

Investor Briefing

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Wesfarmers Limited
May 2003

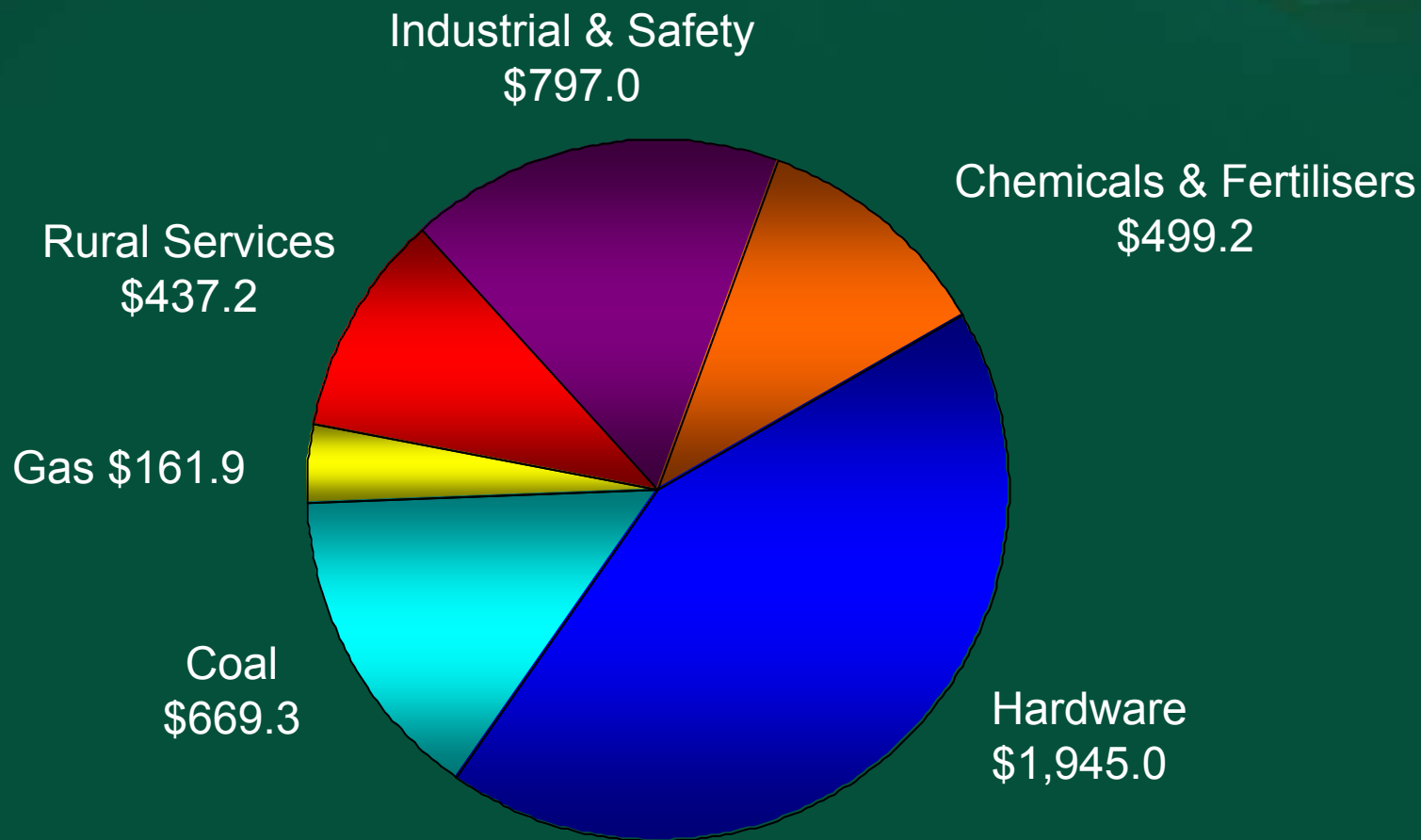


Background and Corporate Strategy



Capital Employed by Division

Rolling 12 months to 31 March 2003 (A\$ million)



Objective – Philosophy – Strategies

Objective

To provide a
satisfactory
return to
shareholders

Growth Philosophy

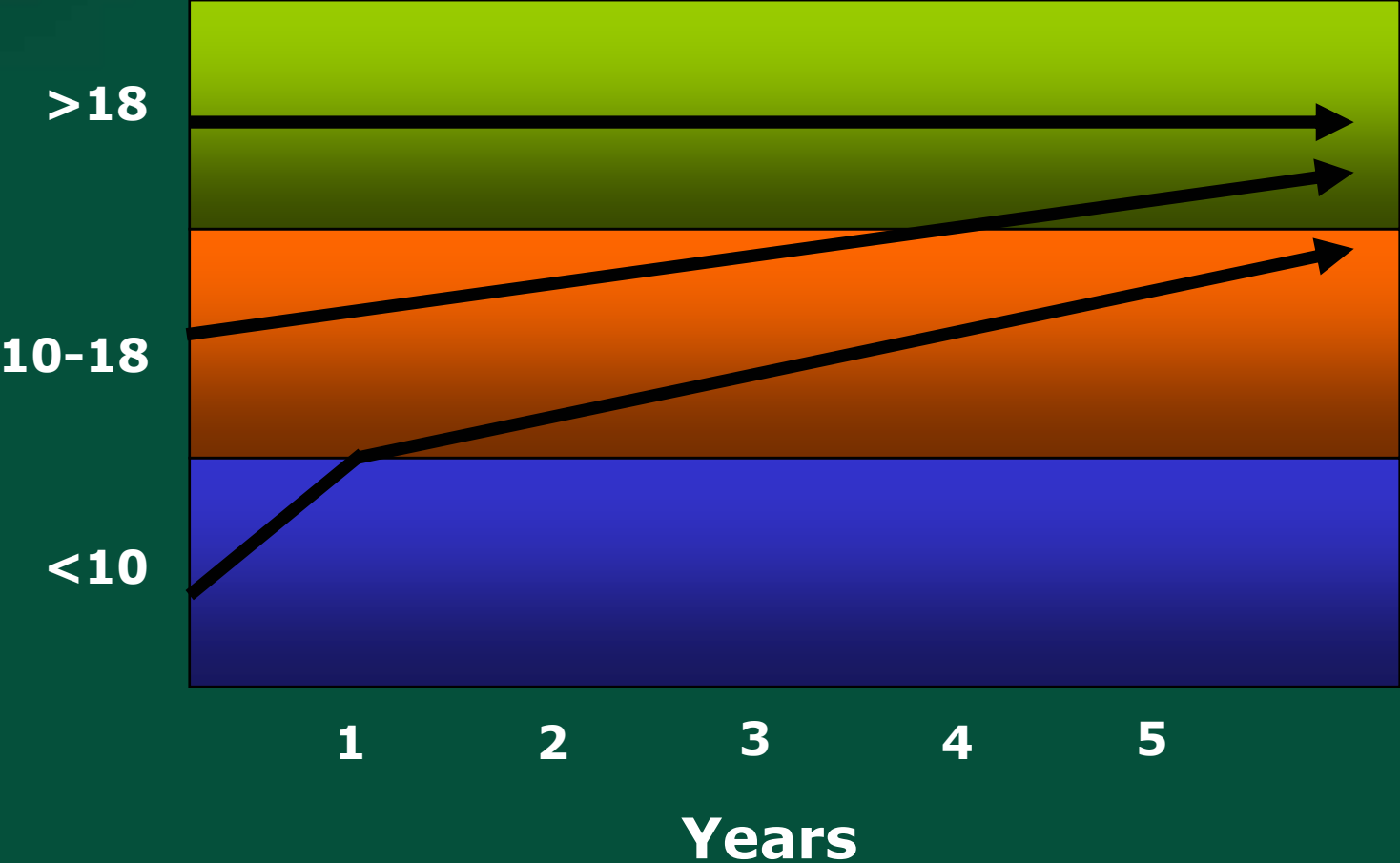
Logical
Incrementalism

Growth Strategies

1. Improve performance of existing businesses
2. Expand existing businesses
3. Portfolio Management

Divisional Performance Requirements

ROC %



Integrated Shareholder-Focused Systems

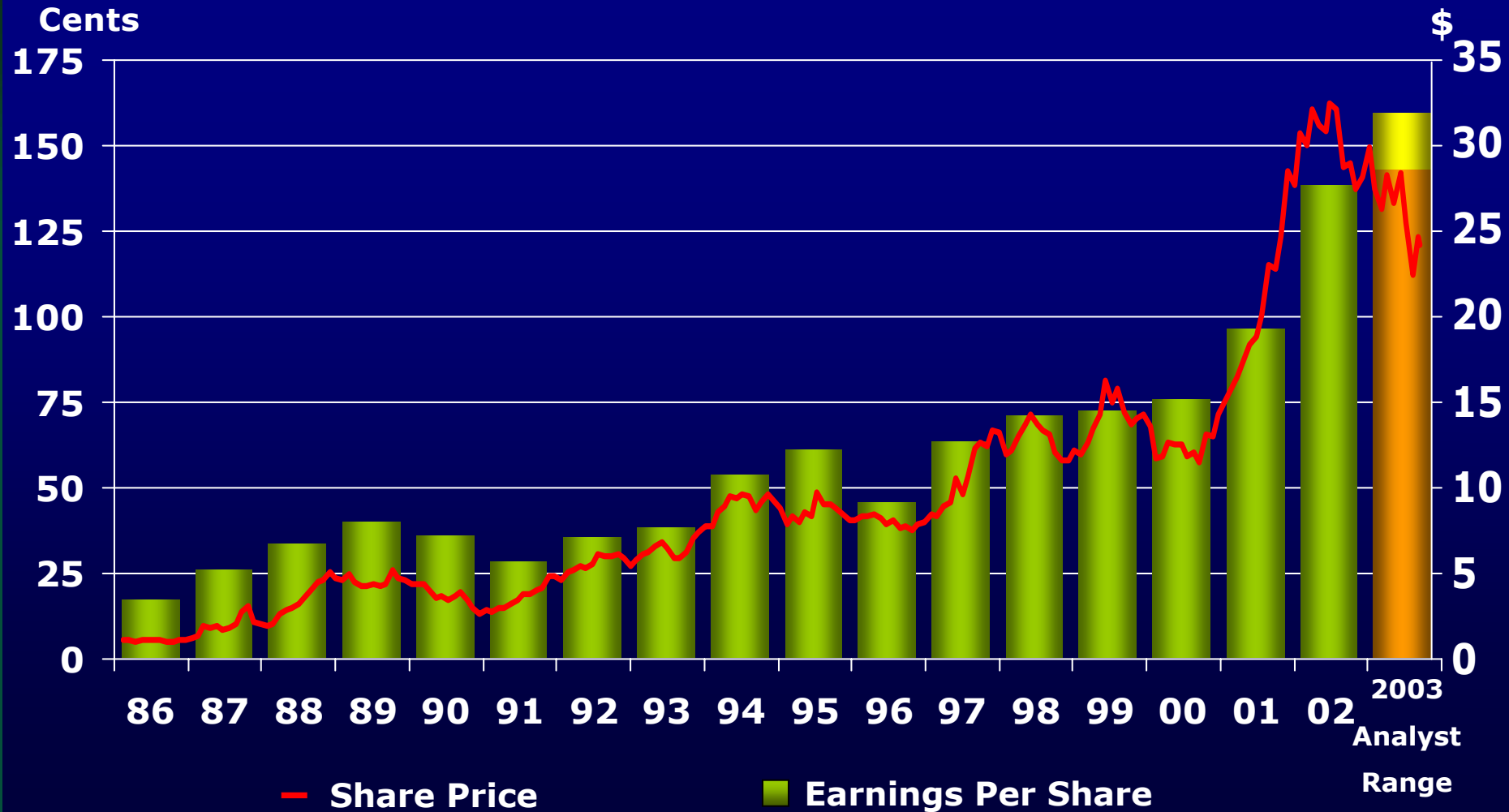
- Objective setting
- Performance measures
- Performance targets
- Management accounts
- Cash management
- Corporate planning
- Project evaluation
- Remuneration
- Risk Management

Divisional ROC and Capital Employed

Before Amortisation of Goodwill

31 March 2003 (rolling 12 months)	EBITA \$m	Capital Employed \$m	2003 ROC %	2002 ROC %
Hardware	356.0	1,945.0	18.3	16.4
Energy	263.9	831.2	31.8	26.3
Rural Operations & Insurance	81.0	437.2	18.5	12.2
Industrial & Safety	111.6	797.0	14.0	11.8
Chemicals & Fertilisers	75.7	499.2	15.2	11.6

Share Price vs Earnings Per Share (pre goodwill amortisation and abnormals)



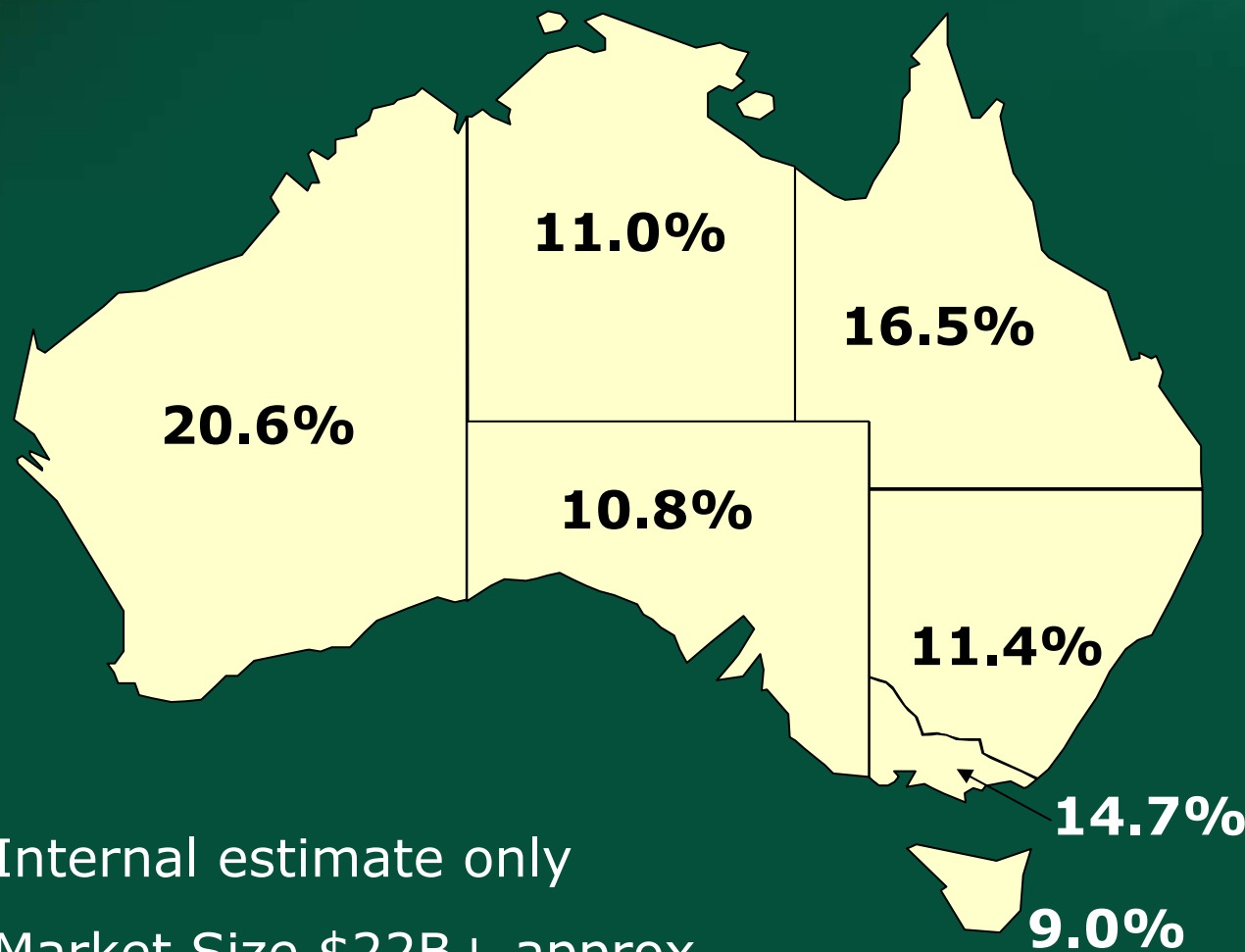
Outlook & Priorities by Major Business Activity



Hardware



Bunnings Market Share – 2003 (estimated)

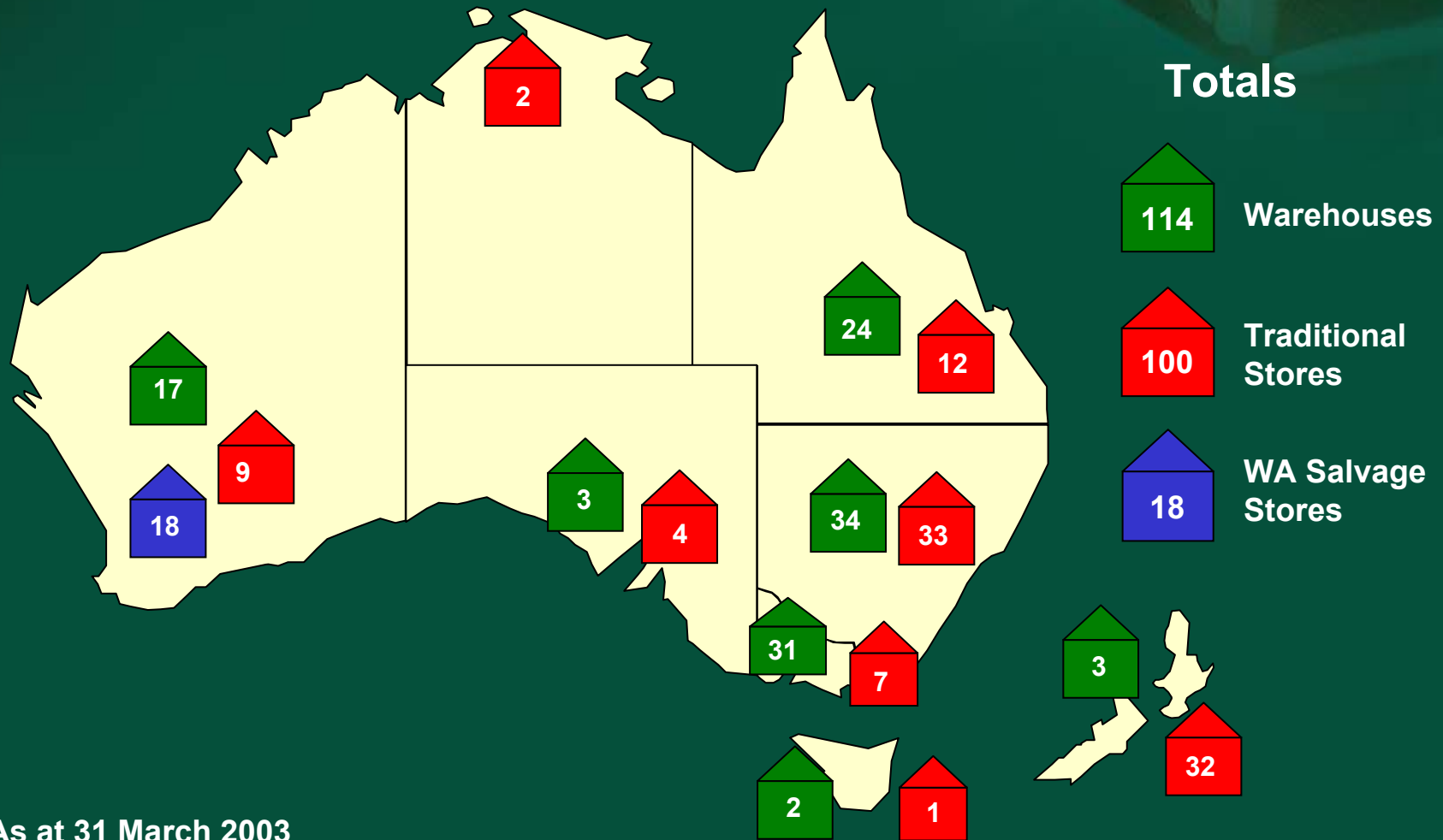


Australia
Total 14.1%
(01/02 13.9%)

- Internal estimate only
- Market Size \$22B+ approx

Bunnings Business Overview

Store Network



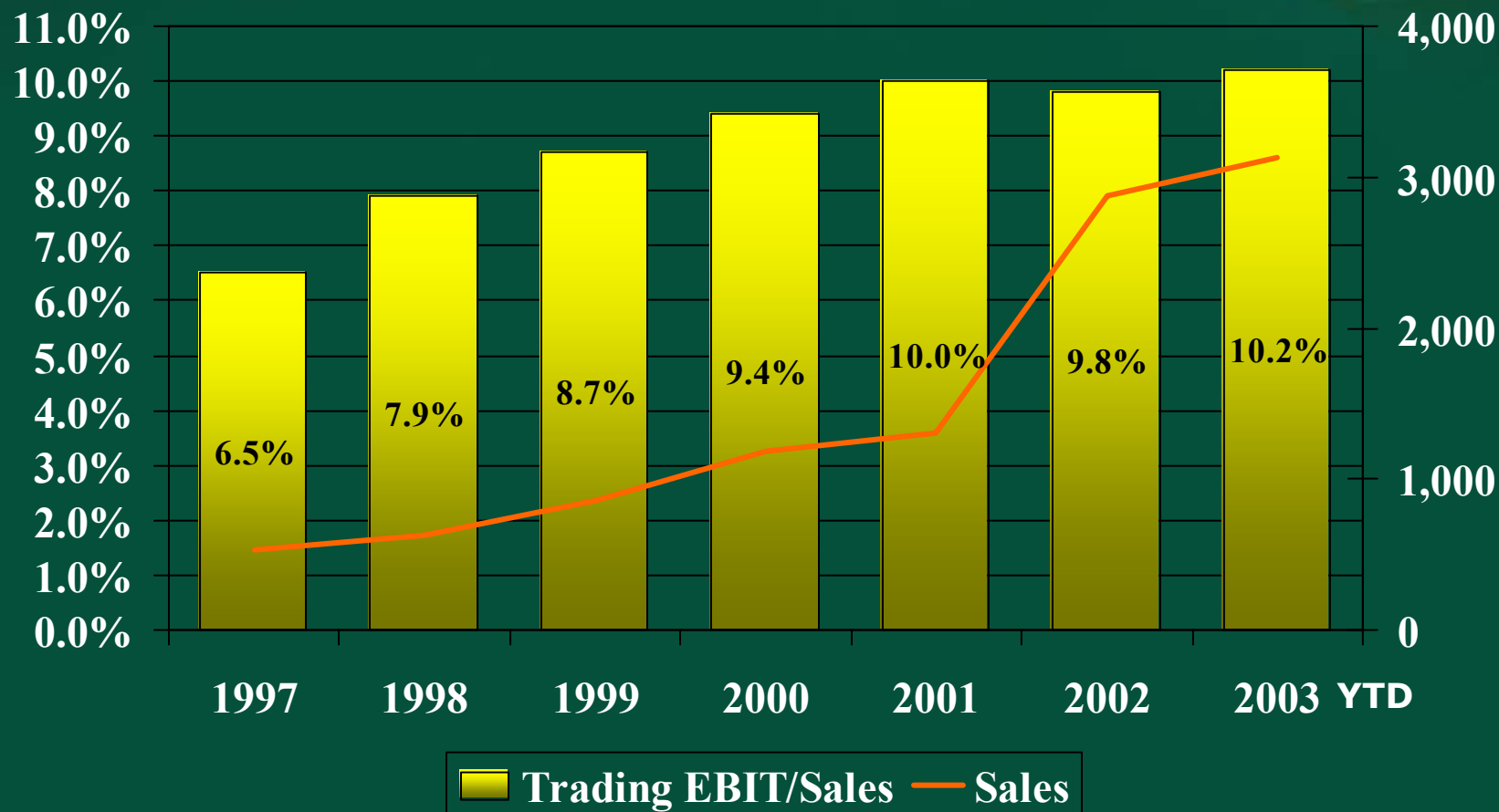
-As at 31 March 2003

- Figures excludes DCs, F&T, MLM and State Offices

Bunnings Margins & Sales – Australia

EBIT/Sales %

Sales \$M



Bunnings Australia exc Property

Store Network Developments

- Store network - move toward warehouse mix
 - Traditional store network “conversions”
 - Continue warehouse openings
 - Dedicated trade outlets

Warehouse Store Openings

Under Construction - 8

Committed opening program 8-12 per year
continued network restructure i.e. closings as
appropriate

Closures to date – 59	Warehouses	5
	Traditional	54

Store Network Developments (cont)

	<u>7000 series</u>	<u>9000 series</u>
No. of Bays	970	1136 (+17%)

Significant additional range

- Garden & Leisure 20%
- Decorator 43%
- Heavy bench tools -
- Flooring 91%
- Plumbing 27%
- Promotional & Seasonal 20%

Warehouse Store Upgrades

- 7-14 per annum
- Continuous improvement & learning
- Merchandise range
- Tool Shop/Paint/Garden/Services

Traditional Store Conversions

- 03/04 – 12 planned
- 30-40% lift in sales
- 8-12,500 additional sku's

Bunnings Strategies

- Consistency of offer (range, service, price)
- Store network development
- Reducing costs and better use of working capital
- Attracting, developing, retaining the right people
- Safety
- Systems improvements

Bunnings Outlook & Priorities

- Slower growth in domestic building trade sector
- DIY and renovation market growing
- Focus on continuous improvement
- Focus on development of store network
 - - openings & re-merchandising
- Focus on costs and systems

Energy

Energy Activities

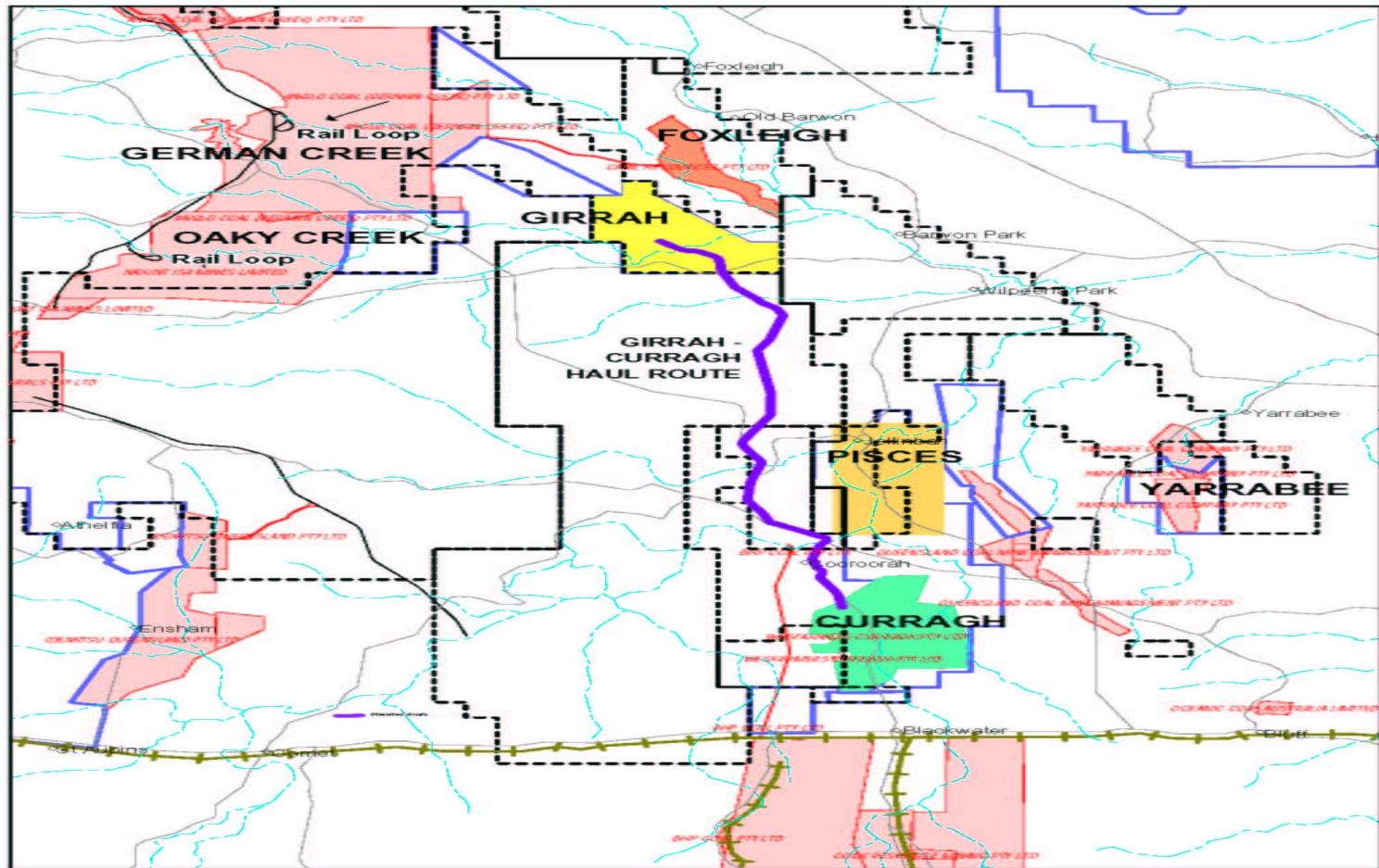
- **Coal**

- Premier - 3.2mt pa domestic contract steaming coal
- Bengalla - 40% owned
 - 6.0mt pa domestic/export steaming coal
- Curragh - 6.0mt pa - export coking coal
 - domestic contract steaming coal
- LPG extraction plant 350,000t pa
- National LPG distribution business
- 40% interest in Air Liquide WA (industrial gases)

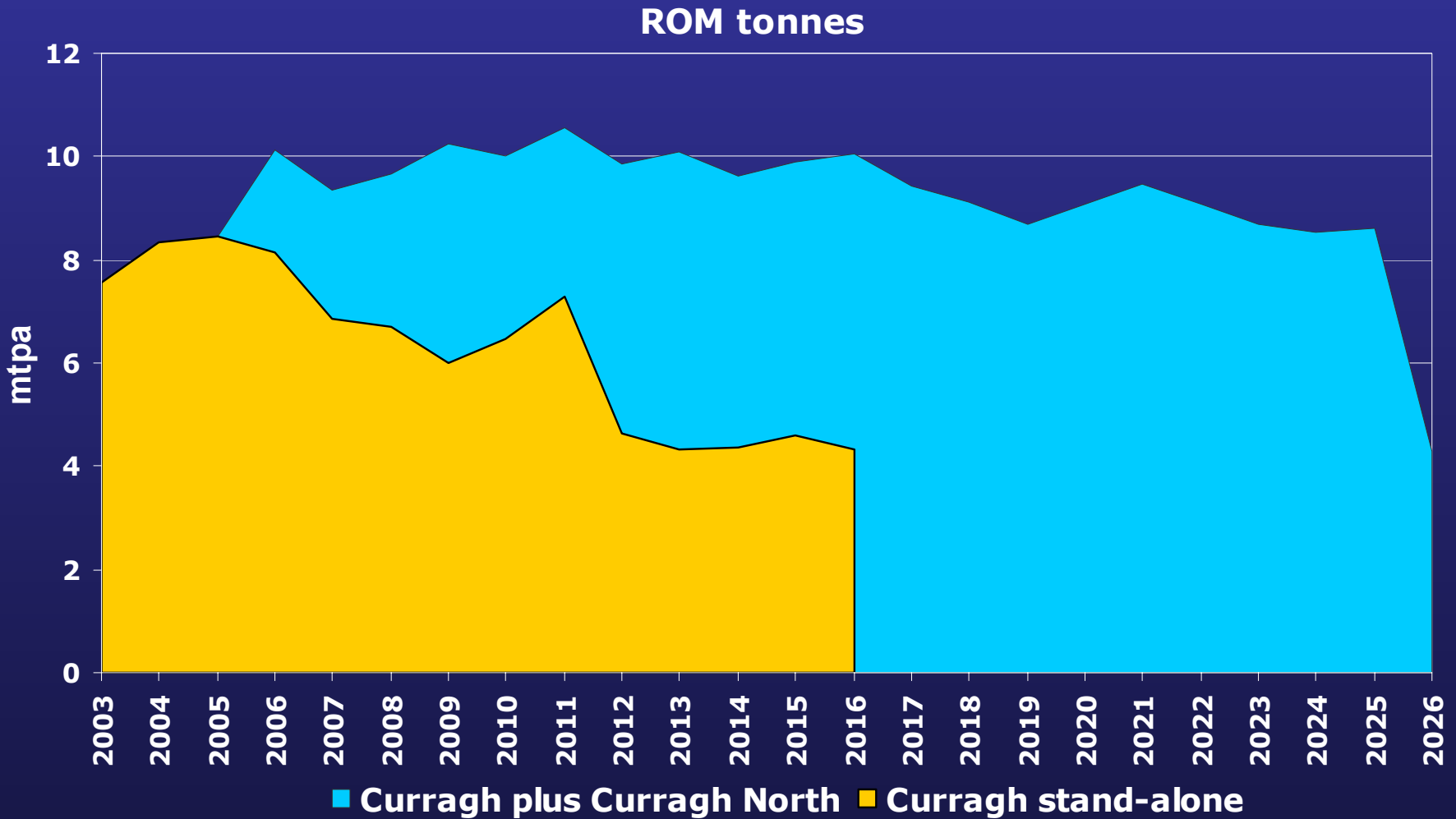
Coal & Gas Developments

- Curragh North (Pisces) secured
- Girrah divested
- LPG contract renewal post 2005
- WA electricity reform

Energy Curragh Developments



Energy Curragh Production



Key Factors Impacting Outlook

- **Gas**

- Contract Price (Middle East uncertainties)
- Weather impact on demand
- Export shipment timing

- **Coal**

- Coal price outcomes
- Rail / port performance
- Export shipment timing
- Premier restructuring

Wesfarmers Landmark

Wesfarmers Landmark: a snapshot

100,000 customers

Services

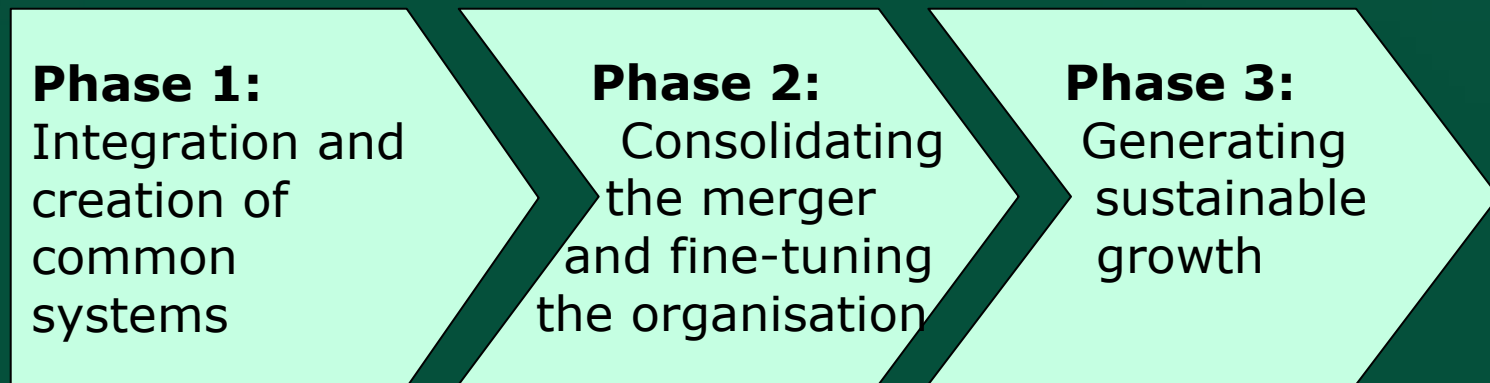
Merchandise
Fertiliser Sales
Livestock Agency
Wool Agency
Real Estate
Finance
Insurance

1,890 employees

430 outlets

Wesfarmers Landmark Strategic Direction

- Three phases for developing Landmark following acquisition of IAMA:



- Phase 1 was completed in 2001
- Phase 2 was the focus in 2002
- Phase 3 will focus on new business growth in 2003 and beyond

Wesfarmers Landmark growth:

- Appropriate cost base
- Ongoing management of capital employed
- Streamlined structure
- Merchandise recovery
- East coast fertiliser expansion
- Drive livestock & wool growth
- National finance & insurance

Wesfarmers Landmark

Outlook

- Autumn break necessary to restore activity
- Livestock numbers well down – herd and flock rebuilding to take place
- Cattle prices will increase when drought breaks
- Wool prices falling
- Continued growth in finance and insurance business
- Real estate expected to remain on budget but seasonal break important to produce listings

Wesfarmers Federation Insurance

Overview of WFI's Business

- Founded in 1919
- Acquired Federation Insurance in 1991
- Rural and small business focus
- 13th largest insurer in Australia
- 80 branches
- 100,000 customers

Wesfarmers Federation Insurance

Outlook

- Expect to achieve 2002/2003 budget
- Premiums continuing slight upward trend
- Strong consistent profit performance

Chemicals & Fertilisers

CSBP Activities

- Manufacture and marketing of chemicals for industry, mining and mineral processing in Western Australia
- Manufacture and marketing of broadacre and horticultural fertilisers in Western Australia
- Soil and plant testing and agronomy advisory services

Chemicals

Outlook

- Firm demand for ammonia
- Solid demand for AN for explosives and fertilisers
- Improving sodium cyanide conditions
- WA Water Corporation chlorine contract renewed
- Evaluating growth opportunities

Fertilisers

Outlook

- Generally favourable commodity pricing outlook
- Expected strong plantings
- Ongoing product range development to meet farmer requirements
- Further cost base improvements
- No interstate sales expected in the short term
- Seeking new markets for proprietary fertilisers

Industrial & Safety

Industrial & Safety Distribution Network



◆ TRADING STYLES:

◆ Blackwoods	73
◆ Bakers	7
◆ Motion	10
◆ Metals	1
◆ Mullings	10
◆ Atkins	19
◆ Protector Alsafe	48
◆ NZ Safety	24
◆ Blackwoods (NZ)	7
◆ Protector (NZ)	22
◆ Pkg House	10

◆ TOTAL 231

◆ BRANCHES

◆ NSW	33
◆ VIC	29
◆ QLD	40
◆ WA	40
◆ SA	14
◆ TAS	9
◆ NT	3
◆ NZ	63

◆ TOTAL 231

Industrial & Safety

2003 Outlook & Initiatives

- Positive outlook for mining and transport sectors
- IT infrastructure implementation:
 - Financials / HR / Data Warehouse / Portal
- Trading style – shop front rollout
- Facilities rationalisation:
 - Protector & Alsafe branches and warehouses

Australian Railroad Group

ARG

- Management change
- Drought impact
- De-railments

Wesfarmers

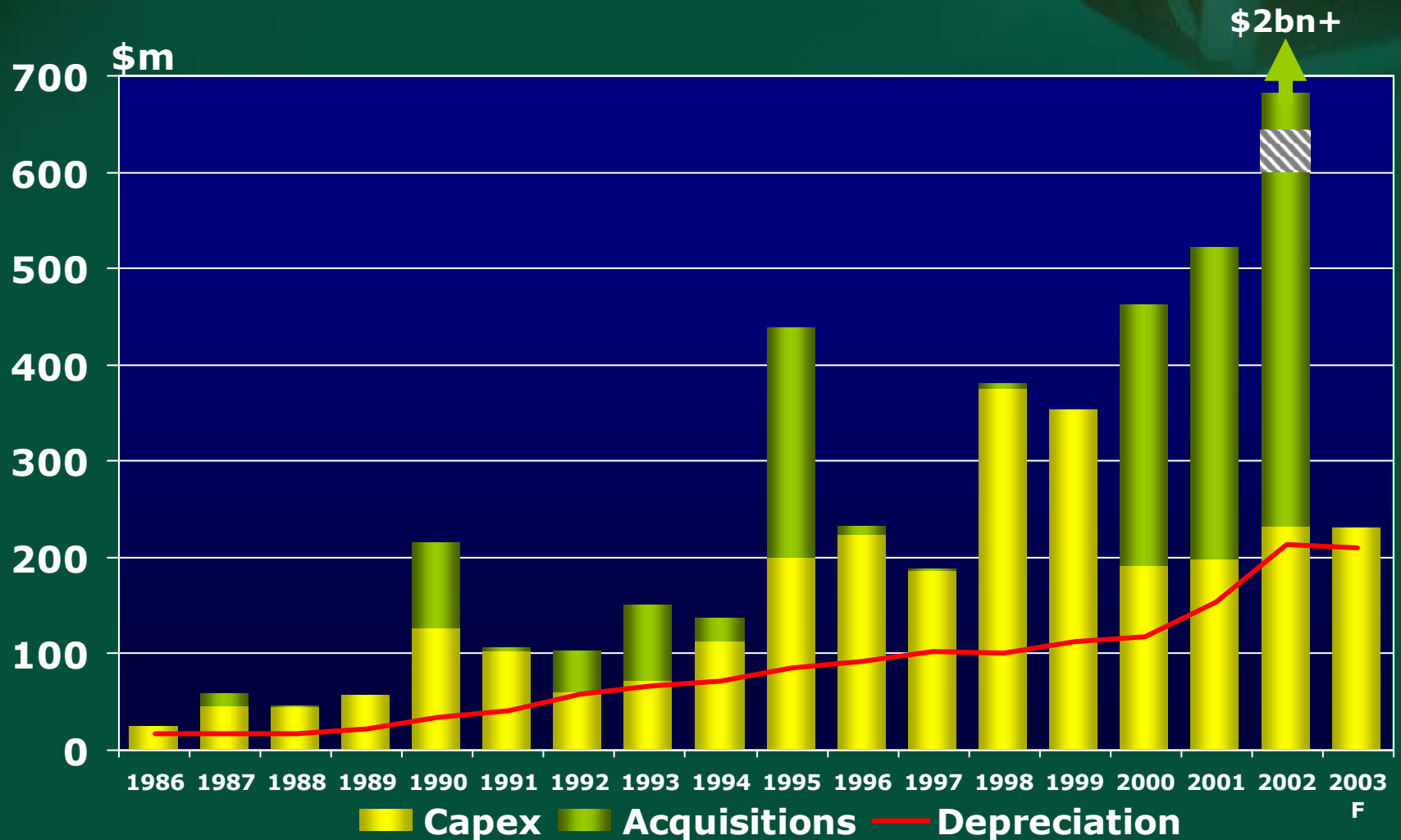
Key Success Factors

1. Financial Focus
2. Strict Disciplines
3. Building Growth-Enabling Competencies
4. Culture

Net Cashflow from Operations after Tax



Wesfarmers Capital Expenditure & Depreciation



Wesfarmers Corporate Objective

“to provide a satisfactory return to
shareholders”

www.wesfarmers.com.au

