

Investor Briefing

The Westin Hotel
5 November 2003



Wesfarmers

Wesfarmers Energy 2003/04 Q1 Results

David Robb



Wesfarmers

Wesfarmers Energy



WESFARMERS LPG



STATEWEST POWER



Wesfarmers Energy

2003 Snapshot

Coal

➤ Production	12 million tonnes
➤ Sales	12 million tonnes
➤ Customers	25
➤ Employees	886

Gas / Power

➤ LPG Production	0.33 million tonnes
➤ LPG Sales	0.60 million tonnes
➤ Direct customers	115,000
➤ Generation	378 Gwh
➤ Employees	946

Coal Sales

2003/04

(million tonnes)	Domestic Steam	Export Steam	Export Coking	Total
Premier, WA	3.4			3.4
Bengalla*, NSW	0.8	1.7		2.5
Curragh, QLD	2.4		4.6	7.0
Total	6.6	1.7	4.6	12.9

*Wesfarmers 40% share

Strategy Summary

- KHG - “focus on fundamentals”
- WLPG - supply post 2005
- ALWA - securing major projects
- StateWest - off-grid, BOO, national
- Premier - new markets and unit costs
- Curragh - volume growth, Curragh as “hub”
- Bengalla - sales mix, volume security

Energy 2003/04 Q1 Environment

Gas

- International prices 10% higher
- Excise uncertainty

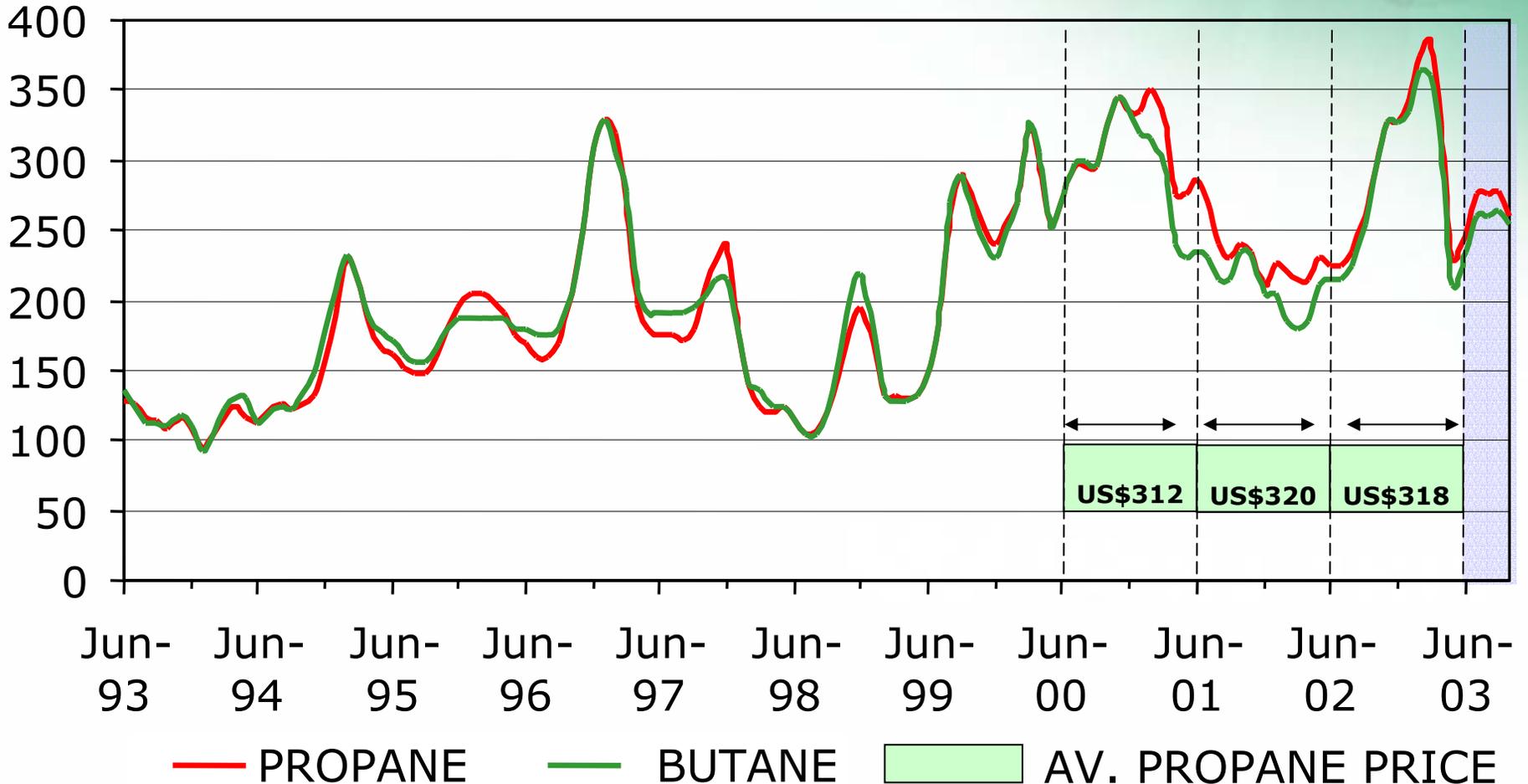
Coal

- Western Power deliveries up
- Coking coal prices lower, steam improving
- Demand firm, logistics bottlenecks
- Adverse exchange rate movement

Energy 2003/04 Q1 Environment

Saudi Contract Price

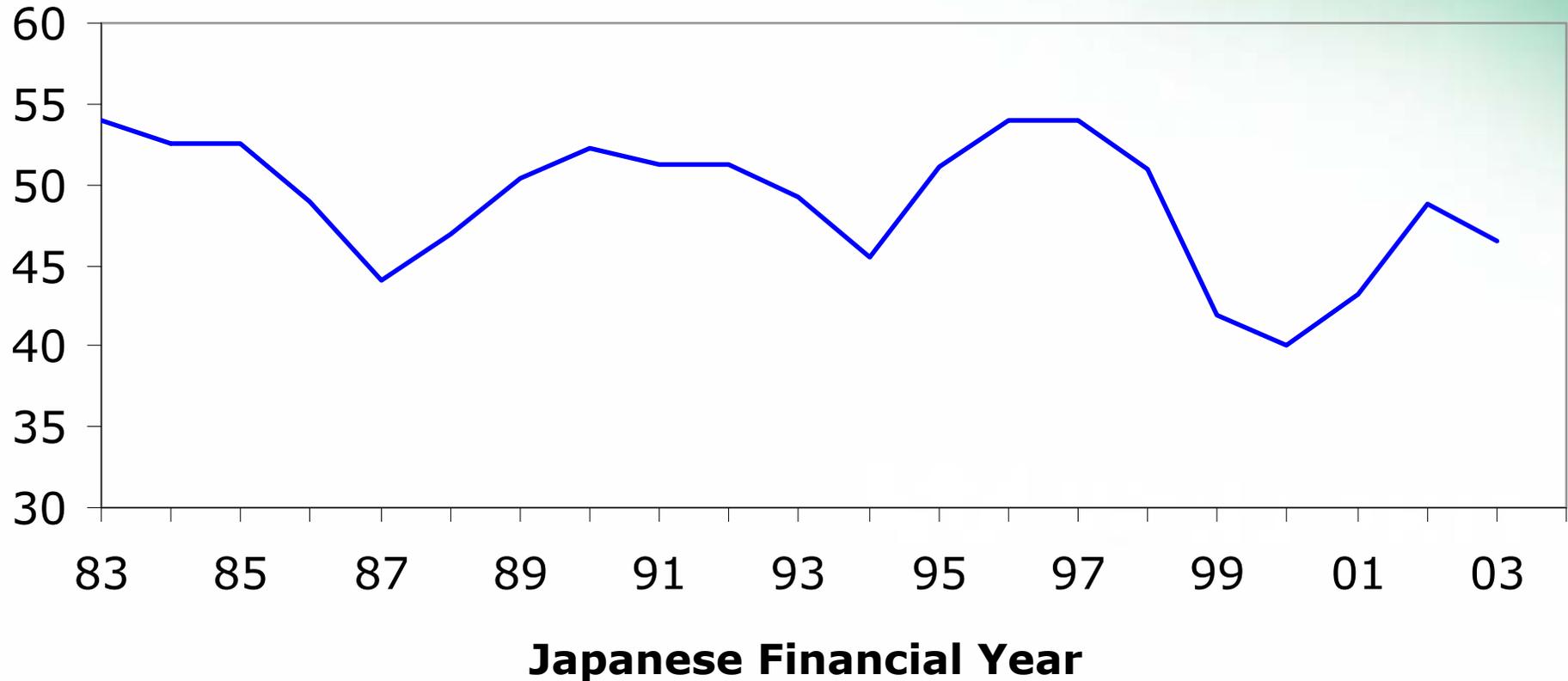
US\$/t



Energy 2003/04 Q1 Environment

Hard Coking Coal Price

JRP US\$/Tonne FOB nominal



Energy 2003/04 Q1 Environment

Thermal Coal Prices

US\$/Tonne FOB nominal



Source: Barlow Jonker

Energy 2003/04 Q1 Environment

Exchange Rates



Wesfarmers Curragh Hedging Profile

	Proportion of USD revenue hedged *	Average AUD/USD hedge rate
2003/4	90%	0.5730
2004/5	70%	0.5767
2005/6	50%	0.5621
2006/7	30%	0.5798
2007/8	10%	0.5872

- Calculated after adjusting for USD capital and operational expenditure and USD royalty payments.

Logistics Bottlenecks

	September-02	September-03
<u>Newcastle</u>		
Vessels Queued	6	30
Turnaround Time (days)	3.9	10
Demurrage (YTD)	\$0.1m	\$0.6m
<u>Gladstone</u>		
Demurrage (YTD)	\$0.04m	\$1.6m

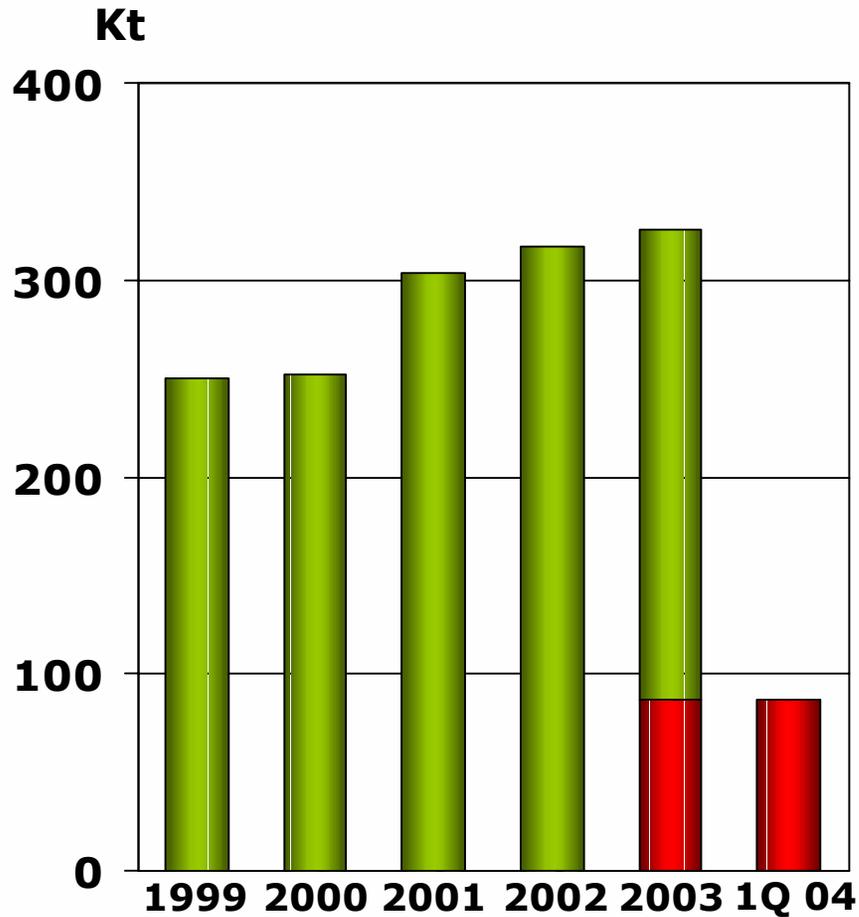
Health + Safety + Environment



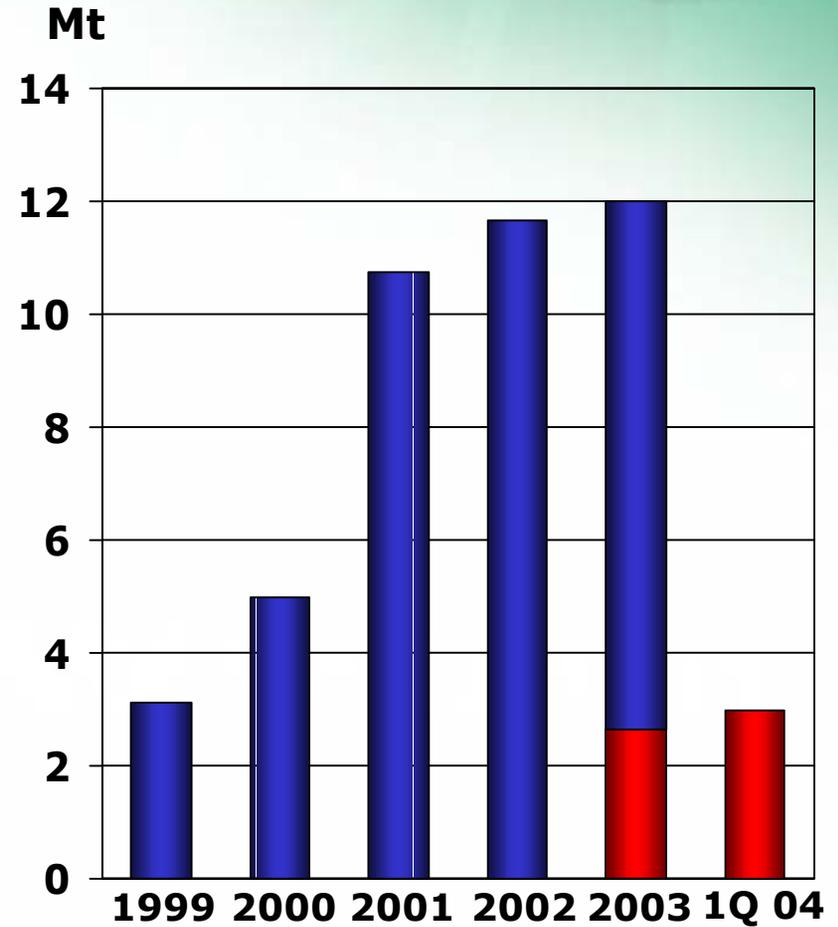
- Drug and Alcohol Testing
- No Lost Time Injuries
- Environmental Award

Production

W LPG



Coal



Production

Mine	Beneficial Interest	Coal Type	Quarter ended	
			Sep-02	Sep-03 (^{'000 tonnes})
Premier	100%	Steam	847	877
Curragh	100%	Coking	803	1,068
		Steam	501	593
Bengalla	40%	Steam	491	449

Sales Volumes

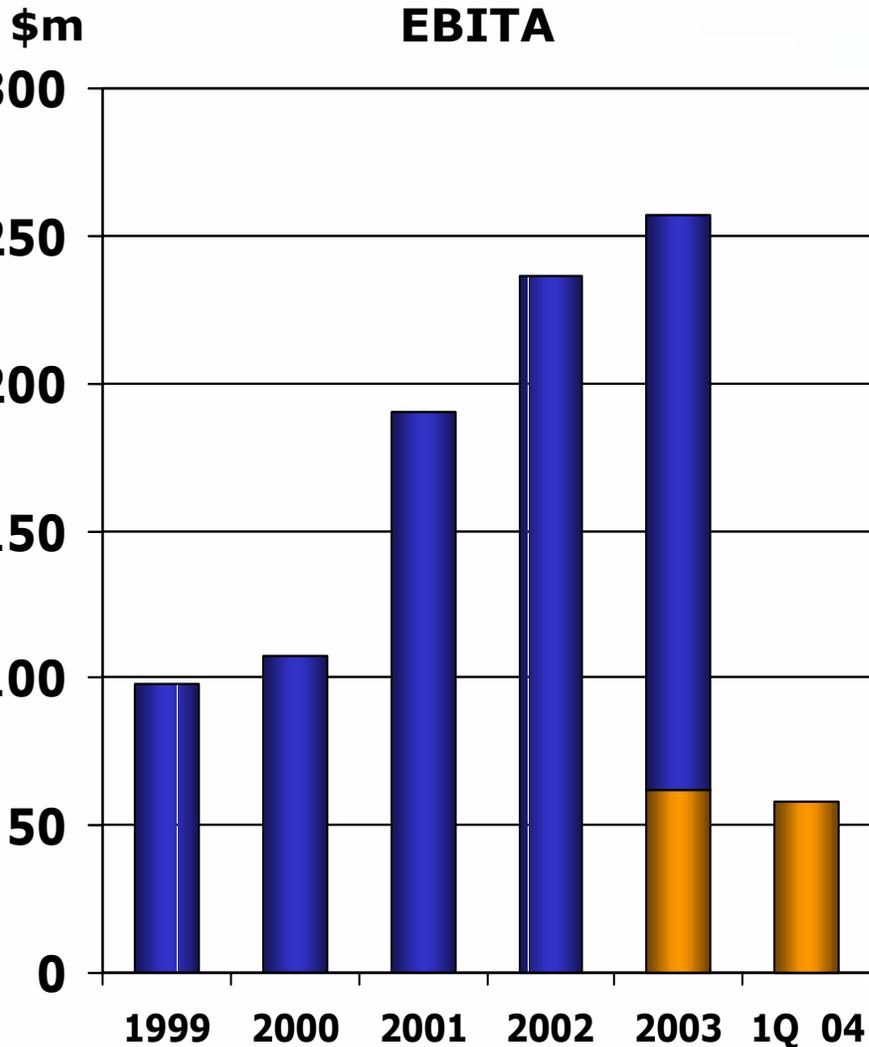
2003/04 Q1 versus 2002/03 Q1

➤ Kleenheat Gas	+1%
➤ Wesfarmers LPG	-3%
➤ Air Liquide*	+0%
➤ Premier	+3%
➤ Curragh	+36%
➤ Bengalla	+22%

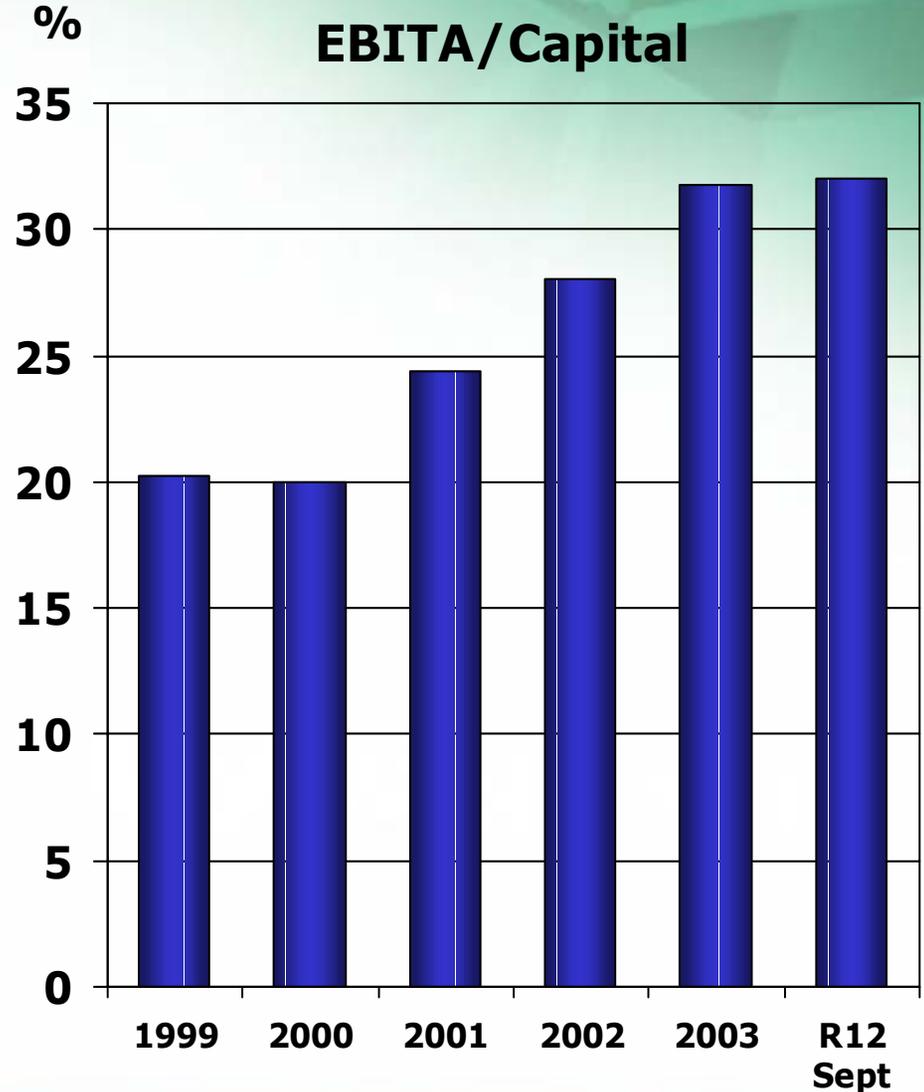
*Pipeline Sales

Profitable Growth – Energy Division

Financial Performance



* Excludes Girrah \$80.5m in 2003

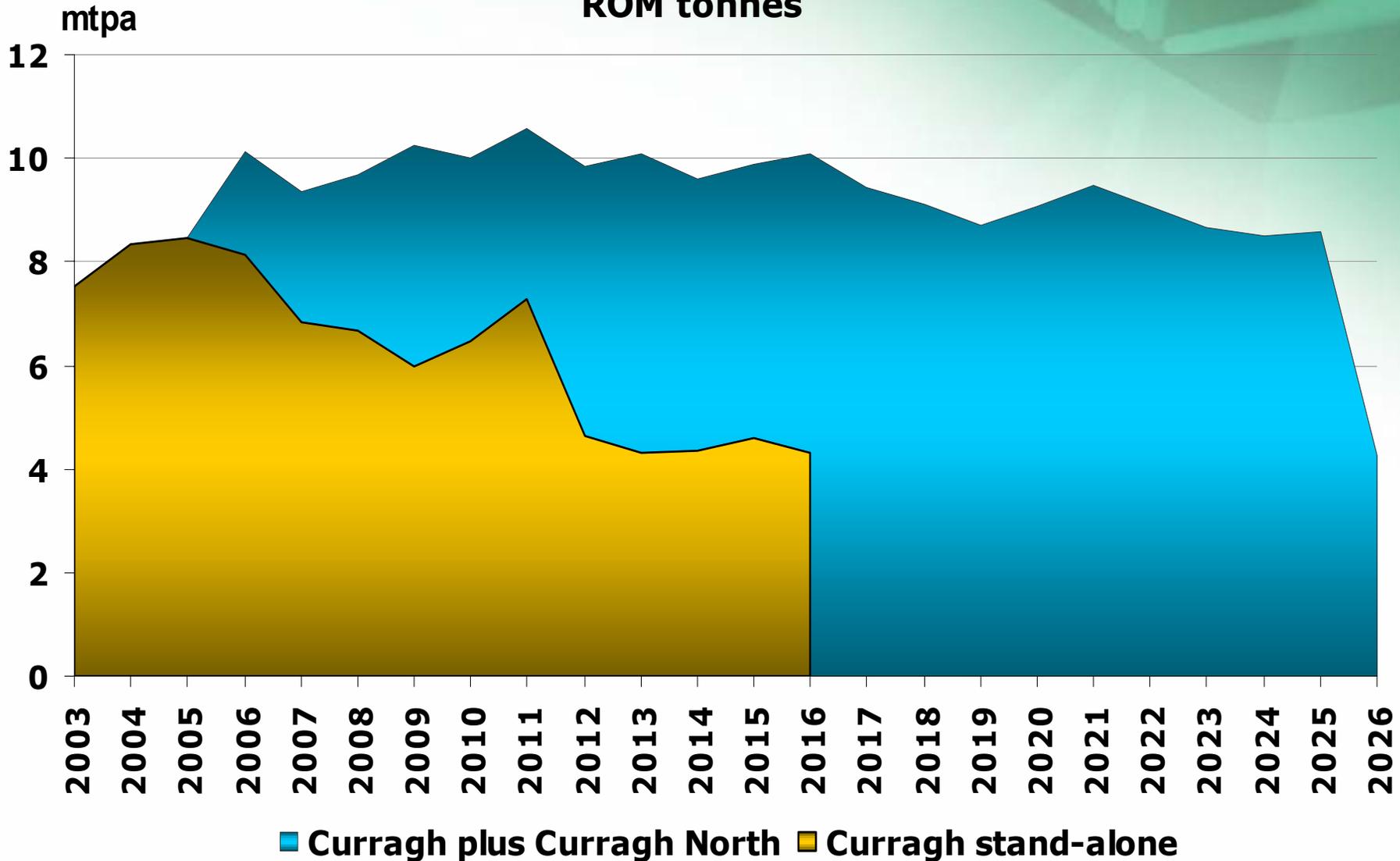


Wesfarmers Energy Highlights Q1

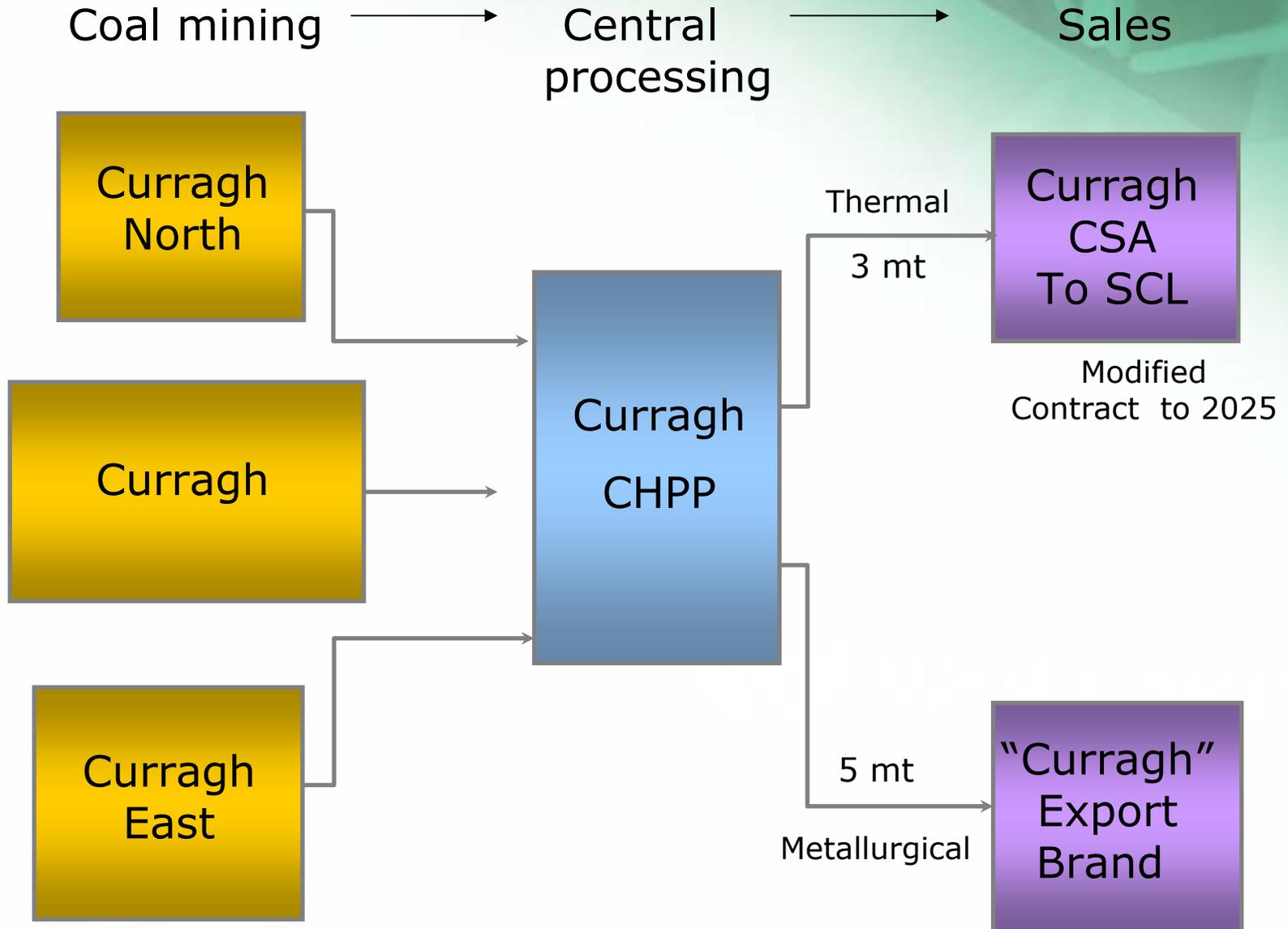
- Curragh 20 year milestone, export award
- Curragh North EIS
- Premier Coal environmental award
- Kleenheat volumes increase against PCP
- Hismelt, MidWest project progress
- Oracle system implementation

Curragh Production

ROM tonnes



Curragh Business Model 2010

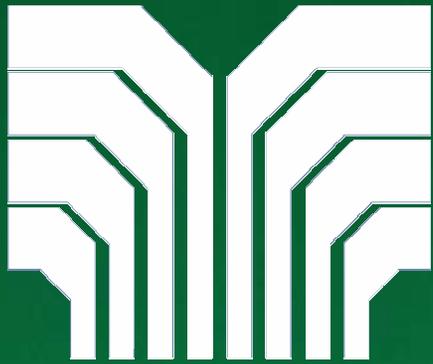


2003/04 Coal Issues

- Curragh
 - Export volumes (+0.6 mt)
 - Export prices -/+
 - AUD/USD exchange rate
 - \$14 m dragline shutdown
- Bengalla
 - Export volumes (+0.5 mt)
 - Export prices
- Premier
 - Flat sales
 - Work practice reform (EBA)

2003/04 Gas Issues

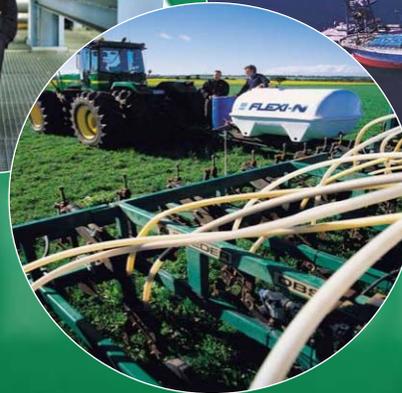
- LPG prices
- Excise decision
- Kleenheat volumes, margins
- WLPG Post 2005



CSBP

Chemicals and Fertilisers

John Gillam
Managing Director



AGR



CSBP's Objective



why we are here

to provide great value products and services
delivering satisfactory shareholder returns and
sustainable success to our customers, employees
and the communities in which we operate

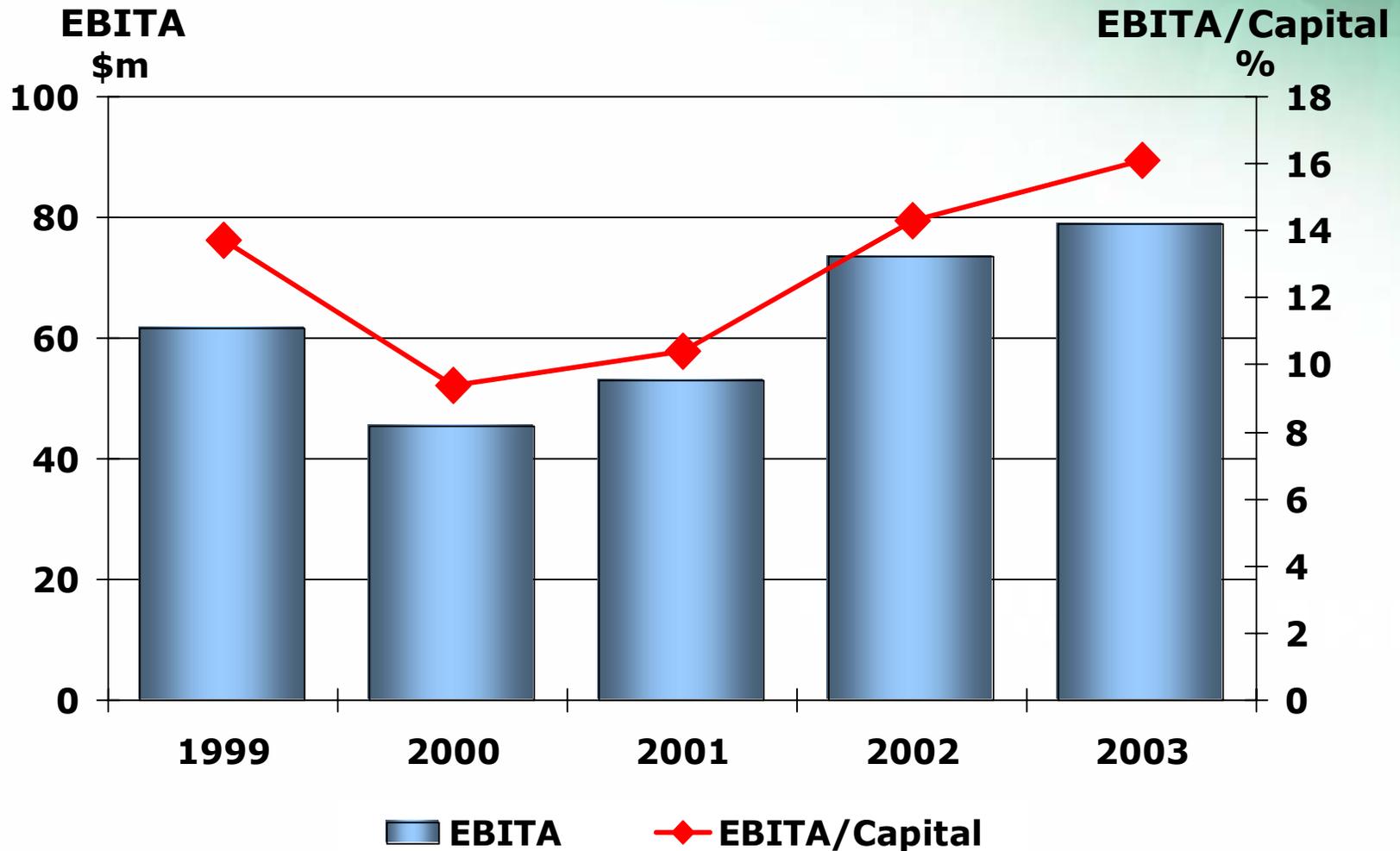
CSBP Background

- Established 1910
- Member of Wesfarmers Group since 1980
- Only major fertiliser supplier in WA until ~ 1990
- Diversification into chemicals from 1987
- Major chemicals investments post 1996
- Post 1999, around 60% of EBITA generated from chemicals activities
- WA's leading fertiliser supplier in a competitive market

CSBP Background

- Manufacturer of mining & processing chemicals
 - ammonia, ammonium nitrate, sodium cyanide, chlorine
- Manufacturer and importer of fertilisers
 - phosphate, nitrogen, potassium and compounds
- Manufacturing operations at:
 - Kwinana, Albany and Esperance - WA
 - Moura, QLD (joint venture)
- 540 employees

EBITA and EBITA/Capital 5 Year Trend



CSBP

July 2003 – Sept 2003 Results

➤ Chemicals

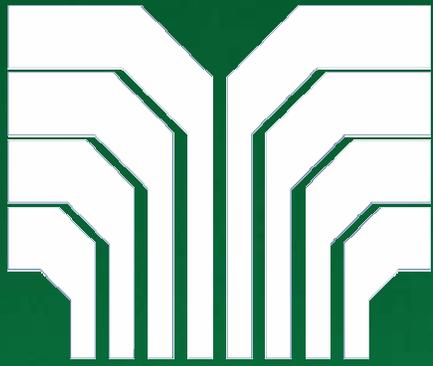
- volumes in-line with last year
- steady production performance
- short term softness in local ammonia demand

➤ Fertilisers

- increased volumes
- strong market focus and good seasonal conditions

➤ Revenue and earnings

- revenue: \$72.9m (\$67.6m pcp)
- EBITA: \$6.8m (\$6.0m pcp)

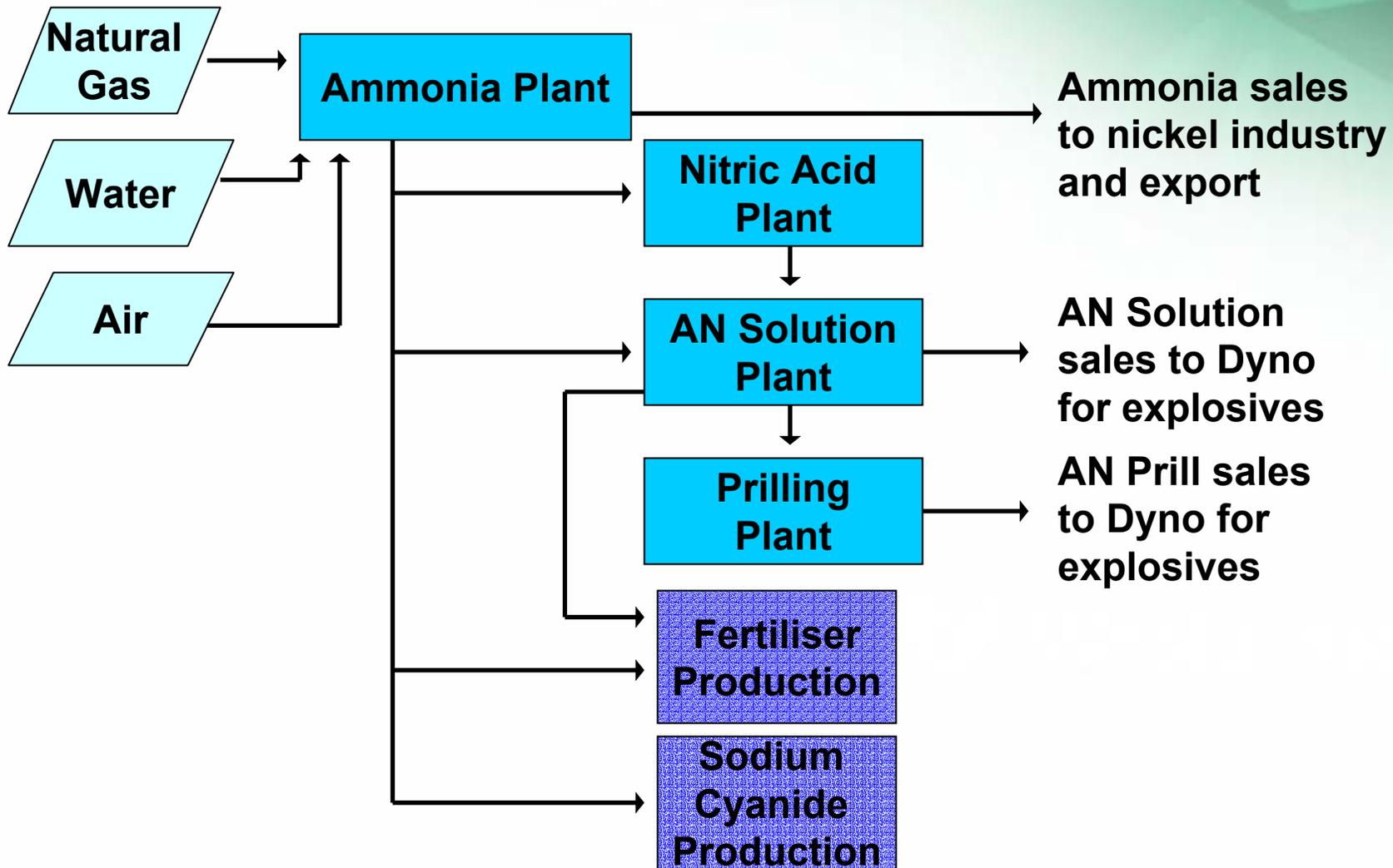


CSBP

Chemicals



Ammonia/ Ammonium Nitrate



Ammonia

Background

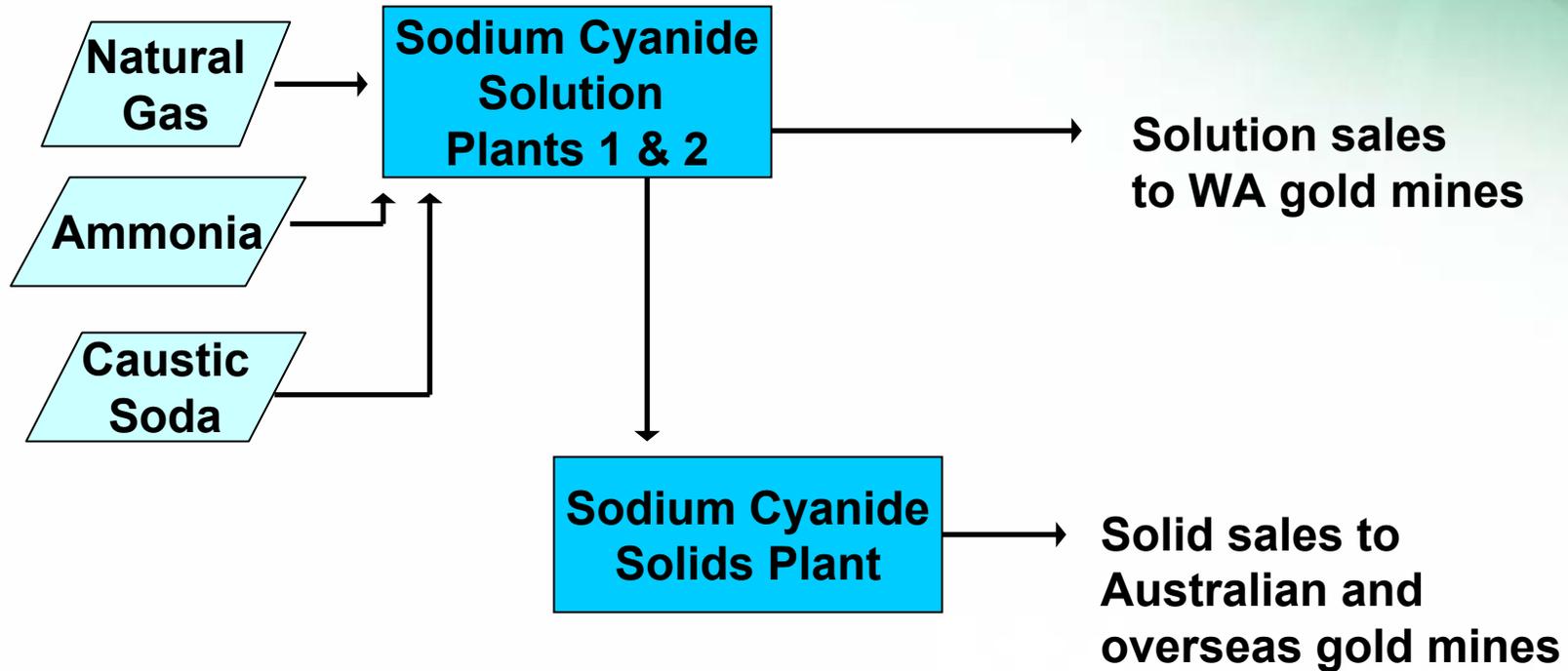
- Sole WA manufacturer and supplier
- New plant commissioned in 2000
 - original plant capacity 650 tpd / 225,000 tpa
 - debottlenecked to 240,000 tpa
 - further expansion May 2004
- 40,000 tonnes import / export storage terminal
- External customers
 - primarily nickel industry and exports
- Internal customers
 - ammonium nitrate, sodium cyanide and fertilisers

Ammonium Nitrate

Background

- Sole WA manufacturer
- 160,000 tpa nitric acid plant / 200,000 tpa AN plant commissioned 1997
- AN plant debottlenecked to 230,000 tpa
 - distribution for mining explosives via Dyno Nobel
 - Flexi-N liquid fertiliser consumes balance of production
- Queensland Nitrates plant at Moura
 - project financed 50:50 joint venture with Dyno Nobel
 - 180,000 tpa integrated facility

Sodium Cyanide

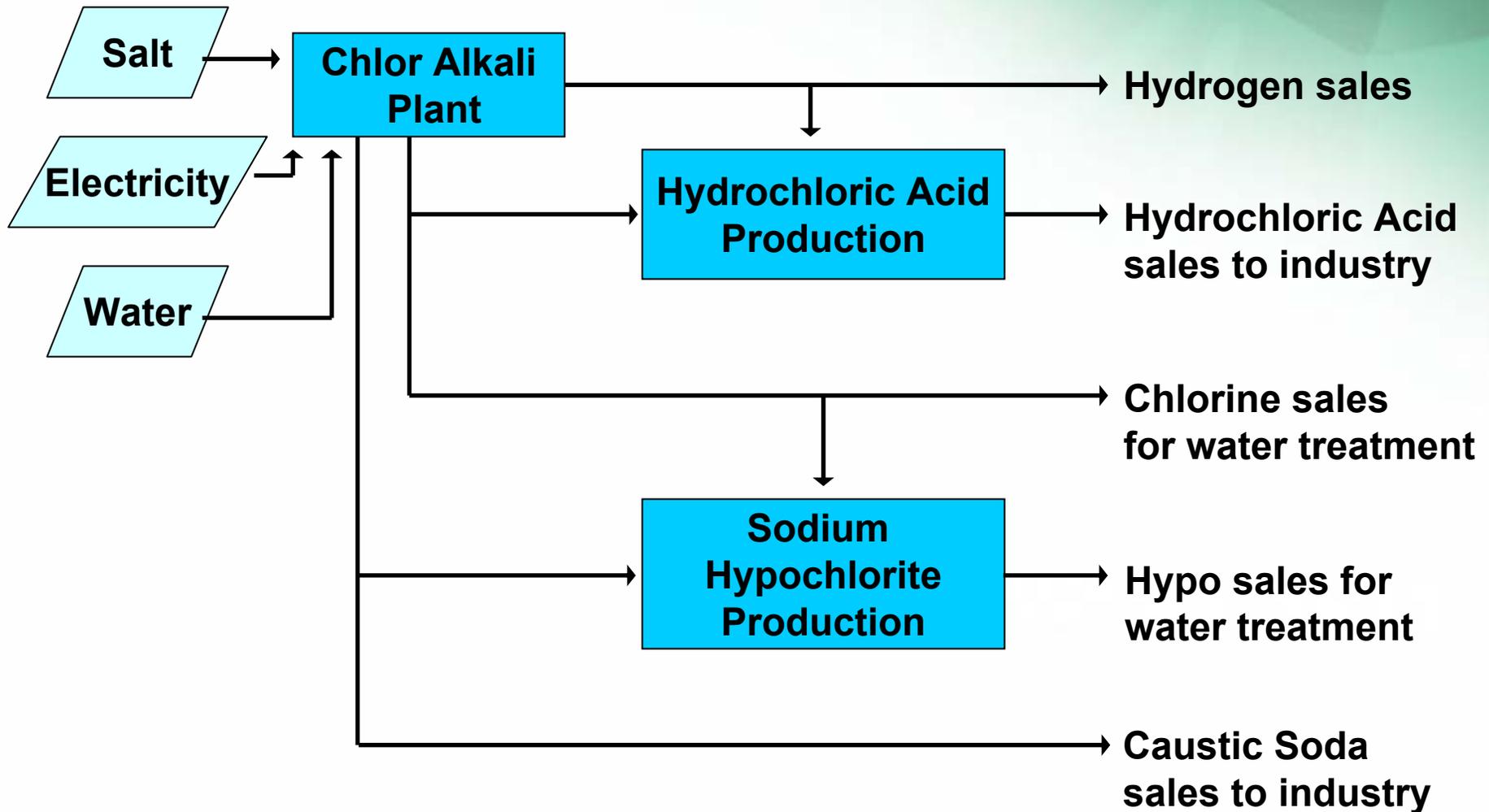


Sodium Cyanide

Background

- Australian Gold Reagents - sole WA manufacturer
- 75 : 25 joint venture with Coogee Chemicals
 - plant operation and marketing by CSBP
- First solution plant commissioned in 1988
 - progressively expanded to ~ 48,000 tpa solution
- Investment in solid sodium cyanide plant in 2002
 - 20,000 tpa capacity
- Strong Australian market position
- Developing export markets for solid product

Chlor Alkali



Industrial Chemicals

Background

- 5,000 tpa chlorine plant commissioned 1987
 - baseload production for WA Water Corporation
 - co-production of caustic soda, hydrochloric acid, sodium hypochlorite, hydrogen
- Traded products
 - Sulphuric acid
 - Industrial urea
 - Fluorosilicic acid
 - Sulphur
 - Ammonium sulphate

Chemicals

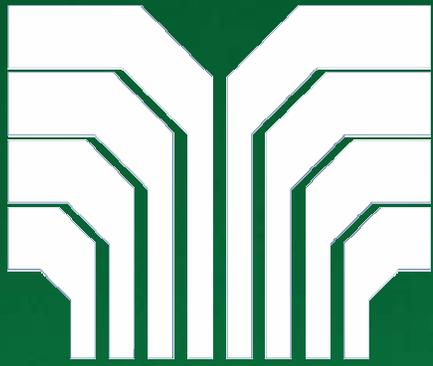
Current Influences

- Strong resource sector conditions
 - short term softness in local ammonia offtake
 - export excess ammonia production
- Good ammonia / AN plant performances
 - continued lift in Queensland Nitrate operations
- Sodium cyanide solids plant at expectations

Chemicals

Strategies

- Profitably build on existing businesses
 - examining production expansion opportunities
 - simplify Queensland Nitrates joint venture structure
- Evaluating growth opportunities that exploit core competencies
 - expand product range in existing markets
 - assess opportunities in new markets



CSBP

Fertilisers



Westfarmers

Fertilisers

Background

- Only major fertiliser supplier in WA until ~ 1990
 - manufacturing focus at that time
- Market share and profit erosion in last decade
 - emergence of import-based competitors
- Post 2000, market share and profit stabilisation
 - strong market and distribution focus
 - working capital, cost base and supply chain efficiencies
 - around 50% sales (by volume) imported
- Cropping driven nutrient growth in WA market

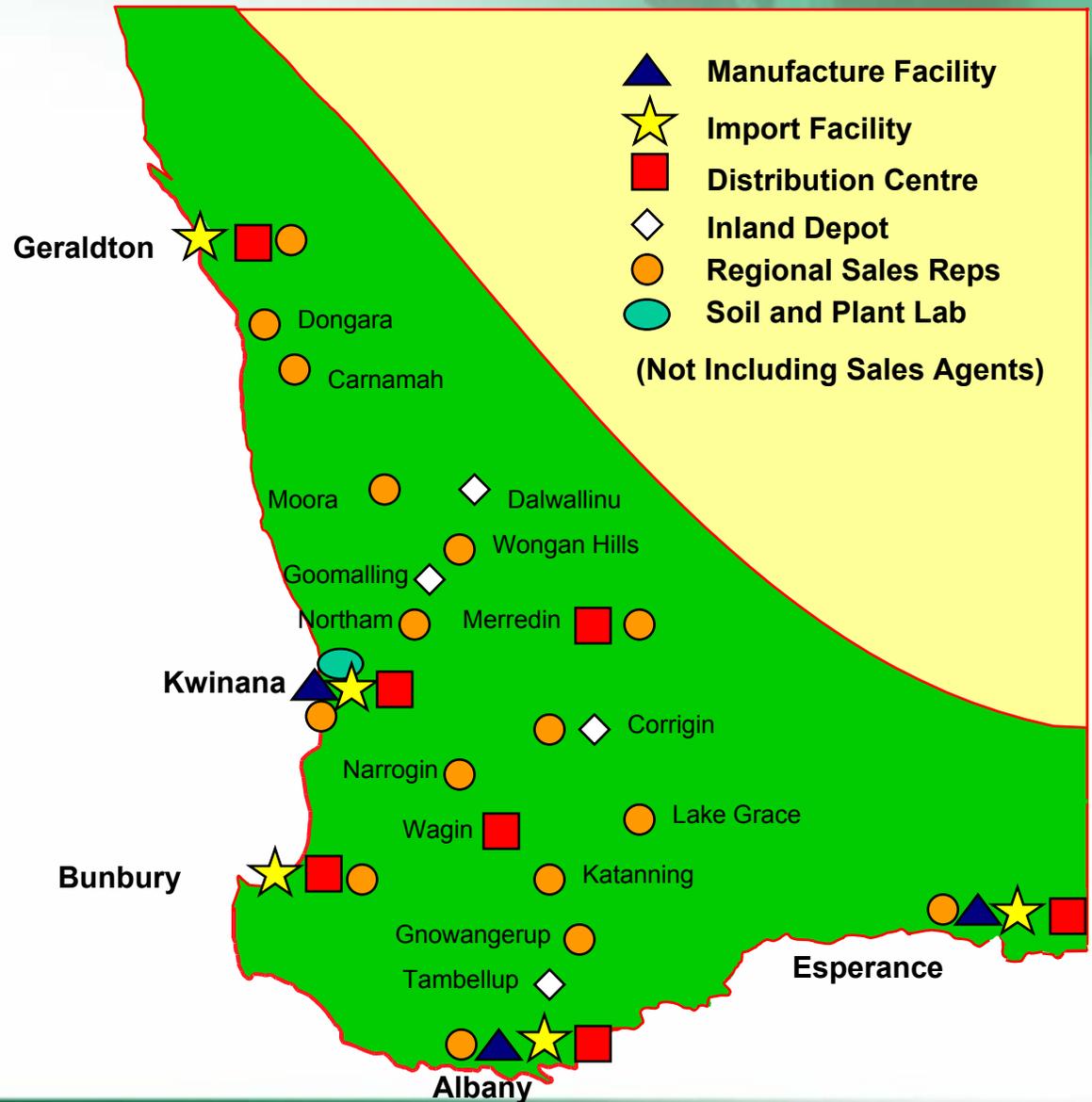
Fertilisers

Background

- Unmatched infrastructure in WA market
 - volume growth readily handled
- Extensive distribution network
 - commission based reward structure
 - AWB Landmark, Elders & independents
 - all collections ex-CSBP facilities
- CSBP market support
 - field staff supporting distribution network and account managing key customers
 - agronomic advisory services, product development, soil and plant testing services

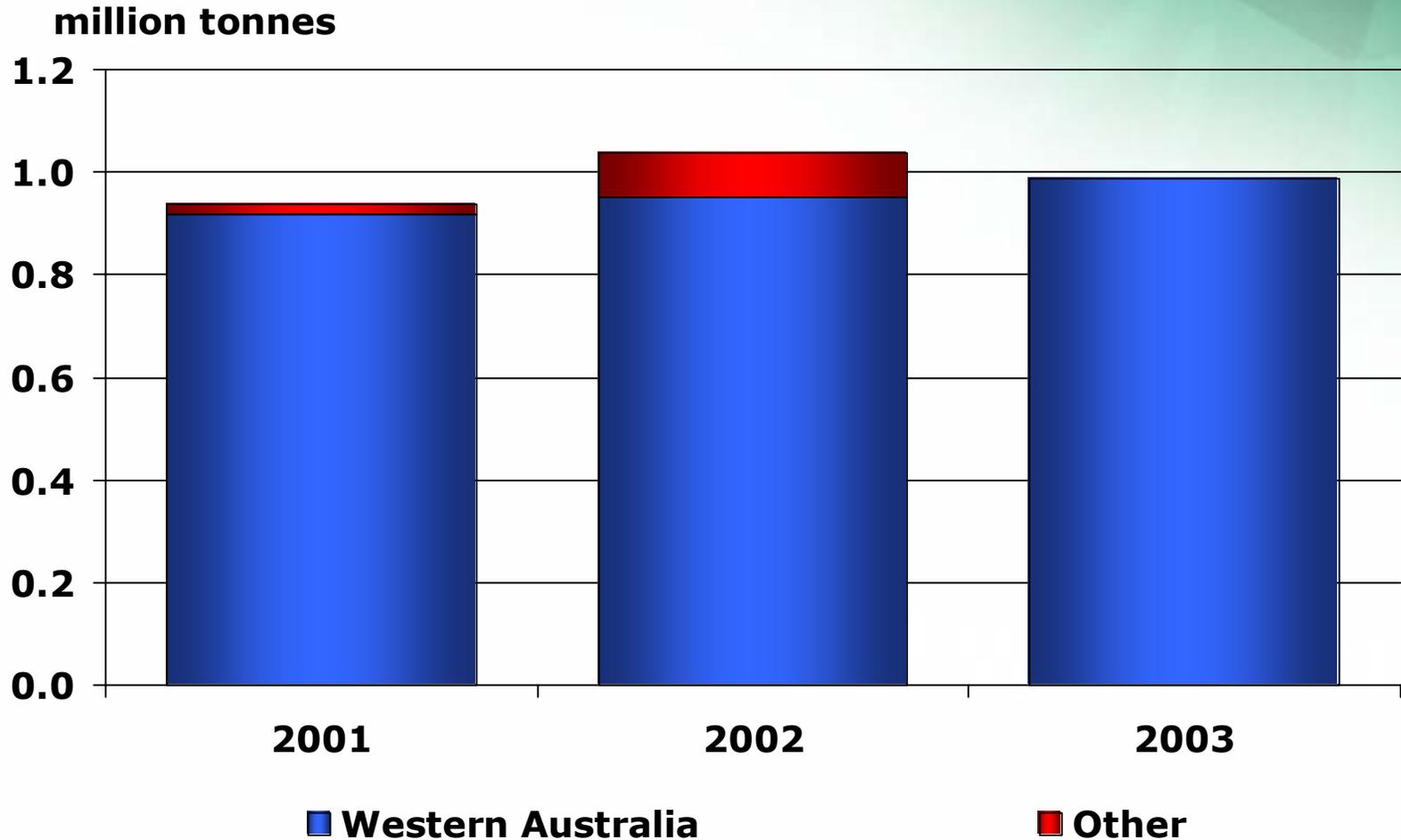
Fertilisers

WA Infrastructure



Fertilisers

3 Year Sales Volumes



Fertilisers

Current Influences

- Potential record harvest for 2003
 - restore farmer financial health
 - storage and handling pressures from harvest volumes
 - sales potentially skewed to second half
- Solid sales programme
 - distributor support
 - competitive pricing
 - enhanced range of products and services
- Continued growth in liquid fertiliser
- Cost base and supply chain improvements

Fertilisers

Strategies

- Profitably build core WA business
- Strong market focus
 - widest range of quality fertilisers
 - best services and technical support
 - competitive prices
- Develop markets beyond WA for proprietary products

Wesfarmers Industrial & Safety

Mr Daryn Deiley

Acting Managing Director



Wesfarmers

Agenda

- The Wesfarmers Industrial and Safety business
- First quarter F2004 results
- WIS strategy
- Current business outlook

Wesfarmers Industrial & Safety



Wesfarmers

Statement of Purpose

“To be the first choice of every customer through the provision of innovative industrial distribution solutions and to generate satisfactory shareholder returns”

Wesfarmers Industrial & Safety

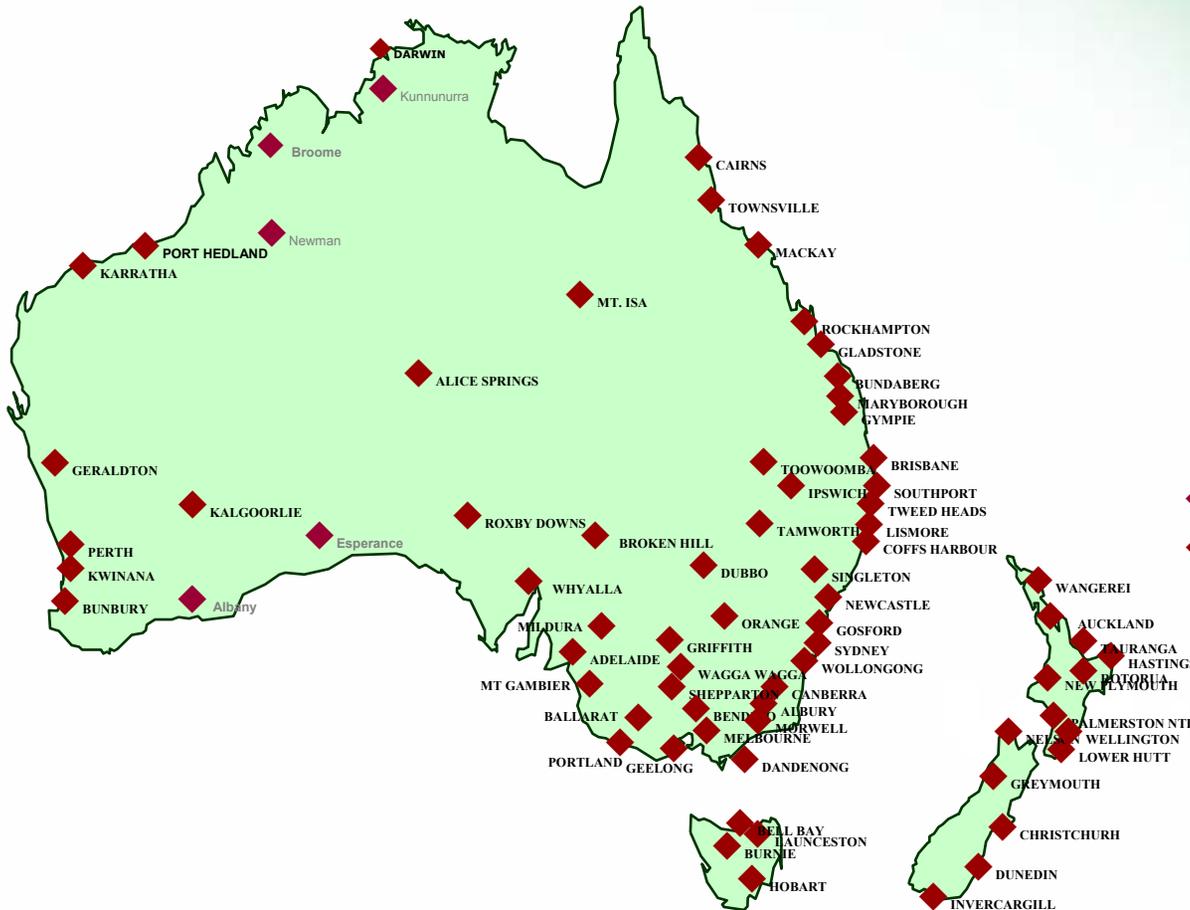
- Largest MRO & Safety supplier in Australasia
 - 252 outlets (Australia & New Zealand)
 - 3,500 employees
 - 80,000+ customers
 - 15,000+ suppliers
 - 400,000+ products

Trading Names

- Atkins
- Bakers
- Blackwoods
- Motion Industries
- Mullings Fasteners
- Protector Alsafe
- NZ Safety
- Packaging House
- Protector Safety Supply (NZ)
- Paykels



Distribution Network



◆ TRADING STYLES:

◆ Blackwoods	64
◆ Atkins	3
◆ Blackwoods Atkins	23
◆ Bakers	7
◆ Motion	10
◆ Metals	1
◆ Mullings	10
◆ Protector Alsafe	49
◆ NZ Safety	24
◆ Blackwoods (NZ)	7
◆ Protector (NZ)	22
◆ Pkg House	11
◆ Paykels	21

◆ TOTAL

252

◆ BRANCHES

◆ NSW	37
◆ VIC	30
◆ QLD	37
◆ WA	38
◆ SA	13
◆ TAS	9
◆ NT	3
◆ NZ	85

◆ TOTAL

252

Major Product Segments

(descending revenue order)

- Safety
- Tools
- General industrial
- Metals
- Welding
- Fasteners
- Power transmission & bearings
- Mechanical services
- Electrical
- Janitorial
- Packaging
- Materials handling

Wesfarmers Industrial & Safety

First Quarter 2004 Results



Wesfarmers

First Quarter 2003-2004 Results

- Revenue
 - 4.8% ahead of last year
(excluding metals revenue and sales)
 - Strong growth in New Zealand
- Earnings slightly behind expectations
 - Protector Alsafe integration behind schedule
 - Slower than expected commencement of some infrastructure works

Wesfarmers Industrial & Safety Strategy



Wesfarmers

WIS Strategies

- Grow real sales and sustain gross margin
- Reduce expense to sales ratio
- Reduce working capital
- Improve safety performance and employee retention

WIS Strategies

- Grow real sales and sustain gross margin
 - Improved brand positioning
 - Expand network
 - Shopfronts
 - Alignment of sales force
 - New catalogues
 - Leverage e-business
 - Customer service improvements
 - Extend import programme

Protector Alsafe

A Safer Workplace

www.protectorsafe.com.au

Head and Face Protection

SAFETY



Hard Hats



HCG600 Helmet
Application / Markets
Industrial Safety Helmet

- Features**
- Lightweight ABS plastic for strength
 - Visorband with adjustable adjuster
 - Continuous safety strap for close seated wear
 - Fluorescent hi-visibility frontband
 - Universal slots accept both 25mm and 30mm accessories
 - Colors - White, Yellow, Red, Orange, Blue, Green, Grey, Watermark, Fluoro Yellow, Fluoro Orange

Approvals / Standards
AS/NZS 1801 Type 1

Also Available / Accessories

- Universal slots accept both 25mm and 30mm accessories e.g. hearing protection and ear muffs
- Various gear brackets, air shroud, chin strap, mirror gear

HCG600V Helmet
Application / Markets
Industrial Safety Helmet

- Features**
- Lightweight ABS plastic for strength
 - Headband with multi-adjuster adjuster
 - Continuous safety strap for close seated wear
 - Fluorescent hi-visibility frontband
 - Universal slots accept both 25mm and 30mm accessories
 - Colors - White, Yellow, Red, Orange, Blue, Green, Grey, Watermark, Fluoro Yellow, Fluoro Orange

Approvals / Standards
AS/NZS 1801 Type 1

Also Available / Accessories

- Universal slots accept both 25mm and 30mm accessories e.g. hearing protection and ear muffs
- Replacement headgear, vertical headgear, chinstrap, mirror long bracket, side slip
- Personalized printing, reflective tape



410 Hard Hat
Application / Markets
Type 1 Industrial safety helmet

- Features**
- When where charge seats from a falling mass/inertia
 - Lightweight design
 - 4-Point adjustable harness
 - Compatible with various attachments accessories
 - Colors - White, Yellow, Blue, Red, Green, Orange, Grey, Fluoro Yellow, Fluoro Orange, Fluoro Green

Approvals / Standards
AS/NZS 1801 Type 1

Also Available / Accessories

- Non-welded version (3M voluntary) - 620 Hard Hat

620V Hard Hat
Application / Markets
Type 1 Industrial safety helmet

- Features**
- When where charge seats from a falling mass/inertia
 - Lightweight design allows use with built-up attachment and related extra venting
 - 4-Point adjustable harness
 - Unique venting design for maximum ventilation and lower contact
 - Colors - White, Yellow, Blue, Red, Green, Orange, Grey, Fluoro Yellow, Fluoro Orange, Fluoro Green

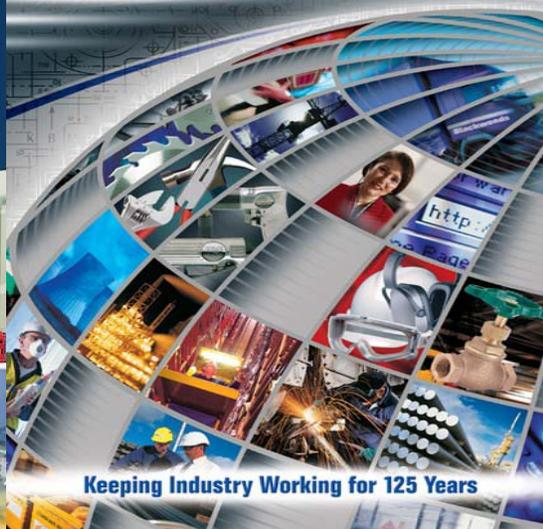
Approvals / Standards
AS/NZS 1801 Type 1

Also Available / Accessories

- Non-welded version (3M voluntary) - 620 Hard Hat



www.protectorsafe.com.au



Keeping Industry Working for 125 Years

TOOLS - HAND, MEASURING & PRECISION



TOOLS

A/F and Metric Tool Set - 140 Piece - J.B.S. - Cordless

- CALL POWER TOOL SET KEY REFERENCE SETS**
- 140 Piece: 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19mm
 - 120 Piece: 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19mm
 - 80 Piece: 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19mm
- OTHER TOOLS**
- Wrenches, screw bits, Ball Pin Wrenches, Hexkey handle, 40g (18oz)

DRUMMER TOOL CHEST

- Drum: 1000 x 500 x 100mm 2 Drawers: 1000 x 500 x 100mm**
- 2 Drawers: 1000 x 500 x 100mm 3 Drawers: 1000 x 500 x 100mm**
- Heavy duty with ball bearing rollers and rubber bumper bars.

LENS CASE KEY REFERENCE SETS

- 9 Piece: 1.5 x 10mm
- 9 Part: 10 x 10

OTHER TOOLS

- Wrenches, Hex Key: Ball Pin Wrenches, Hexkey handle, 40g (18oz)**

DRUMMER TOOL CHEST

- Available tool chest ball bearing rollers with 100 x 100mm
- Drum: 1000 x 500 x 100mm 2 Drawers: 1000 x 500 x 100mm**
- Heavy duty with ball bearing rollers and rubber bumper bars.

TOOL SETS C/W 5 TRAY CANTILEVER BOX - B.S.

A/F and Metric Tool Set - 140 Piece - J.B.S.

- 140 Piece (12 part): Metric**
- 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19mm
 - 120 Piece (12 part): A/F
 - 80 Piece (12 part): A/F

200 Piece (12 part): Metric

- 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19mm
- 120 Piece (12 part): A/F
- 80 Piece (12 part): A/F

250 Piece (12 part): Metric

- 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19mm
- 120 Piece (12 part): A/F
- 80 Piece (12 part): A/F

300 Piece (12 part): Metric

- 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19mm
- 120 Piece (12 part): A/F
- 80 Piece (12 part): A/F

COORDINATION DRAWINGS

- 14 Metric: 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19mm

- 12 Metric: 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19mm

- 80 Metric: 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19mm

- 120 Metric: 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19mm

- 200 Metric: 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19mm

- 250 Metric: 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19mm

- 300 Metric: 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19mm

- 350 Metric: 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19mm

- 400 Metric: 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19mm

- 450 Metric: 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19mm

- 500 Metric: 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19mm

- 550 Metric: 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19mm

- 600 Metric: 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19mm

- 650 Metric: 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19mm

- 700 Metric: 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19mm

- 750 Metric: 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19mm

- 800 Metric: 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19mm

- 850 Metric: 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19mm

- 900 Metric: 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19mm

- 950 Metric: 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19mm

- 1000 Metric: 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19mm

- 1050 Metric: 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19mm

- 1100 Metric: 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19mm

- 1150 Metric: 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19mm

- 1200 Metric: 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19mm

- 1250 Metric: 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19mm

- 1300 Metric: 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19mm

- 1350 Metric: 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19mm

- 1400 Metric: 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19mm

- 1450 Metric: 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19mm

- 1500 Metric: 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19mm

- 1550 Metric: 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19mm

- 1600 Metric: 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19mm

WIS Strategies

- Reduce expense to sales ratio
 - Extend operation deliver
 - Rationalise distribution infrastructure
 - Upgrade information systems

- Reduce working capital
 - Enhance category management
 - Refine vendor management

WIS Strategies

- Improve safety performance and employee retention
 - Improved OHS&E management
 - Implementation of OHS&E systems
 - Development of effective performance management systems

Wesfarmers Industrial & Safety

Current Business Outlook



Wesfarmers

WIS Business Outlook

- Strong growth to be delivered from specialist streams – Motion & PA
- Efficiencies from new distribution centres
- Protector Alsafe integration to contribute strongly in the second half
- PeopleSoft implementation to begin delivering efficiencies
- Paykels integration in NZ to provide solid revenue and earnings growth

Business Outlook

- Look forward:
 - Industry rationalisation to occur, with surviving independents retaining relative market shares
 - Increasing level of customer contract outsourcing
 - Acquisitions & mergers to accelerate
 - Legislative changes likely to benefit WIS, through increased focus on workplace safety
 - Numerous opportunities for WIS
 - New segments being targeted

Gene Tilbrook

Executive Director, Business Development
Wesfarmers Limited



Wesfarmers

OUTLINE

- Australian Railroad Group
- Sotico
- Gresham Private Equity
- Business Development

ARG

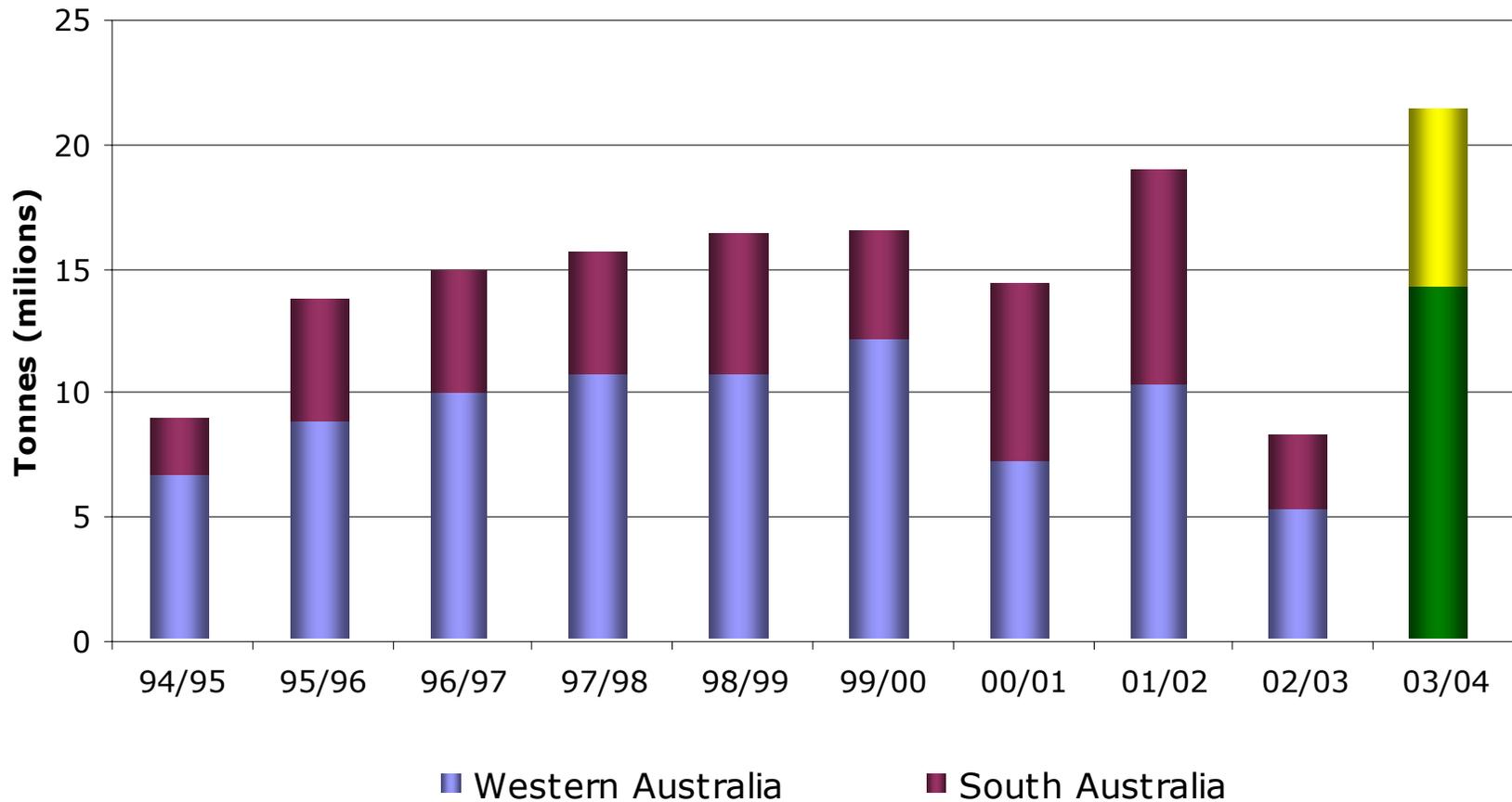
Performance Drivers

- Record grain harvest expected



ARG

Grain Harvests



ARG

Performance Drivers

- Record grain harvest expected
- Safety Team
 - LTIFR 20+ → 10-
 - reduced derailments



ARG

Performance Drivers

- Record grain harvest expected
- Safety Team
- Regulatory outcome
- New business – Mt Gibson iron ore
- Refinancing



ARG

Quarter to September

- Down on previous corresponding period
 - low grain tonnage
 - track maintenance charges
 - Alice Springs – Darwin near completion
 - provision for remainder of year



ARG

Outlook

- Earnings improvement
 - grain harvest
 - minerals tonnages
 - operational efficiencies
- Safety programme remains vital
- Logistics improvements



Sotico

- Sale of Mundijong Pine Treatment Plant and Welshpool land
- Wespine and Timber & Panel
 - volumes strong
 - yields up
 - earnings up 6% on pcp
- Divestments to continue

Gresham Private Equity

50% Interest

- Net investment by Wesfarmers - \$72m
- Small dividend income
- Divested
 - Eurogestion
- Divesting
 - Repco

Gresham Private Equity

Remaining Investments

- Cashcard - ATMs + financial transaction processing
- EROC - mining / infrastructure contractor
- Norcros - building materials, coatings
- Riviera - cruisers
- Virgin Active - health clubs
- Raywood - vehicle control systems



Gresham Private Equity

Potential Fund 2

- \$300-350m targeted
- Accommodate VCLP regime
- Wesfarmers' planned involvement:
 - foundation investor;
 - investment committee membership;
 - staff secondments
- Continuation of earnings



Business Development



Wesfarmers

Business Development

- Business as usual
- Transactions
 - Lumley
 - Landmark
 - small divestments
- Staff
 - recruiting
 - development
 - group skill base

Wesfarmers Insurance Division

R J Buckley

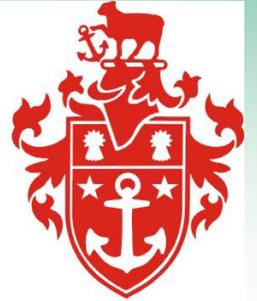
Chief Executive Officer



Wesfarmers



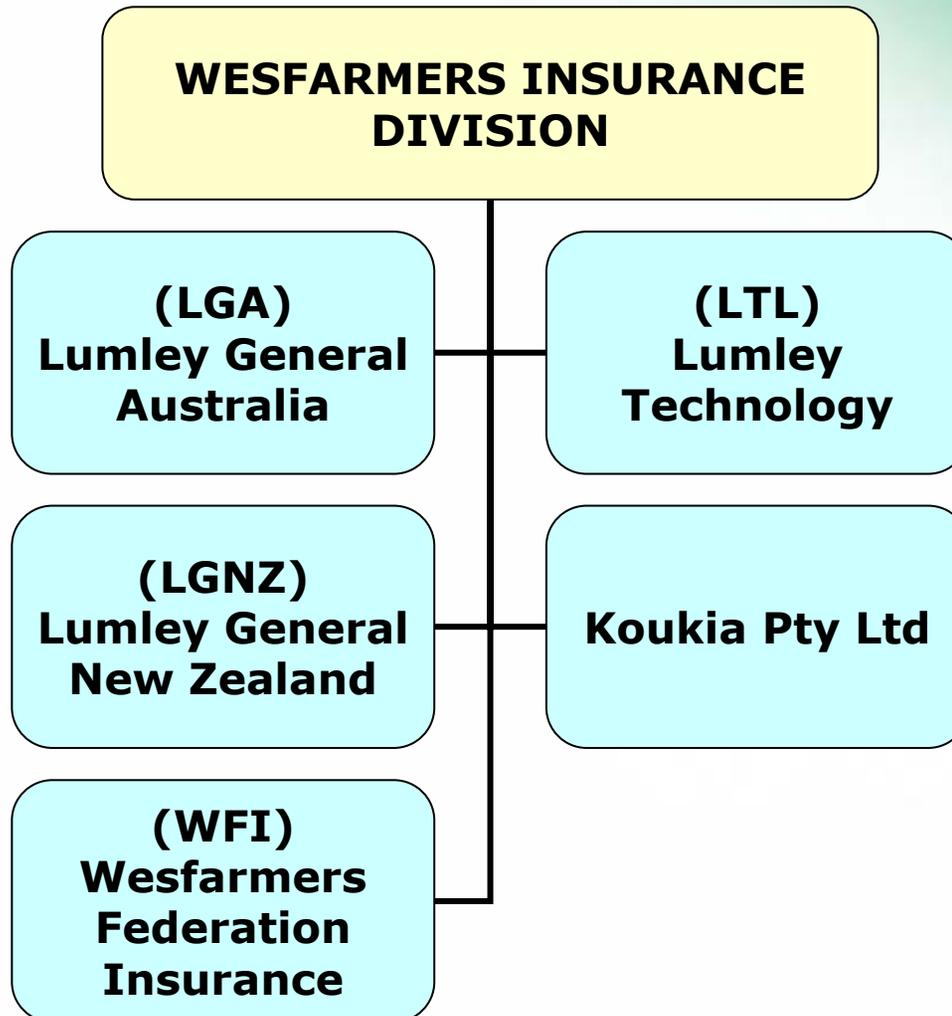
Lumley



Agenda

- Wesfarmers Insurance Division overview
- Description of business units
- Insurance industry analysis
- Historical financial performance
- YTD financial performance
- Prospects
- Priorities

Wesfarmers Insurance Division

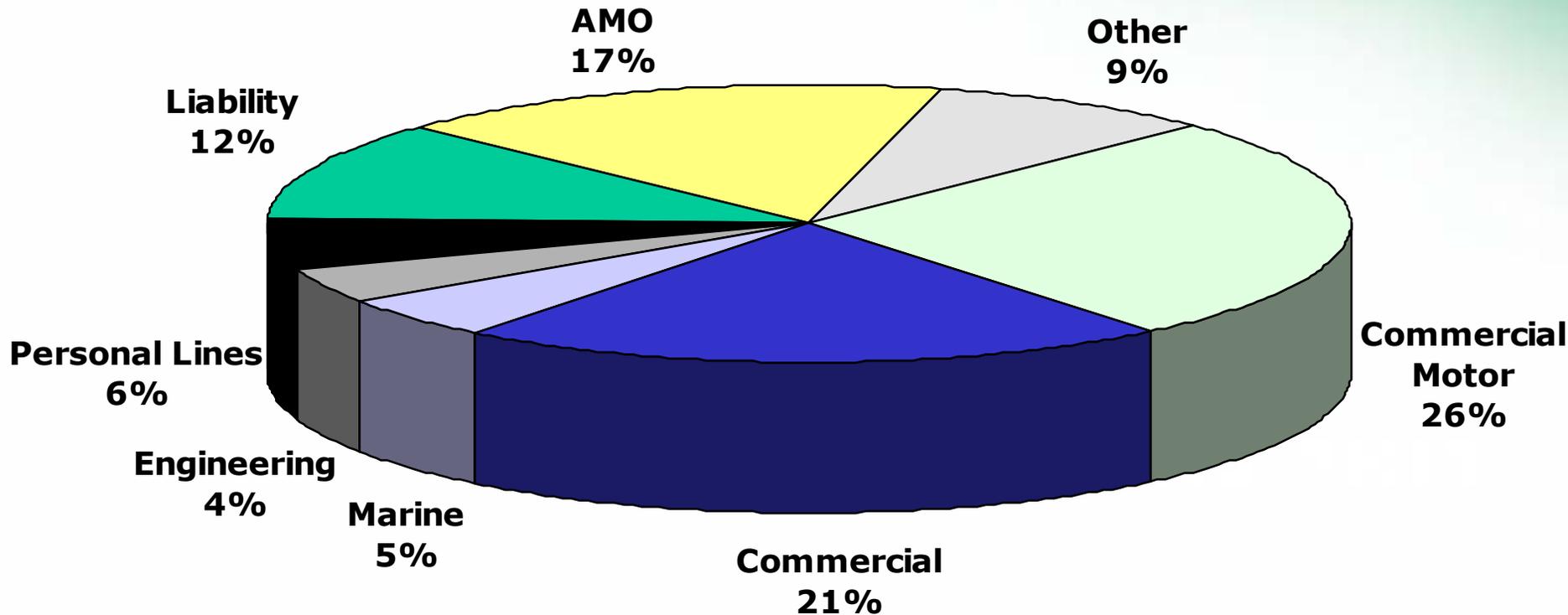


Lumley General Australia

- Specialised skills and products
- Short tail focussed
- Ranked 9th in Australian market
- 2003 GWP of \$540m
- Reliance on reinsurance
- Superior returns to industry

LGA – GWP by line of business

Total GWP for 2003 = \$539.9m

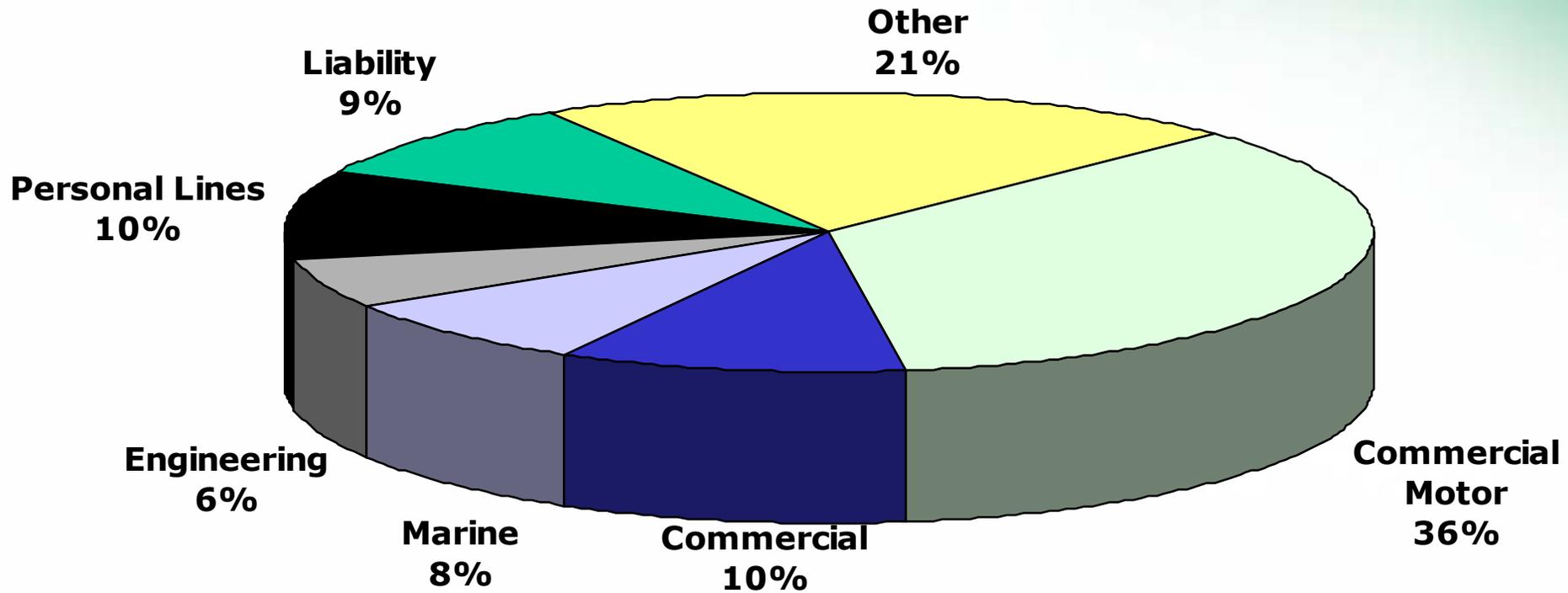


Lumley General New Zealand

- Specialised skills and products
- Short tail focussed
- Number 3 in New Zealand market
- 2003 GWP of A\$201m
- Reliance on reinsurance
- Experiencing significant growth

LGNZ – GWP by line of business

Total GWP for 2003 = A\$201.0m

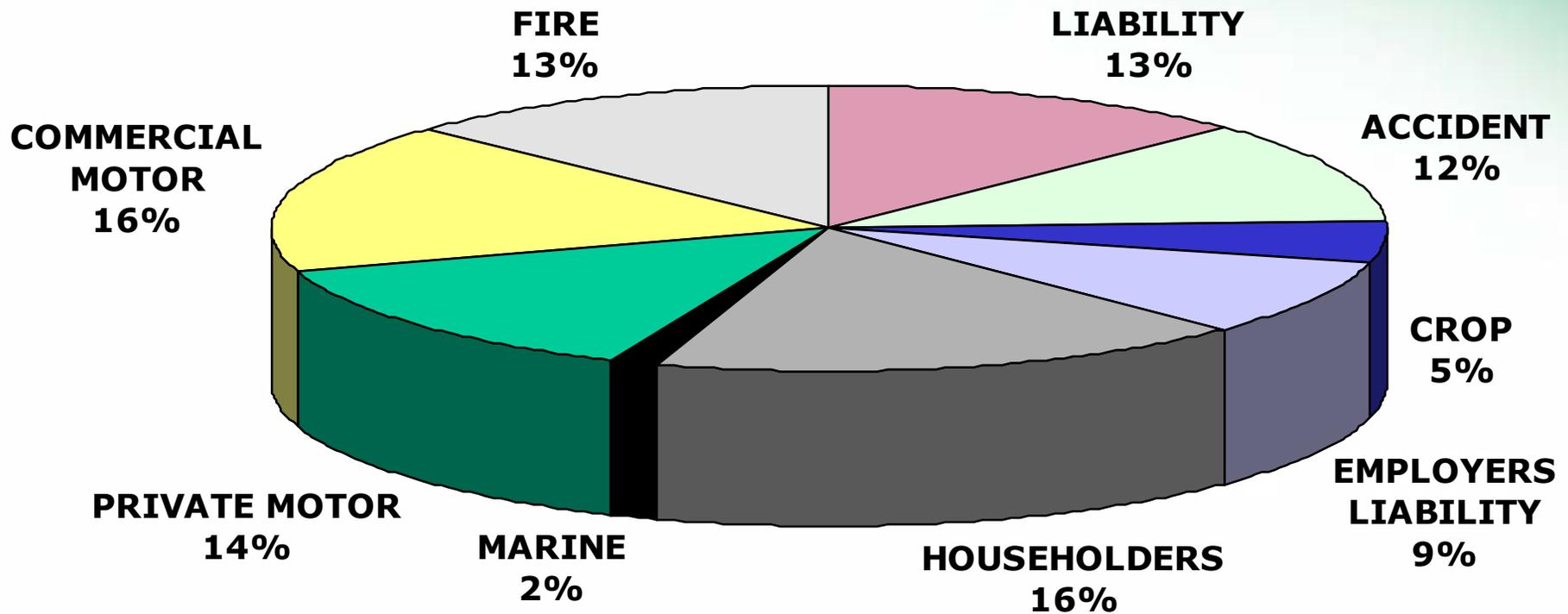


WFI

- Specialist niche insurer
- Focussed on rural and small business sectors in Australia
- Ranked 14th in Australian market
- Ranked 2nd in rural market after IAG/CGU
- 2003 GWP of \$227m

WFI – GWP by line of business

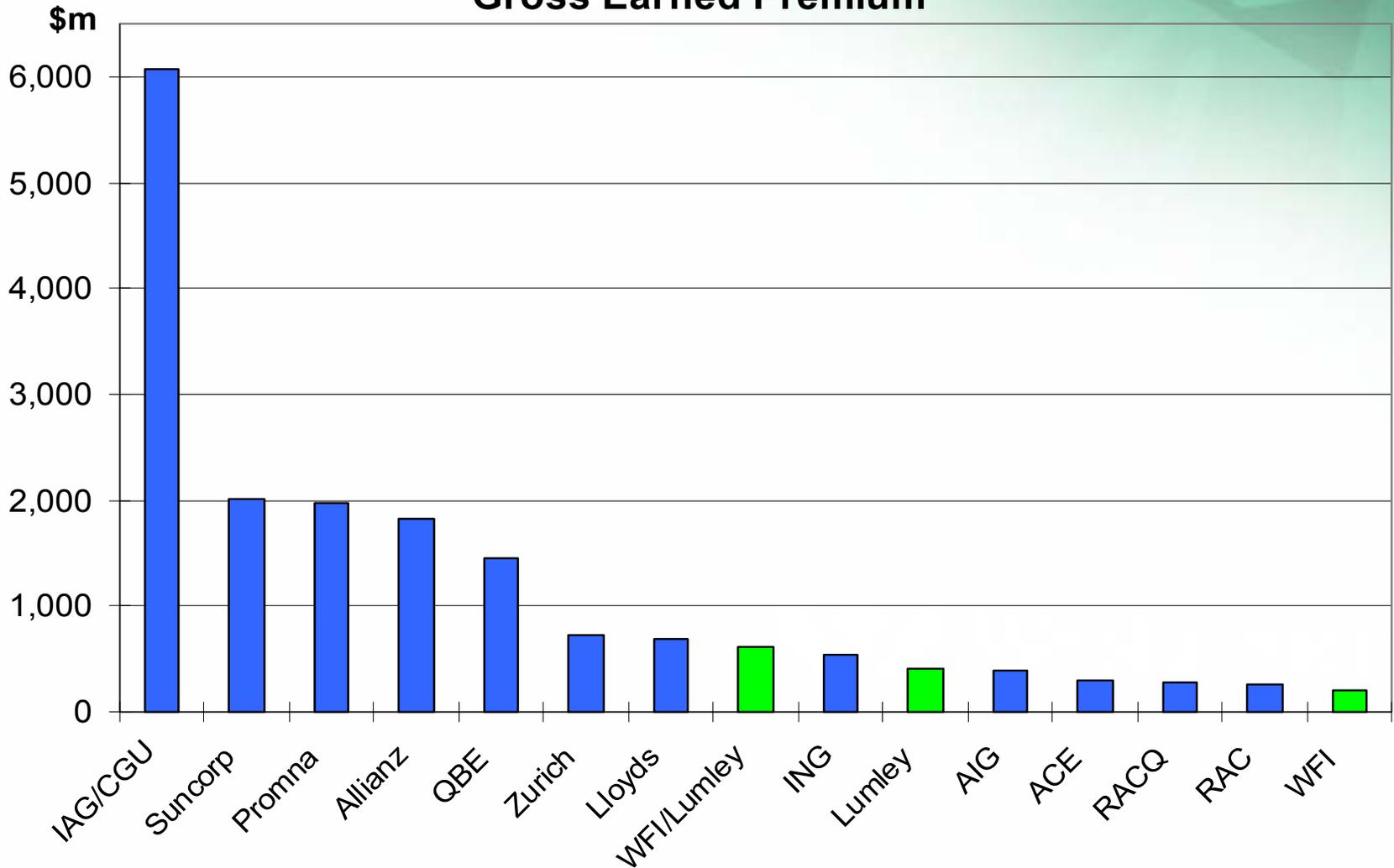
Total GWP for 2003 = \$226.7m



Industry Analysis

Largest 14 Insurers

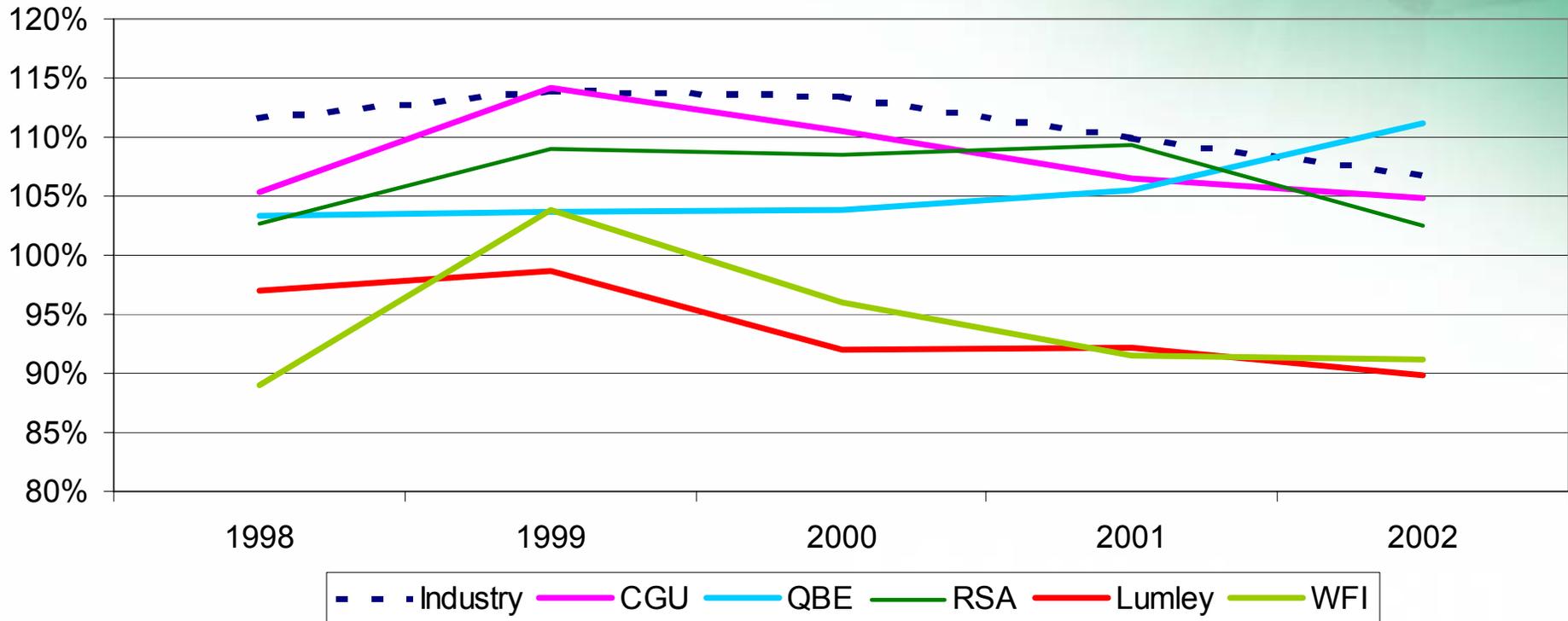
Gross Earned Premium



Source : Deloitte and Trowbridge 2003

Insurance Industry Analysis

- **Combined Operating Ratio**



Source : APRA 2002

Premium Funding

- Number 4 in Australian market
Number 1 in New Zealand
- Loans secured against insurance policy
- Assists in broker relationship and support
- Australian market highly competitive

Life Insurance

- Niche specialist focussed on risk products
- Strong performance in 2003
- Sold to Prefsure, the Australian arm of Johannesburg listed Capital Alliance on 4 October 2003
- Completion expected December 2003

Lumley Technology

- Focus on development and support of software for in-house use
- Some external revenue
- Independent review conducted
- Reviewing options to align business with insurance operations

Koukia

- Insurance software specialist
- Following recent acquisition we now hold 53.5% of Koukia
- Management retain significant share
- Will be deployed as WFI platform
- Prospects for sales to other insurers in Australia and overseas

Pro-forma Performance - 2003

	EBITA (\$m)	COR (%)	GWP (\$m)
LGA	55.4	85.6	539.9
LGNZ	6.2	95.7	201.0
WFI	25.2	90.9	226.7
Premium Funding	4.1	-	-
Divisional Overhead	(6.0)	-	-
Insurance Division	84.9	-	967.6

YTD Performance – Q1 2004

	EBITA (\$m)	COR (%)	GWP (\$m)
WFI	8.2	87.3	55.8

Prospects

- Australian businesses at top of cycle - underwriting becoming more competitive
- New Zealand cycle lags Australia by 18 months - strong growth in underwriting profit expected
- Lumley Life sale expected to complete in December 2003
- Further insurance industry consolidation

Priorities

- Achieving satisfactory rates of return
- Build on existing operations
- Achieve synergies
- Resolve Lumley technology issues
- Reduce proportional reinsurance cover
- FSRA license for WFI/LGA

Peter Davis

Managing Director, Bunnings



Wesfarmers



LOWEST PRICES
WIDEST RANGE
BEST SERVICE

Agenda

1. 1st Quarter Result
2. 1st Quarter Highlights
3. Key Issues
4. Outlook
5. Questions

1st Quarter Result

Segment Result

(\$m)	2003	2004	Change
Revenue*	814.6	888.1	9.0%
EBITA*	78.1	80.4	2.9%
Amortisation	12.5	12.4	-1.2%
EBIT	65.6	68.0	3.7%
EBITA/Sales Ratio	9.6%	9.1%	-0.5%

*Includes Revenue and EBITA from property and other

1st Quarter Result

Trading Result

(\$m)	2003	2004	Change
Revenue*	800.0	886.3	10.8%
EBITA*	71.6	79.0	10.4%
Amortisation	12.5	12.4	-1.2%
EBIT	59.1	66.6	12.7%
EBITA/Sales Ratio	8.9%	8.9%	0.0%

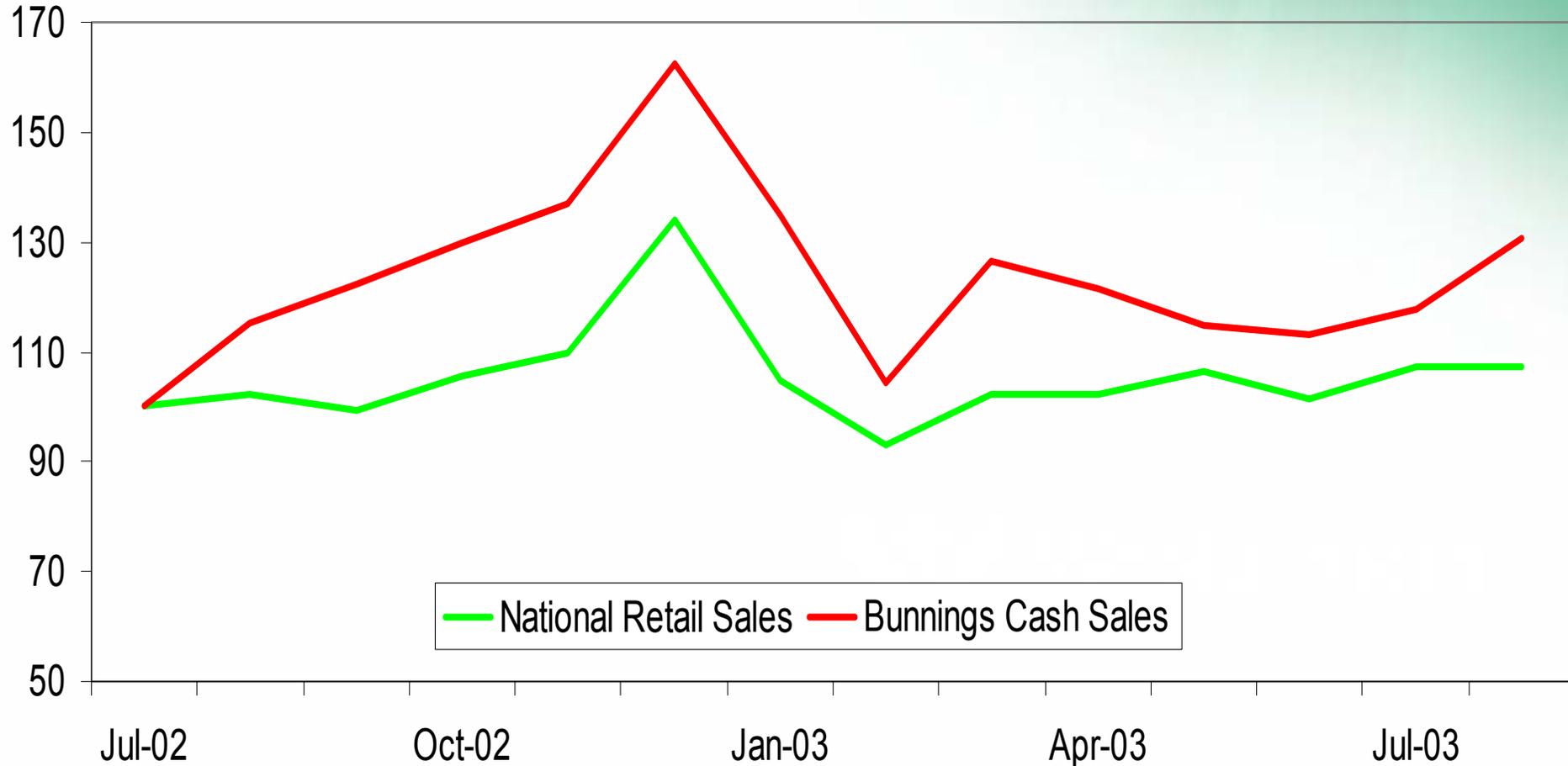
*Excludes Revenue and EBITA from property and other

1st Quarter Result

- Cash store on store growth 14%
 - Strong result – Queensland, New South Wales, Western Australia & New Zealand
 - Difficult trading conditions – Victoria
- Water restrictions
 - NSW Stage 1, Vic Stage 2, ACT Stage 3
 - Sales impact \$5m/month

Industry Performance

National Retail Sales vs Bunnings Cash Sales (Indexed to 100)

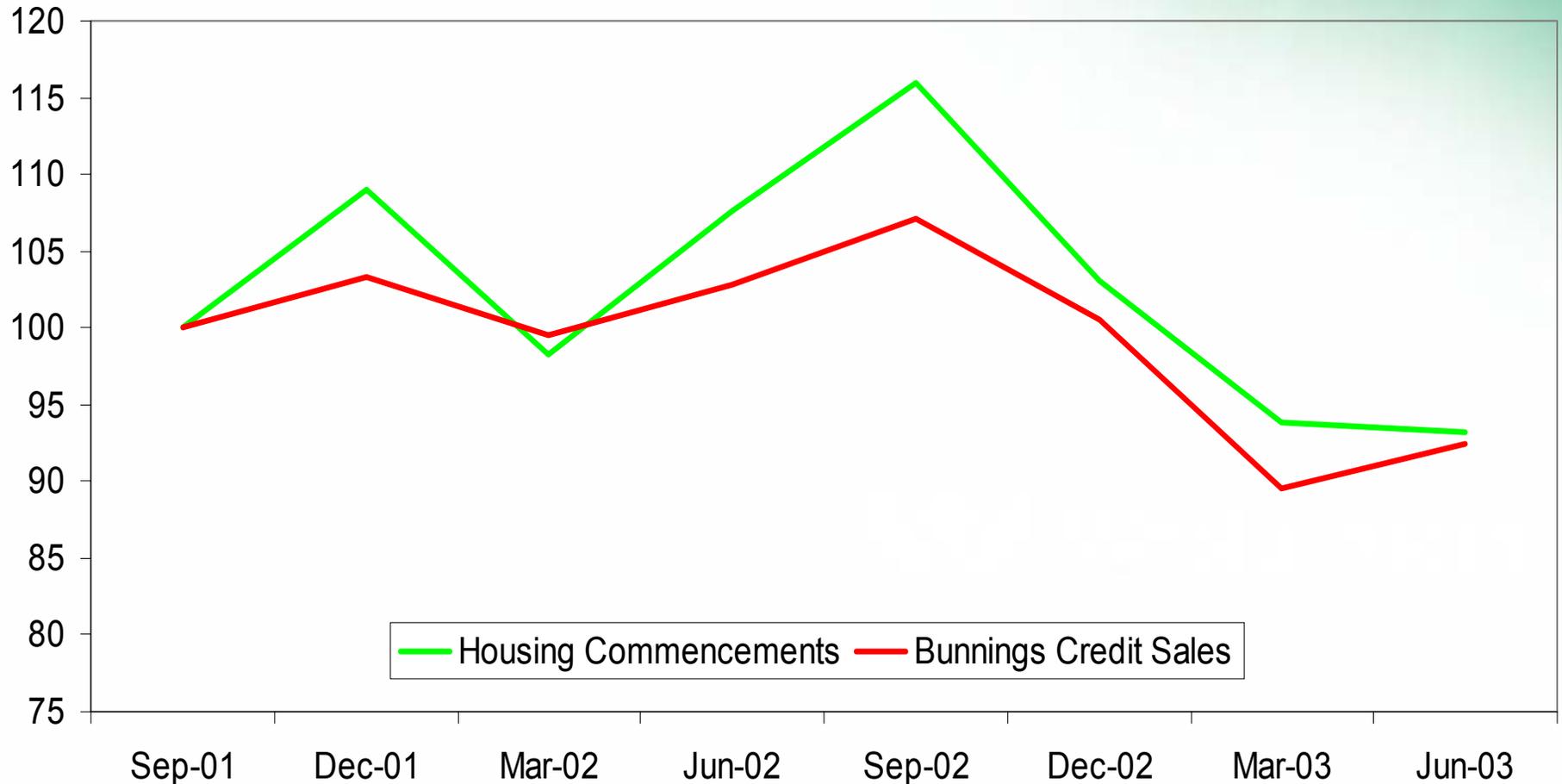


1st Quarter Result

- Trade credit sales decreased by 6% (Australia)
 - Small account rationalisation
 - Trade, wholesale and manufacturing closures
 - Strong competition (margin)
- Store network refit and upgrade disruption
- Inventory
 - Management
 - Range alignment

Industry Performance

Bunnings Credit Sales vs National Housing Commencements (Indexed to 100)



1st Quarter Highlights

➤ Store Network Development

- New warehouse openings
 - Dural, Albury, Townsville
- Closures
 - Aspley, Townsville (former HWH)

1st Quarter Highlights

New Store at Albury



1st Quarter Highlights

➤ Store Network Development

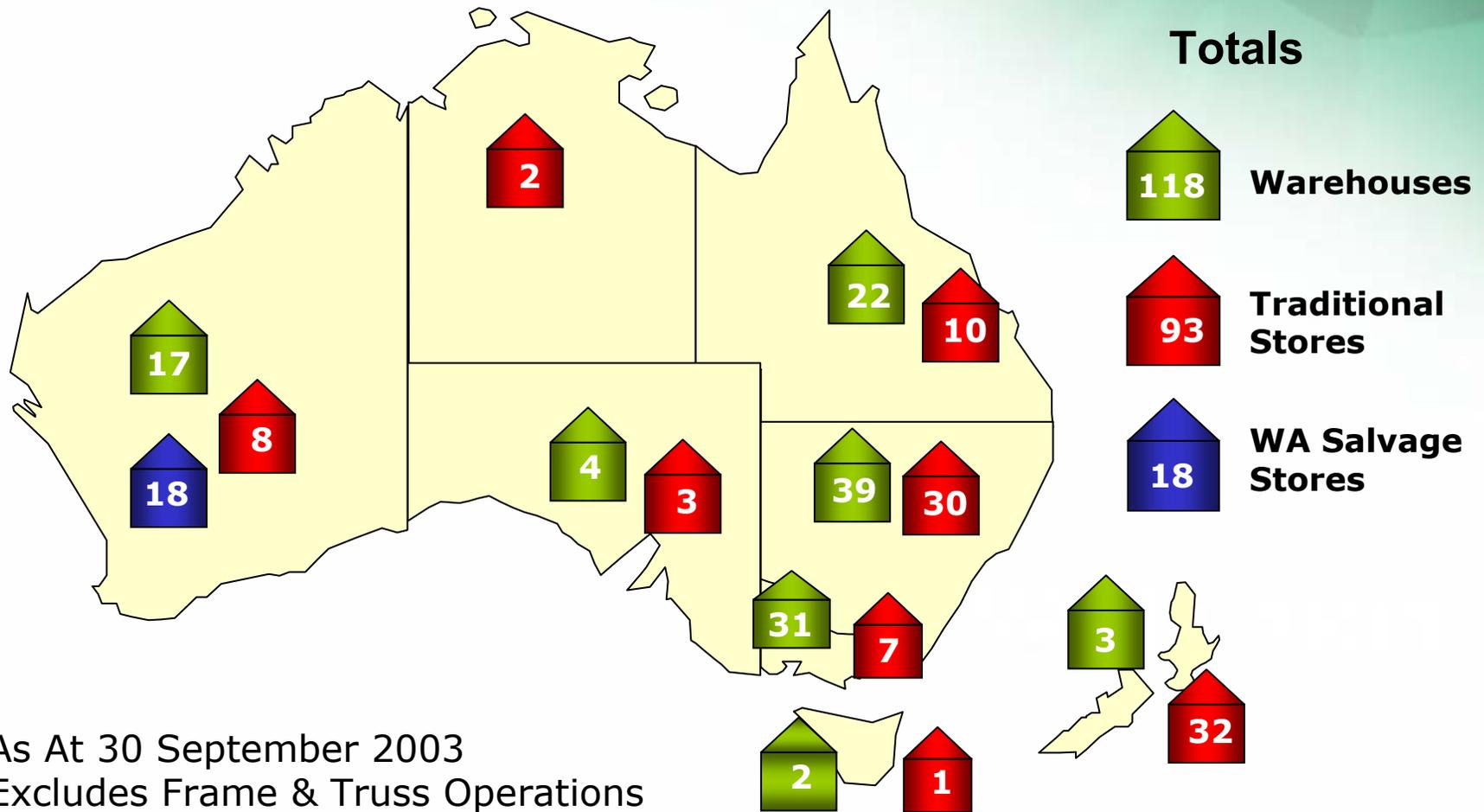
- Bunnings Warehouse upgrades
 - Burleigh, Southport, Parafield
- Former Hardwarehouse refits
 - Mascot, Norwest
- Traditional store upgrade
 - Eltham

1st Quarter Highlights

Mascot store after refit



Store Network Update



As At 30 September 2003
Excludes Frame & Truss Operations

1st Quarter Highlights

- NSW Management Shortfall
 - 40 new managers appointed
 - Cultural change processes refreshed
 - Reduction in labour turnover
- Supplier roadshows
- Refit benefits
- Plastic bag initiative

Key Issues

1. Store Network Development

➤ Openings

- Target 8 – 12 per annum
- Series 3000 Warehouse

➤ Departmental and range upgrades

- Ex-BBC Electrical and Garden completed
- Continuous product range reviews
- Import focus

Key Issues

1. Store Network Development (cont.)

- Store Upgrades and Conversions
 - Upgrade 10% of network per annum
 - Former Hardwarehouse refits
 - Bunnings Warehouse upgrades
 - Traditional store conversions

- Closures

Key Issues

2. Continuous Improvement

- Consistent offer
 - Lowest prices
 - Widest range
 - Best service

- Attracting, developing and retaining the right people
 - Bunnings recruitment brand
 - E-learning
 - Corporate “University”

Key Issues

2. Continuous Improvement (cont.)

➤ Safety

- Clear safety objectives
- Safety training and education
- Safety management system
- Cultural change

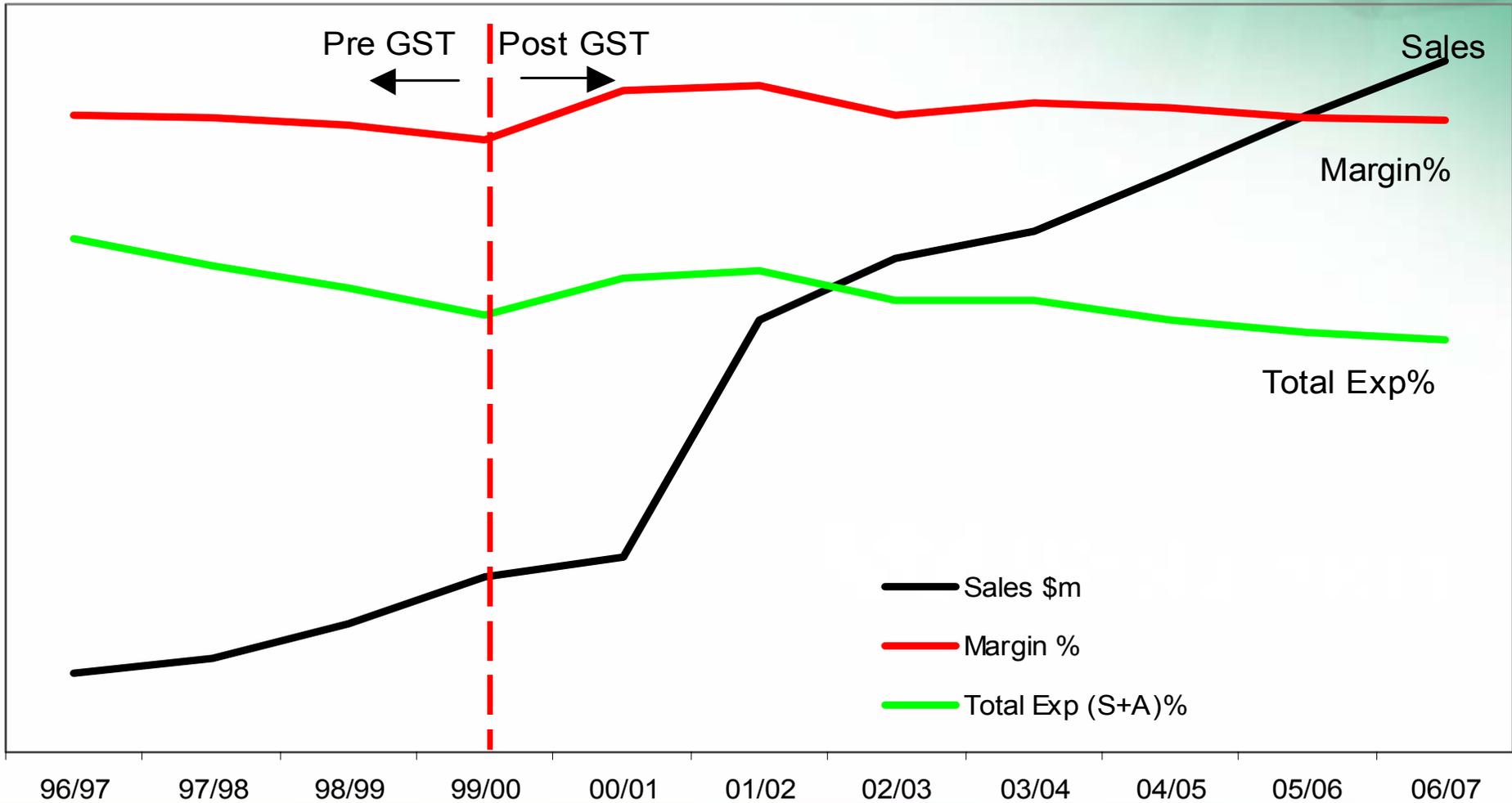
Key Issues

3. Cost and capital management

- Investment in technology
 - Data Warehouse
 - International benchmarking
- Merchandise / inventory systems and process development
 - BITS
 - Supplier rationalisation
 - Supplier KPI's
- Warehouse Administration Review ("WAR")

Key Issues

3. Cost and capital management (cont)



Key Issues

4. Trade Business Improvement

➤ Trade Strategy

- Trade Hubs
- Consistent Offer vs Retail
- Market research

Outlook

- Continued growth in DIY and renovation markets
- Slower growth in domestic building trade sector
- 5 more warehouse openings pre Xmas
- Store development pipeline
- Store network upgrades and conversions
- Continuous improvement

Outlook

Forecast Annual Growth Rates

Indicator	2003/04	2004/05
1. Retail Sales	+5.2%	+6.1%
2. Housing Starts	-3.4%	-8.9%
3. Renovation Expenditure	+5.4%	+4.1%

Sources: 1. BIS Shrapnel; 2&3 Housing Industry Association

