

**23 February 2016**

## **New Department Stores division and senior management changes**

Wesfarmers has announced a restructure of its department store businesses which will enable Kmart and Target to maximise and share opportunities where appropriate while maintaining and growing these iconic Australian brands.

Kmart's current Managing Director Guy Russo will become Chief Executive Officer of a new Department Stores division, overseeing both the Kmart and Target businesses.

Target Managing Director Stuart Machin will continue in his role until July 2016 after which he will take on a new senior role in the Group.

Kmart's Chief Operating Officer Ian Bailey becomes the new Managing Director at Kmart. Mr Bailey, working alongside Mr Russo, has been instrumental in Kmart's turnaround in important areas such as establishing an ethical international sourcing model, the repositioning of Kmart in the eyes of its customers through marketing and customer engagement, and working closely with Kmart's merchandise team.

Kmart's current Finance Director Marina Joanou will become Finance Director of the new Department Stores division.

Wesfarmers Managing Director Richard Goyder said the changes would realise significant benefits for both businesses and the Group.

"This is the right time to draw together some functions of the individual businesses to ensure we get maximum reward from the strong work that has been undertaken in both," Mr Goyder said. "The newly formed division will allow streamlined coordination of functions, where it makes sense to do so, such as in property, finance, and corporate affairs and sustainability.

"Individually, both Kmart and Target have been through challenging times since we acquired them in 2007. Kmart was in very poor shape when we took ownership, but Guy Russo, Ian Bailey and their team have done an outstanding job and the business has been trading very strongly for several years.

"In just under three years at the helm of Target, Stuart Machin and his team have significantly advanced a very thorough business transformation, including good improvements in ecommerce, sourcing, ranging, supply chain and operational productivity, and the launch of a successful brand new store format, which has placed the business on a positive footing for future growth.

"The strong work by Guy, Stuart and their respective teams has allowed the Group to pursue this option when previously it just wasn't feasible to do so. We feel now is the right time to capitalise on the benefits to be gained from better leveraging the two brands."

Wesfarmers also announced that, following completion of the Homebase acquisition by Bunnings, which remains subject to the approval of Home Retail Group plc shareholders, Wesfarmers Finance Director Terry Bowen would replace John Gillam as Chairman of the Officeworks board. Mr Gillam will become Chief Executive Officer of the expanded Bunnings business, overseeing operations in Australia and New Zealand, and the United Kingdom and Ireland.

“Wesfarmers continues to evolve as a business,” Mr Goyder said. “Bunnings’ recent expansion into the United Kingdom and Ireland and the restructure of our industrial businesses into a single new Industrials division, reinforces our performance and development culture and underlines the Group’s focus on growth opportunities.”

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#### Biographies

##### Ian Bailey

Ian commenced with Kmart Australia in 2006 as the Chief Financial Officer and has played a significant role in leading the turnaround of the business including the reposition of the Kmart Australia business model, establishing an outstanding and ethical international sourcing division, and working closely with merchandise.

Ian’s experience, both national and international, covers a number of industries including retail, professional services, consulting, technology and healthcare in positions that include general management, sales, business development and project management. Ian holds a Bachelor of Science degree in Civil Engineering and has completed the Advanced Management Program at Harvard Business School.

##### Marina Joanou

Marina commenced with Kmart Australia in 2007 and has been an integral member of the retailer’s leadership team playing a significant role in the brand’s turnaround success story along with setting the business up for future growth opportunities. Marina has had a breadth of experience spanning a number of industries including retail, professional services and healthcare and her roles in these industries have included general management, mergers and acquisitions, commercial and strategic investment, business development, financial accounting and project management. Marina holds a Bachelor of Commerce (Accounting and Finance) degree and is a member of the Institute of Chartered Accountants.



*Ian Bailey*



*Marina Joanou*