includes both company-owned and franchise stores.

² 2022 excludes the Underwood store, which was destroyed by fire. The store was reopened in the first half of the 2024 financial year.

³ Refers to company-owned stores.

⁴ Refers to franchise stores.

⁵ Soul Pattinson Chemist and Pharmacist Advice are banner brands operated by independent pharmacies.

Additional disclosures

Five-year history – financial performance and key metrics

Group financial performance

Half-year ended 31 December ¹ (\$m)	Post-AASB 16				
	2023	2022	2021	2020	2019
Summarised income statement					
Revenue	22,673	22,558	17,758	17,774	15,249
EBIT (after interest on lease liabilities)	2,081	2,053	1,796	2,023	1,615
Other finance costs	(81)	(62)	(48)	(60)	(69)
Income tax expense	(575)	(607)	(535)	(573)	(336)
Profit after tax from discontinued operations	-	-	-	-	83
NPAT (including discontinued operations)	1,425	1,384	1,213	1,390	1,210
Summarised balance sheet					
Total assets ²	27,291	27,608	25,231	25,518	26,079
Total liabilities ²	18,872	19,514	17,488	15,907	16,355
Net assets	8,419	8,094	7,743	9,611	9,724
Net debt / (cash)	3,888	4,674	2,863	(529)	2,666
Summarised cash flow statement					
Operating cash flows	2,898	1,971	1,556	2,216	2,131
Add/(less): Net capital expenditure	(570)	(578)	(405)	(243)	(207)
Add/(less): Other investing cash flows	(316)	(28)	(202)	(9)	(885)
Add/(less): Total investing cash flows	(886)	(606)	(607)	(252)	(1,092)
Free cash flows	2,012	1,365	949	1,964	1,039
Add/(less): Financing cash flows	(1,881)	(1,438)	(3,349)	(2,197)	(1,398)
Net increase/(decrease) in cash	131	(73)	(2,400)	(233)	(359)
Distributions to shareholders (cents per share)					
Interim ordinary dividend	91	88	80	88	75
Key performance metrics					
Earnings per share (cents per share)	125.8	122.3	107.3	122.9	106.9
Earnings per share from continuing operations excluding sig. items (cents per share)	125.8	122.3	107.3	125.0	99.6
Operating cash flow per share (cents per share)	255.8	174.1	137.5	195.9	188.4
Cash realisation ratio (excluding sig. items) (%)	126	89	79	102	114
Return on equity (R12, %)	31.4	32.8	24.8	19.9	23.3
Return on equity (R12, %) (excluding sig. items)	31.4	32.8	24.8	24.7	21.4
Net tangible asset backing per share (\$ per share) ²	2.98	3.01	3.35	5.08	4.81

¹ See Additional Disclosures on page 50 for relevant definitions.

² 31 December 2022 has been restated to reflect the adjustments to the provisional acquisition accounting for Australian Pharmaceuticals Industries Pty Ltd.

Additional disclosures

Five-year history – financial performance and key metrics

Divisional key performance metrics

Half-year ended 31 December (\$m)	Post-AASB 16				
	2023	2022	2021	2020	2019
Bunnings Group					
Revenue	9,963	9,792	9,209	9,054	7,276
EBITDA ¹	1,748	1,721	1,677	1,669	1,316
Depreciation and amortisation	(408)	(387)	(362)	(337)	(321)
Interest on lease liabilities	(58)	(56)	(56)	(58)	(57)
EBT ¹	1,282	1,278	1,259	1,274	938
EBT margin ¹ (%)	12.9	13.1	13.7	14.1	12.9
ROC ¹ (R12, %)	65.8	70.7	79.0	76.6	51.5
Capital expenditure (cash basis)	135	226	196	219	269
Total sales growth (%)	1.7	6.3	1.7	24.3	5.3
Total store sales growth ² (%)	1.9	5.1	1.0	24.8	5.8
Store-on-store sales growth ² (%)	1.2	2.8	1.5	27.7	4.7
Digital sales ³ (%)	5.1	4.4	6.6	4.3	0.6
Safety (R12, TRIFR)	15.9	16.9	12.5	10.0	10.4
Scope 1 and 2 market-based emissions (kt)	27	31	54	54	n.r.
Scope 1 and 2 location-based emissions (kt)	86	92	107	115	130
Kmart Group⁴					
Revenue	5,986	5,714	4,605	5,441	4,990
EBITDA ⁵	895	765	513	818	687
Depreciation and amortisation	(252)	(250)	(247)	(283)	(292)
Interest on lease liabilities	(42)	(40)	(44)	(48)	(52)
EBT ⁵	601	475	222	487	343
EBT margin ⁵ (%)	10.0	8.3	4.8	9.0	6.9
ROC ⁵ (R12, %)	58.8	43.3	34.7	35.5	25.1
Capital expenditure (cash basis)	85	62	62	81	80
Safety (R12, TRIFR)	7.3	7.0	8.6	10.6	16.0
Scope 1 and 2 market-based emissions (kt)	91	115	120	132	n.r.
Scope 1 and 2 location-based emissions (kt)	112	119	135	143	154
Kmart					
- Total sales growth ⁶ (%)	7.8	29.9	(4.7)	7.1	7.6
- Comparable sales growth ⁶ (%)	7.5	17.1	(6.4)	9.1	5.5
- Online penetration (%)	7.9	7.3	14.3	8.7	3.7
Target					
- Total sales growth ⁶ (%)	(5.1)	8.2	(23.6)	2.3	(4.3)
- Comparable sales growth ⁶ (%)	(2.9)	2.8	6.0	13.0	(2.3)
- Online penetration (%)	16.3	17.0	26.9	15.9	6.9

¹ Includes net property contribution for 2023 of nil; 2022 of \$35 million; 2021 of \$41 million; 2020 of \$1 million; and 2019 of \$22 million.

² Includes cash, trade and online sales, excludes property income and sales related to Trade Centres, Frame & Truss, Tool Kit Depot and Beaumont Tiles. Store-on-store sales growth in 2023, 2022, 2021 and 2020 excludes stores in months that were impacted by extended periods of temporary closure in New South Wales, Australian Capital Territory, Victoria and New Zealand.

³ Digital sales includes online sales, app sales and marketplace sales expressed as a share of total sales including marketplace.

⁴ 2020 includes Catch. 2019 includes Catch from the acquisition date of 12 August 2019.

⁵ 2020 excludes \$34 million of pre-tax restructuring costs and provisions in Target. 2019 includes \$9 million of payroll remediation costs relating to Target.

⁶ Based on retail periods (rather than Gregorian reporting). Comparable store sales recognise layby sales at point of deposit. Total sales recognise layby sales in accordance with the guidelines set by the Australian Accounting Standards. Comparable growth calculation in 2023, 2022 and 2021 excludes stores that were temporarily closed as a result of COVID-19 restrictions for the duration of the closure period, where the closure period was longer than two weeks.

Additional disclosures

Five-year history – financial performance and key metrics

Divisional key performance metrics (continued)

Half-year ended 31 December (\$m)	Post-AASB 16				
	2023	2022	2021	2020	2019
Chemicals, Energy and Fertilisers					
Chemicals revenue ¹	628	860	642	489	510
Energy revenue ¹	262	265	252	206	219
Fertilisers revenue ¹	215	277	183	135	160
Total revenue ¹	1,105	1,402	1,077	830	889
EBITDA	229	372	262	202	214
Depreciation and amortisation	(56)	(48)	(43)	(42)	(41)
Interest on lease liabilities	(1)	-	(1)	-	-
EBT	172	324	218	160	173
ROC (R12, %)	16.2	23.0	19.6	18.1	26.7
ROC (R12, %) (excluding ALM)	32.9	40.3	32.2	29.0	32.0
Capital expenditure (cash basis) ²	255	272	238	53	50
Safety (R12, TRIFR)	3.7	3.0	4.2	3.2	3.1
Scope 1 and 2 market-based emissions (kt)	419	433	370	454	n.r.
Scope 1 and 2 location-based emissions (kt)	417	433	373	455	493
Sales volumes¹ ('000 tonnes)					
Chemicals	584	562	565	550	568
LPG & LNG	104	108	109	115	103
Fertilisers	302	248	286	274	324
Officeworks					
Revenue	1,681	1,651	1,580	1,523	1,231
EBITDA	161	152	142	156	137
Depreciation and amortisation	(67)	(62)	(55)	(51)	(48)
Interest on lease liabilities	(8)	(5)	(5)	(5)	(7)
EBT	86	85	82	100	82
EBT margin (%)	5.1	5.1	5.2	6.6	6.7
ROC (R12, %)	18.3	17.3	19.6	23.4	17.2
Capital expenditure (cash basis)	28	26	28	26	22
Total sales growth (%)	1.8	4.6	3.7	23.6	11.5
Online penetration (%)	34.7	34.5	46.0	37.1	29.7
Safety (R12, TRIFR)	4.6	6.1	5.5	7.3	7.1
Scope 1 and 2 market-based emissions (kt)	12	14	15	17	n.r.
Scope 1 and 2 location-based emissions (kt)	14	15	18	20	22

¹ Revenue and external sales volumes exclude intra-division sales.

² Includes WesCEF's share of capital expenditure for the development of the Covalent Lithium project in 2023 of \$164 million, 2022 of \$204 million, and 2021 of \$139 million. 2023, 2022 and 2021 include capitalised interest of \$13 million, \$21 million and \$16 million respectively. Includes capital expenditure made prior to the final investment decision in 2020 of \$15 million and in 2019 of \$11 million.

Additional disclosures

Five-year history – financial performance and key metrics

Divisional key performance metrics (continued)

Half-year ended 31 December (\$m)	Post-AASB 16				
	2023	2022	2021	2020	2019
Industrial and Safety¹					
Revenue	1,009	978	944	898	858
EBITDA ²	92	89	80	76	46
Depreciation and amortisation	(41)	(40)	(37)	(37)	(36)
Interest on lease liabilities	(2)	(2)	(2)	(2)	(3)
EBT ²	49	47	41	37	7
EBT margin ² (%)	4.9	4.8	4.3	4.1	0.8
ROC ² (R12, %)	7.9	8.1	6.5	5.4	3.4
Capital expenditure (cash basis)	42	31	25	30	33
Safety (R12, TRIFR)	3.2	4.0	3.1	4.5	4.1
Scope 1 and 2 market-based emissions (kt)	13	14	14	12	n.r.
Scope 1 and 2 location-based emissions (kt)	13	13	14	13	14
Wesfarmers Health					
Revenue	2,774	2,778	n.r.	n.r.	n.r.
EBITDA	66	66	n.r.	n.r.	n.r.
Depreciation and amortisation	(37)	(36)	n.r.	n.r.	n.r.
Interest on lease liabilities	(2)	(3)	n.r.	n.r.	n.r.
EBT	27	27	n.r.	n.r.	n.r.
EBT margin (%)	1.0	1.0	n.r.	n.r.	n.r.
ROC (R12, %)	3.5	n.r.	n.r.	n.r.	n.r.
Capital expenditure (cash basis)	20	20	n.r.	n.r.	n.r.
Safety (R12, TRIFR)	5.9	n.r.	n.r.	n.r.	n.r.
Scope 1 and 2 market-based emissions (kt)	5	7	n.r.	n.r.	n.r.
Scope 1 and 2 location-based emissions (kt)	5	7	n.r.	n.r.	n.r.
Catch³					
	<i>Reported separately</i>			<i>Included in Kmart Group results</i>	
Gross transaction value	317	451	616	610	255
Gross transaction value growth (%)	(29.7)	(26.8)	1.0	95.6	21.4
Revenue	136	219	315	329	155
EBITDA ⁴	(27)	(93)	(30)	(4)	11
Depreciation and amortisation	(13)	(14)	(13)	(10)	(7)
Interest on lease liabilities	(1)	(1)	(1)	(1)	-
EBT ⁴	(41)	(108)	(44)	(15)	4
Capital expenditure (cash basis)	3	10	19	n.r.	n.r.
Safety (R12, TRIFR)	4.3	2.4	3.1	n.r.	n.r.
Scope 1 and 2 market-based emissions (kt)	1	2	1	n.r.	n.r.
Scope 1 and 2 location-based emissions (kt)	1	2	1	n.r.	n.r.

¹ Includes results from Greencap prior to its divestment on 1 August 2022.

² 2019 includes \$15 million of payroll remediation costs.

³ Catch is included in Kmart Group in 2020 and in 2019 from 12 August 2019.

⁴ 2023 includes \$4 million and 2022 includes \$33 million of restructuring costs.

Additional disclosures

Glossary of terms

Glossary of terms

Term	Definition
AASB	Australian Accounting Standards Board
AI	Artificial intelligence
ALM	Australian Light Minerals. ALM is the company holding WesCEF's 50 per cent share in the Covalent lithium project and is responsible for the sales and marketing of lithium products as well as undertaking exploration activities in existing and adjacent markets
AN	Ammonium nitrate
API	Australian Pharmaceutical Industries
B2B	Business-to-business
Cash realisation ratio	Operating cash flows as a percentage of net profit after tax, before depreciation and amortisation
CFC / FC	Customer fulfilment centre / Fulfilment centre
cps	Cents per share
Debt to EBITDA	Total debt including lease liabilities, net of cash and cash equivalents, divided by EBITDA
EBIT	Earnings before finance costs and tax
EBITDA	Earnings before finance costs, taxes, depreciation and amortisation
EBT	Earnings before tax
ERP	Enterprise resource planning
GTV	Gross transaction value. GTV includes both first-party (in-stock) sales as well as sale of third-party products via a marketplace
IDC	Import distribution centre
kt	Kilotonne
ktCO_{2e}	Kilotonnes of carbon dioxide equivalent
LNG	Liquefied natural gas
LPG	Liquefied petroleum gas
m	Million
n.m.	Not meaningful
n.r.	Not reported
Net debt	Total interest-bearing loans and borrowings less cash at bank and on deposit and held in joint operation. Excludes cash in transit and lease liabilities
Net financial debt	Interest-bearing loans and borrowings less cash at bank and on deposit and held in joint operation, net of cross-currency interest rate swaps and interest rate swap contracts. Excludes lease liabilities
NPAT	Net profit after tax
PBS	Pharmaceutical benefits scheme
ppt	Percentage point
R12	Rolling 12 month
RFID	Radio frequency identification
ROC (R12)	Return on capital. ROC is calculated as EBT / rolling 12 months' capital employed, where capital employed excludes right-of-use assets and liabilities
TRIFR	Total recordable injury frequency rate
Weighted average cost of debt	Weighted average cost of debt based on total gross debt before undrawn facility fees and amortisation of debt establishment costs. Excludes interest on lease liabilities and the balance of lease liabilities
WesCEF	Wesfarmers Chemicals, Energy & Fertilisers

Corporate directory

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Executive director

Rob Scott
Group Managing Director and Chief Executive Officer

Non-executive directors

Michael Chaney AO, Chairman
Vanessa Wallace
Jennifer Westacott AO
The Right Honourable Sir Bill English KNZM
Mike Roche
Sharon Warburton
Anil Sabharwal
Alison Watkins AM
Alan Cransberg

Chief Financial Officer

Anthony Gianotti

Company Secretary

Sheldon Renkema (from 1 November 2023)
Vicki Robinson (to 30 October 2023)

Share registry

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Key dates⁺

Half-year end	31 December 2023
Half-year results briefing	15 February 2024
Record date for interim dividend	21 February 2024
Interim dividend payable	27 March 2024
Year end	30 June 2024
Closing date for receipt of director's nominations	29 August 2024
Full-year results announcement	29 August 2024
Record date for final dividend	4 September 2024
Final dividend payable	9 October 2024
Annual general meeting	31 October 2024

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

Website

To view the 2024 Half-year Report, the 2023 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