

17 November 2016

COLES CREDIT CARD DISTRIBUTION AGREEMENT

Wesfarmers today announced that Coles has agreed to enter into a ten year agreement with Citi, a leading global credit card provider, for the distribution of Coles branded credit cards.

Under the terms of the agreement, Coles will continue to distribute credit cards under its own brand. Following a specified migration period, Citi will be the credit card issuer, manage the operations of the credit card portfolio and fund the receivables. As part of the transaction, Citi will acquire the existing credit card receivables and Coles will receive an ongoing share of risk adjusted revenues. The portfolio had gross receivables of approximately \$880 million as at October 2016.

Wesfarmers Managing Director Richard Goyder said Coles has grown its credit card portfolio for over 20 years through an ongoing focus on customer value.

“We are pleased to partner with a leading global credit card issuer as we enter the next phase of growth for this business,” Mr Goyder said.

Coles Managing Director John Durkan said Coles remains committed to providing great value financial services to its customers, and that the partnership with Citi will provide a solid platform for ongoing strong growth of Coles credit cards.

“Coles services over one million customers across credit cards and car and home insurance, and we will continue to provide simple and competitively priced products that deliver value to Australian families,” Mr Durkan said.

Citi Australia CEO David Livingstone said Citi was delighted to partner with Coles, one of Australia’s leading companies and most respected brands. “Today’s agreement reflects our strategy to grow our credit cards business in Australia,” Mr Livingstone said.

The net proceeds from the transaction will be applied to repay Wesfarmers Group debt. The transaction is not expected to materially affect Coles’ reported earnings for the 2017 financial year. Subject to a number of conditions precedent, including Foreign Investment Review Board approval, the transaction is expected to be completed by February 2017.

News Release



For more information:

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