



20 March 2019

The Manager  
Market Announcements Office  
Australian Securities Exchange

Dear Manager,

**PRESENTATION & OPERATIONAL SITE TOUR FOR BUNNINGS**

Following is a presentation that will be given at a briefing and operational site tour of the Bunnings business today, Wednesday 20 March 2019 at 10:00am AEDT.

This briefing will be webcast and accessible via our website at [www.wesfarmers.com.au](http://www.wesfarmers.com.au).

Yours faithfully,

A handwritten signature in black ink, appearing to be "L J Kenyon".

**L J KENYON**  
COMPANY SECRETARY

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# Bunnings Presentation & Operational Site Tour

*Michael Schneider*

*Managing Director, Bunnings Group*



**BUNNINGS**  
warehouse

**BUNNINGS**

**BUNNINGS**  
TRADE

# Leadership team here today

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**James Todd**  
Director  
Marketing



**Melissa O'Neill**  
GM  
Corporate Affairs



**Debbie Poole**  
COO



**Leah Balter**  
Director  
Digital & Analytics



**Ryan Baker**  
GM  
Operations (AUS)



**Rod Caust**  
GM  
Trade



**Ian Hughes**  
GM  
Store Development



**Carl Callaghan**  
GM  
Merchandising



**Michael Schneider**  
Managing Director



**Keith Murray**  
GM  
Marketing



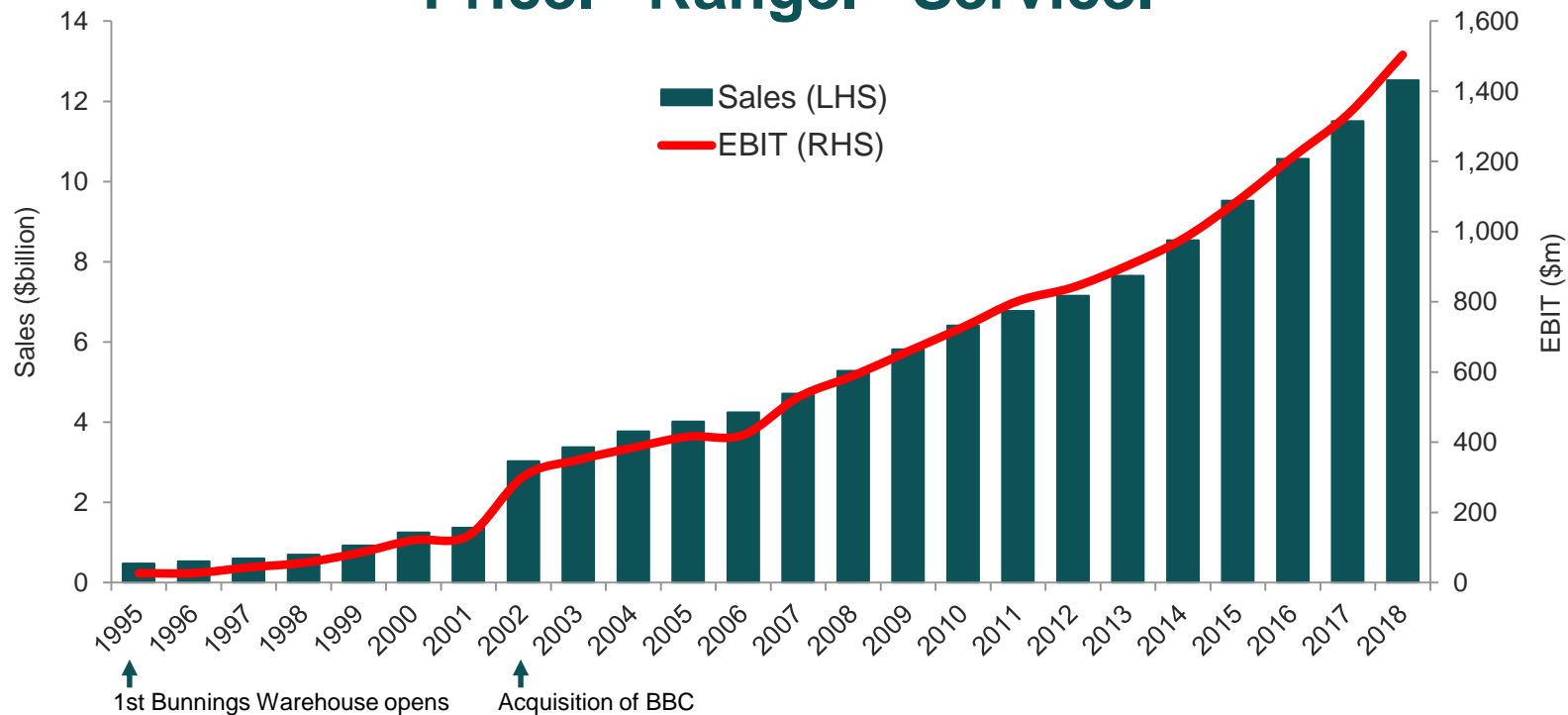
**Clive Duncan**  
Director  
Corporate Affairs &  
Business Development



**Justin Williams**  
CFO

# Long-term value creation – consistent strategy for growth

## Price. Range. Service.






Note: Sales figures exclude sales from Trade Centres, Frame & Truss & Cafés

# Staying relevant to customers' changing lifestyle needs



# Drivers of home improvement & building material spend

	Number & age of existing houses	New household formation	Housing churn
Australian market characteristics	 <p>10 million existing homes</p> <p>70% &gt; 20 years old; driver of necessity spend</p>	 <p>~100,000 new detached houses per annum, supported by population growth</p>	 <p>~450,000 house transfers per annum</p>
Growth opportunities	<p>Addressable market expansion – new ranges</p> <p>Services – installation; kitchen experts</p>	<p>Increase share of starts</p> <p>Increase range of products</p>	<p>Direct market to new home owners</p> <p>Broader range of products (e.g. packing boxes)</p>

# Disciplined execution continues to drive sustainable long-term growth



# Changing landscape continues to provide growth opportunities

## Competitive market



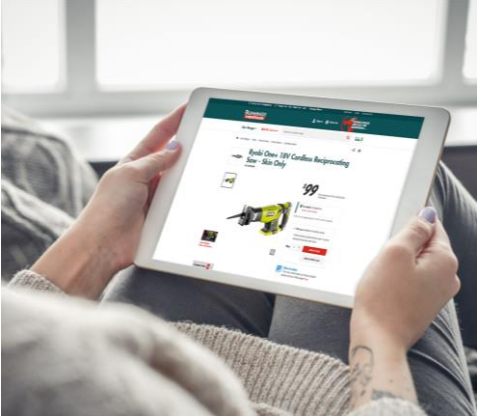
Fragmented & competitive market with niche category specialists

## Customer preferences



Societal trends are impacting spend on lifestyle products & how customers engage in the DIY market

## Digital evolution



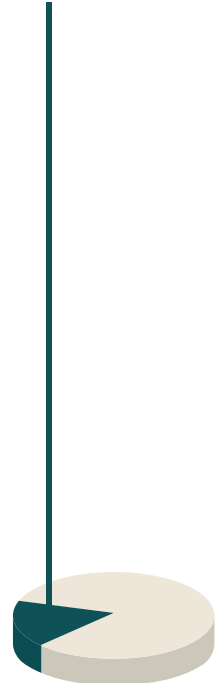
Technology continues to redefine the shopping experience



# Fragmented & competitive market – from large format to niche category



# Home improvement, lifestyle & commercial – market structure & drivers



## Multiple Drivers

- Household disposable income
- Renovation activity
- Housing
  - Churn, value & formation
- Weather
- Lifestyle / demographic trends
- Technology

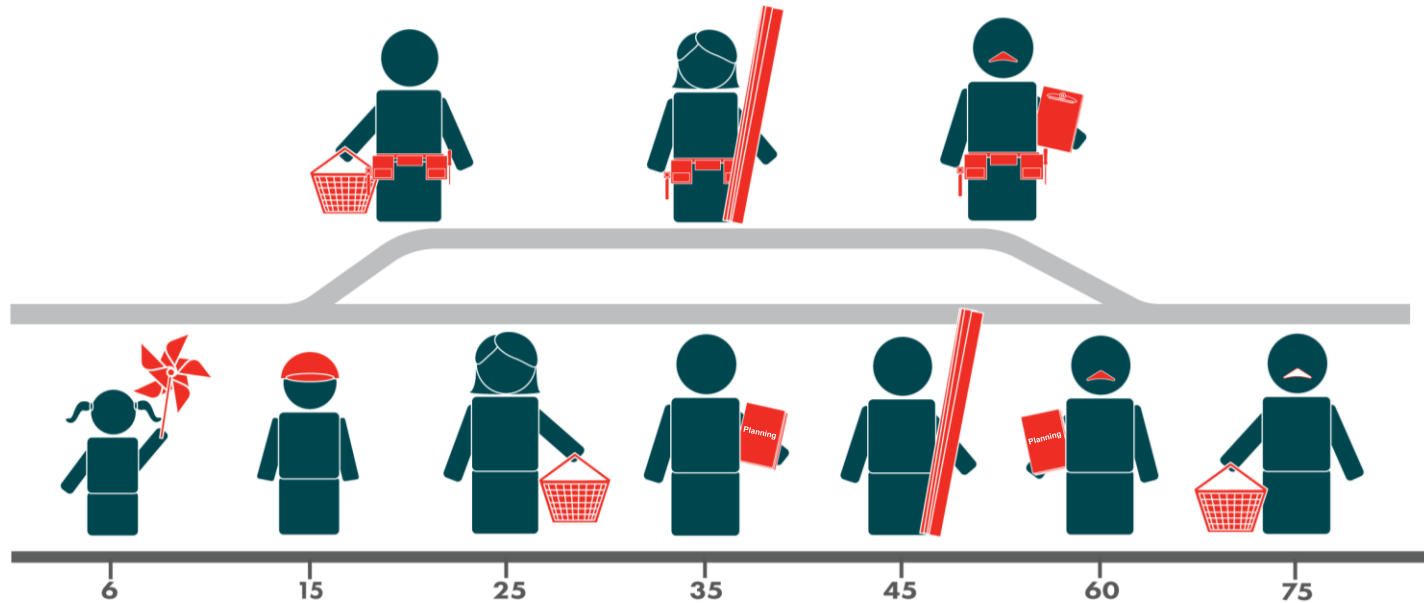
## Varied Formats

*Note: online activity prevalent in all other formats*

- Category specialist
- Mass merchants
- Traditional hardware
- Suppliers direct-to-market
- DDS & supermarkets
- Category killers
- Pure play online

# Focus is on creating value for the customer throughout their life or business phases

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**Building relationships with our customers over the long term ensures we understand & can respond to their changing needs, builds trust & allows us to create more meaningful interactions that are valued**

# Demographic & societal trends influence spending on lifestyle products

## Demographic trends

- Population growth increasingly driven by net migration
- Housing affordability is driving high density living & long-term renters
- Ageing population
- Entry of the millennial generation to the market

## Societal trends

- Digitisation & connectivity
- Changing lifestyle requirements of varying generations
- Population working longer & delaying having children
- Changing approaches towards work
- Digitally aware millennials, less natural DIY aptitude

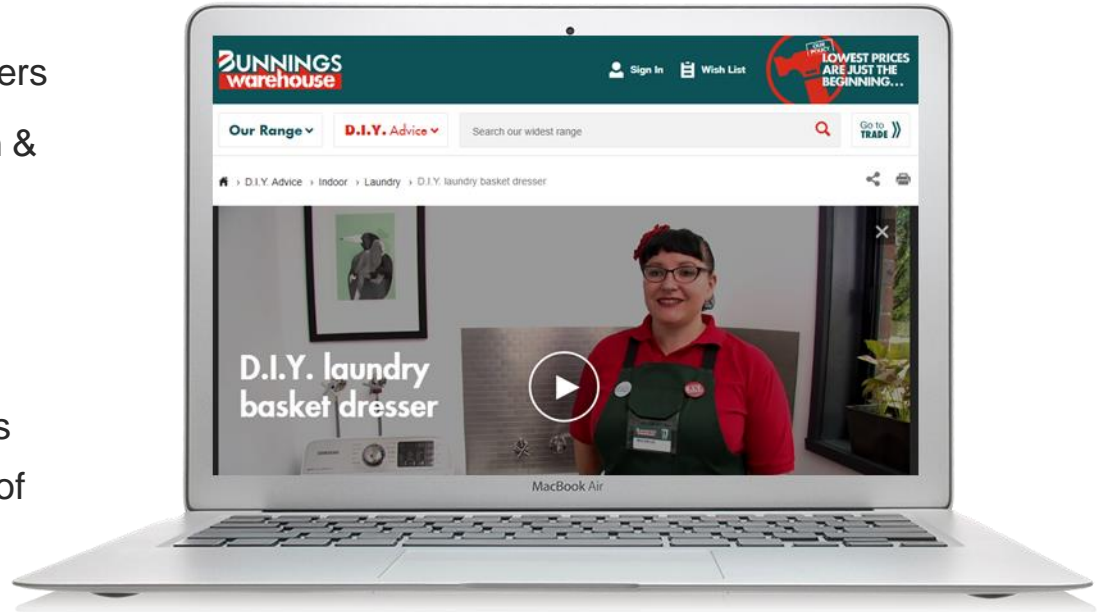
**Changing lifestyles & experiences create opportunities for category expansion & innovation**

# Continuing to invest in our consumer offer

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## Making DIY easier

- Targeting first time DIY customers
- Continuing customer education & building confidence
- Renovation of third 'Bunnings House'
  - New content
  - Focus on smaller dwellings
  - Focus on next generation of customers



# Continuing to invest in our consumer offer



1

**Grow low market share categories**

2

**Invest in range innovation & expansion**

3

**Adjacent opportunities of a wider addressable market**

4

**DIFM – installation services including assembly & facilitated installation**

# Opportunities for growth in low market share categories



**Kitchens**  
<10% of market  
strong share of flat pack market

# Opportunities for growth in low market share categories

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## Bathrooms

<10% of market



# Opportunities for growth in low market share categories

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## Window Furnishings

<10% of market

# Opportunities for growth in low market share categories

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## Flooring

<5% of market

# Continued investment in range innovation & expansion

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**Smarter & Safer Homes  
for Independent Living**

# Continued investment in range innovation & expansion



# Continued investment in range innovation & expansion



Storage

# Continued investment in range innovation & expansion

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## Outdoor Structures

# Continued investment in range innovation & expansion



Power Garden

# Continued investment in range innovation & expansion



## Outdoor Living



# Continued range innovation & expansion

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## Nursery & Garden

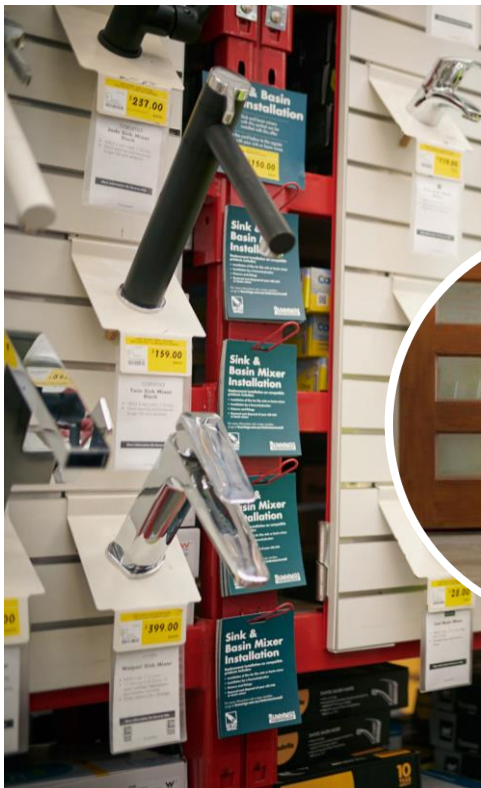
# Expanding our services experience



## A core part of the Bunnings Strategy is a compelling service offer

- Meaningful & personalised customer experiences (in-store, in-home, & online)
- More service investments (know-how & intensity, digital experiences)
- Better customer comms (in-store, online)

## Expanding our services experience



### Our services offer will grow to meet customers' needs as behaviours evolve

- Bunnings in-home design consultants
- Onsite project management for project builders
- Hire Shop:
  - Ute
  - Trailer
  - Equipment
- Assembly & basic installation:
  - Clothes line
  - Play equipment
  - BBQ

# Expanding our services experience



- Supply & install:
  - hot water services
  - roller doors
  - air conditioners
- Services Facilitation: connecting trade & consumer customers
  - Fixed Price Installation (toilets, sink & basin mixers, ceiling fans / bathroom heat lamps)
  - 'Get Quotes' Service trial – kitchen installation & painting services

# We are building a commercial business that emulates our consumer offer

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## Trade Desk

### Immediate Priorities

Enhance our trade offer



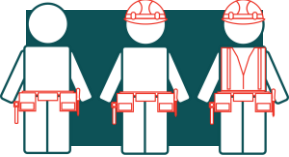
Deepen relationships & engagement

Explore new markets & segments

### Progress

- Tactical expansion of trade ranges
- New trade website launched (November 2018)
- Launched PowerPass App (including Self Checkout)
- 'Made for the Trade' campaign
- Investment in trade team training
  
- In-store trade specialists
- Trade salesforce refresh
  
- Expand Supply & Install (e.g. commercial joinery)
- Landscape offer trial (Craigieburn)
- Engage decision makers for Business & Organisations

# Our Trade Business Model

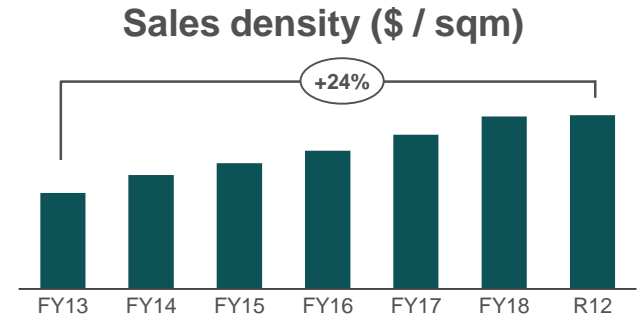
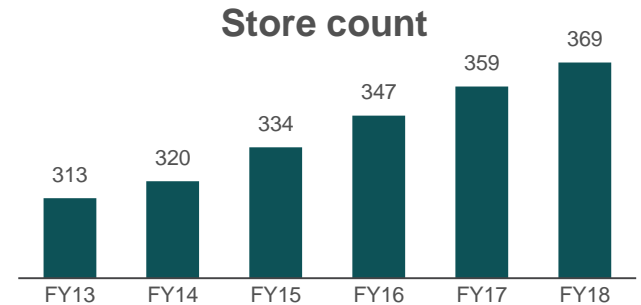
	<b>Builders</b> 	<b>Business &amp; Organisations</b> 	<b>Trades</b> 
<b>% of Trade revenue</b>	38%	18%	44%
<b>How we manage</b>	Account Managers & In-store Trade Specialists	Business Development Managers & Trade Specialists	Trade Specialists
<b>Channels to market</b>	Stores & Trade Centres	Stores & Trade Centres	Stores

# Continued innovation & expansion in trade ranges



# Continuing to invest in stores

- Since 2013, an average of 11 stores added per year
- Continued investment in stores to support future growth
  - Target 10-14 new stores per annum
  - New store locations cater for population growth, changing demographics
  - Flexible store formats to suit different site / market characteristics
  - Actively review store productivity & performance
  - Ongoing store refresh & expansion program
- Disciplined approach to network expansion, resulting in consistent growth and improvement in sales density
  - ~4% CAGR since FY13
  - Stores built for the future; sales density improves over time





## Building our anytime, anywhere offer

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Continued investment in channels offering choice & convenience to deliver customers a seamless & easy experience anytime, anywhere



**SPECIAL  
ORDERS**

- 20,000 products
- 80% of orders picked up in-store



**WE WILL  
DELIVER**

- Choice & convenience for customers



**CLICK &  
COLLECT**

- Regionally based test & learn ahead of full rollout



**DESIGN  
ASSIST**

- Kitchen
- Garden
- Paint

# Expansion of our online offer gives customers choice & convenience



🏠 > Click and Collect



Click & Collect is now available at our Craigieburn Warehouse



## Save time with Click & Collect

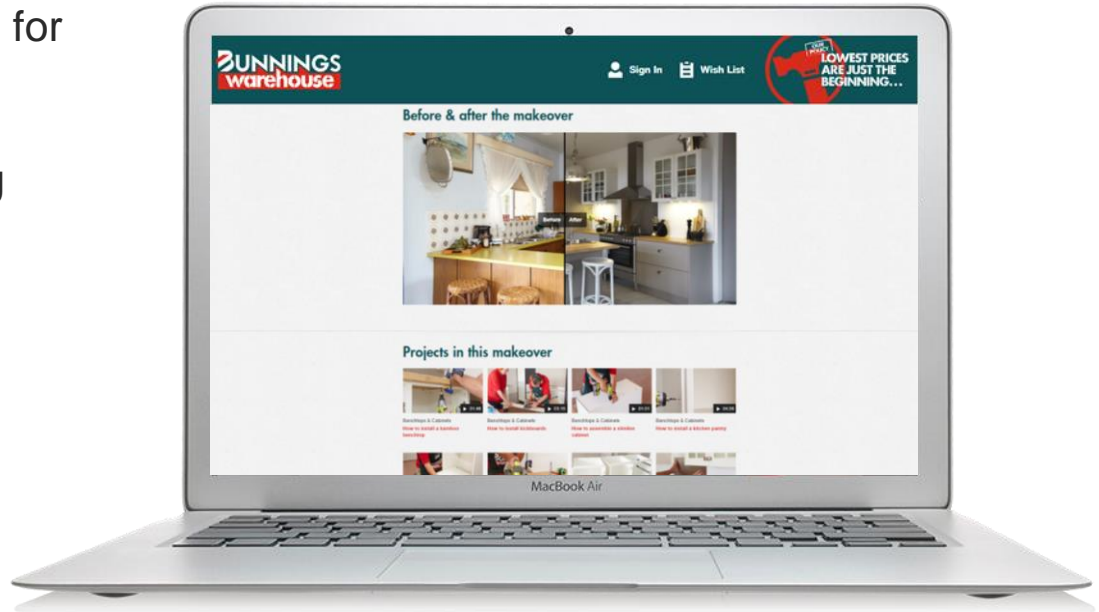
- ✓ Click & Collect products from our Craigieburn Warehouse, so you can get in and out quickly.
- ✓ Shop online and collect in-store at a time that is convenient for you.
- ✓ Shop with confidence - we'll hold your products and have it ready for you to collect the next day.



# Expansion of our online offer gives customers choice & convenience

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- Builds on customers' desire for information & inspiration
- Focused on complementing strong in-store experience
- Customer-led execution & experience



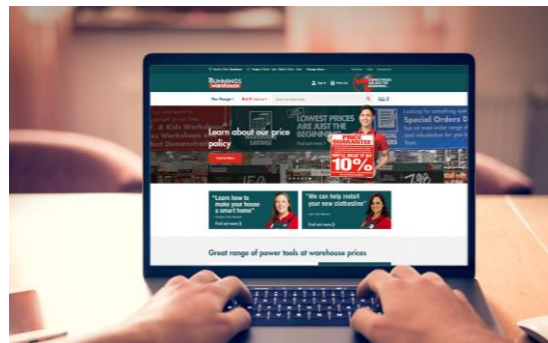
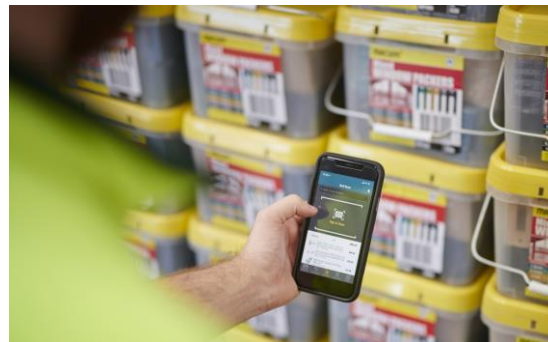
# Leveraging digital & data

Investment in digital capabilities to create an integrated & seamless commerce platform that builds on a foundation of:

- a loyal customer base
- a wide & growing store footprint
- long standing supplier relationships

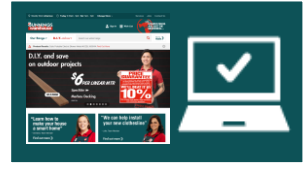
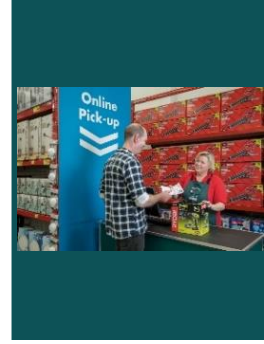
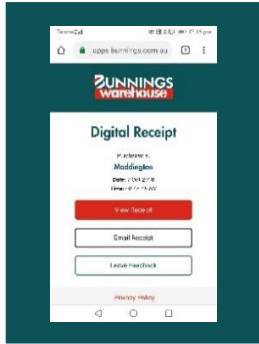
## Strong existing digital audience

- Fourth most visited shopping & classifieds website in Australia
- Australian website sessions 15m per month average<sup>1</sup>
  - 18% growth year-on-year
- New Zealand website sessions 1.7m per month average<sup>1</sup>
  - 24% growth year-on-year



1. Google Analytics

# Building our anytime, anywhere offer



Special Orders Online launched: February 2018

Digital Receipts launched: September 2018

PowerPass App launched: November 2018

Click & Collect at Craigieburn: December 2018

eBay Pop Up Store: January 2019

## Coming Soon...

- Click & Collect in Tasmania
- Fully transactional website within 18 months

# Customer-led growth

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**Deeper, wider commercial engagement**

**Leverage digital & data**

**Category innovation & expansion**

**Anytime, anywhere offer**

**Expand services offer**

**Invest in store pipeline**

## Customer-led growth

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**Bunnings has been awarded the  
Reader's Digest Most Trusted Brand  
for 13 consecutive years.**

# Evolving our marketing

**“Simple project ideas to personalise your rental”** Search these projects at [Bunnings.com.au](http://Bunnings.com.au)

Check out some of our new products online at [Bunnings.com.au](http://Bunnings.com.au)

**PORTABLE**

**NEW**

**4 BURNER**

**SMOKER**

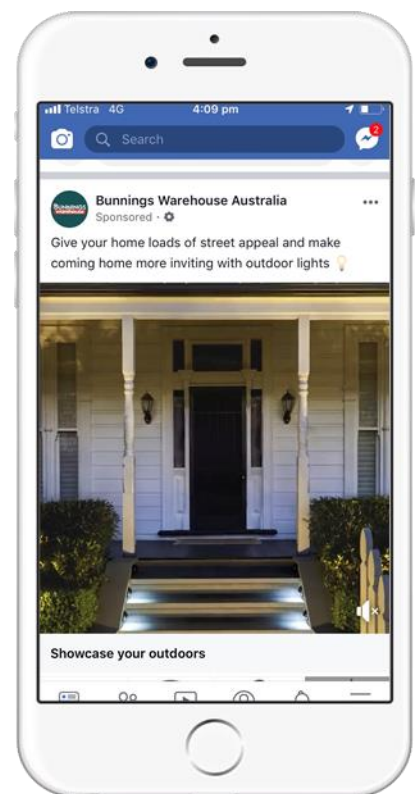
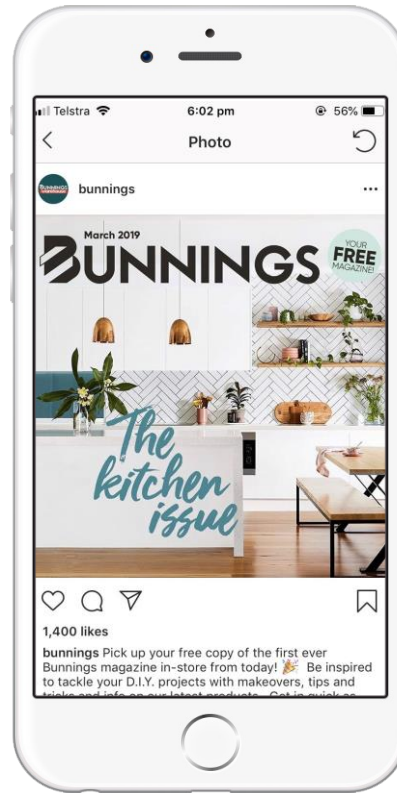
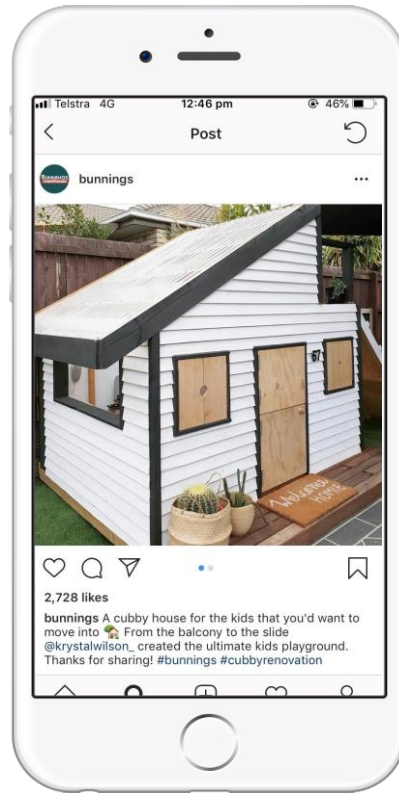


# CATALOGUE EVOLUTION

Video available at: <https://www.wesfarmers.com.au/bunnings-videos>



# Evolving our marketing



# MADE FOR THE TRADE

 **BUNNINGS  
TRADE**

Video available at: <https://www.wesfarmers.com.au/bunnings-videos>

# Our team

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# Our team

## Safety



- Safety is our number one team measure:
  - 12.0 TRIFR at end of 2018, an improvement of 7%

## Training & Development



- Over 12,000 experts & qualified team members
- R12 over 850,000 training hours

## Retention



- >80% Retention
- Industry leading agreements
- Over 43,000 team members

# Our team

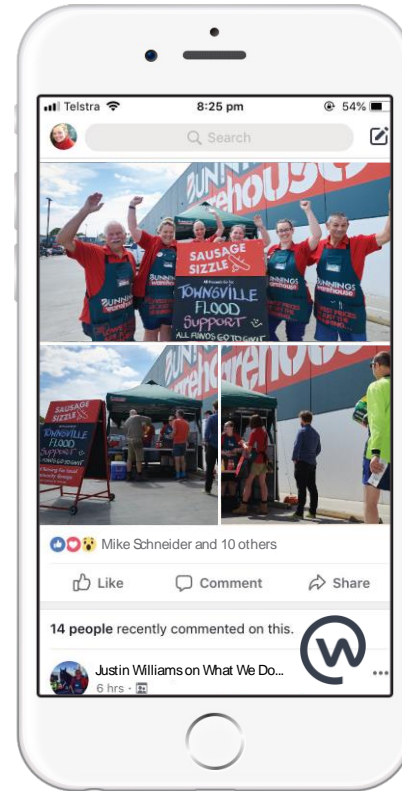
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## Focussed on continuing to attract & retain the best talent – all levels, all functions

- Leveraging digital to drive communications

## Workplace presents a number of opportunities:

- Connect & engage with the team
- Creates faster access to information & training
- Live stream training
- Opportunity to engage team on marketing campaigns
- Share best practice on merchandising standards



# We live here too





# We live here too

## Drought relief



Drought relief reds run sausage sizzle

Over \$1.25 million raised

## Flood/Bush Fire



Townsville flood/Tassie bushfires reds run sausage sizzle

Over \$310K raised

## Share the Dignity



Share the Dignity 'It's in the bag' campaign

Over 137,000 bags collected – second year supporting

## We live here too

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- Focus on meaningful community impact
- Stores seen as trusted community hubs
- Strong focus on local, relevant & meaningful support



# Thank you BUNNINGS warehouse



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## Question & answer session

*Michael Schneider*  
Managing Director

*Justin Williams*  
Chief Financial Officer



**BUNNINGS**  
warehouse

**BUNNINGS**

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TRADE