



Wesfarmers



Philosophy, Performance and Direction

JPMorgan Investor Conferences

New York & Edinburgh

25 - 29 September 2006





Philosophy Based On A Single Focus

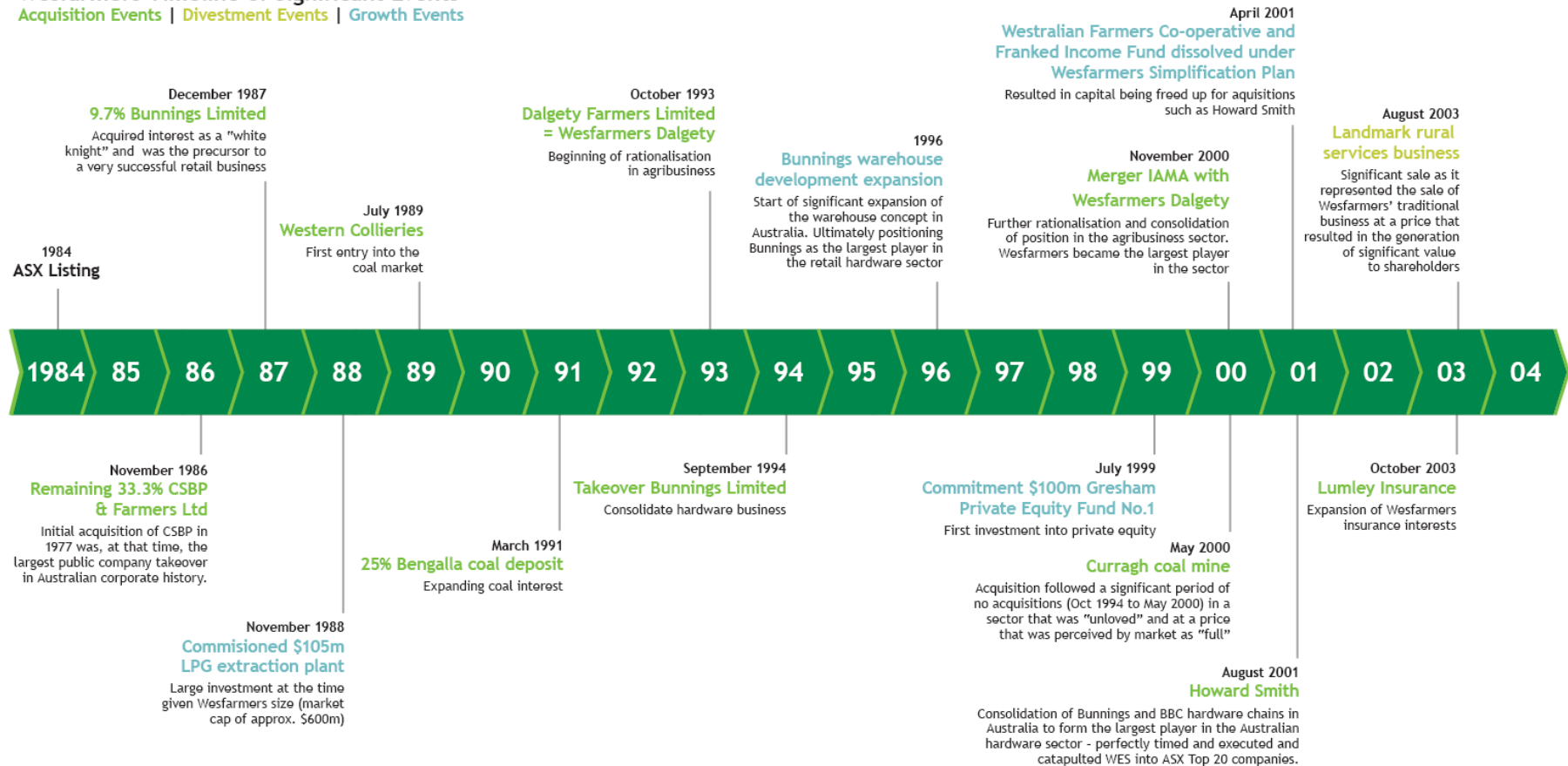
Satisfactory Returns To Shareholders



In support of this we have made 15 key decisions in 22 years...

Wesfarmers Timeline of Significant Events

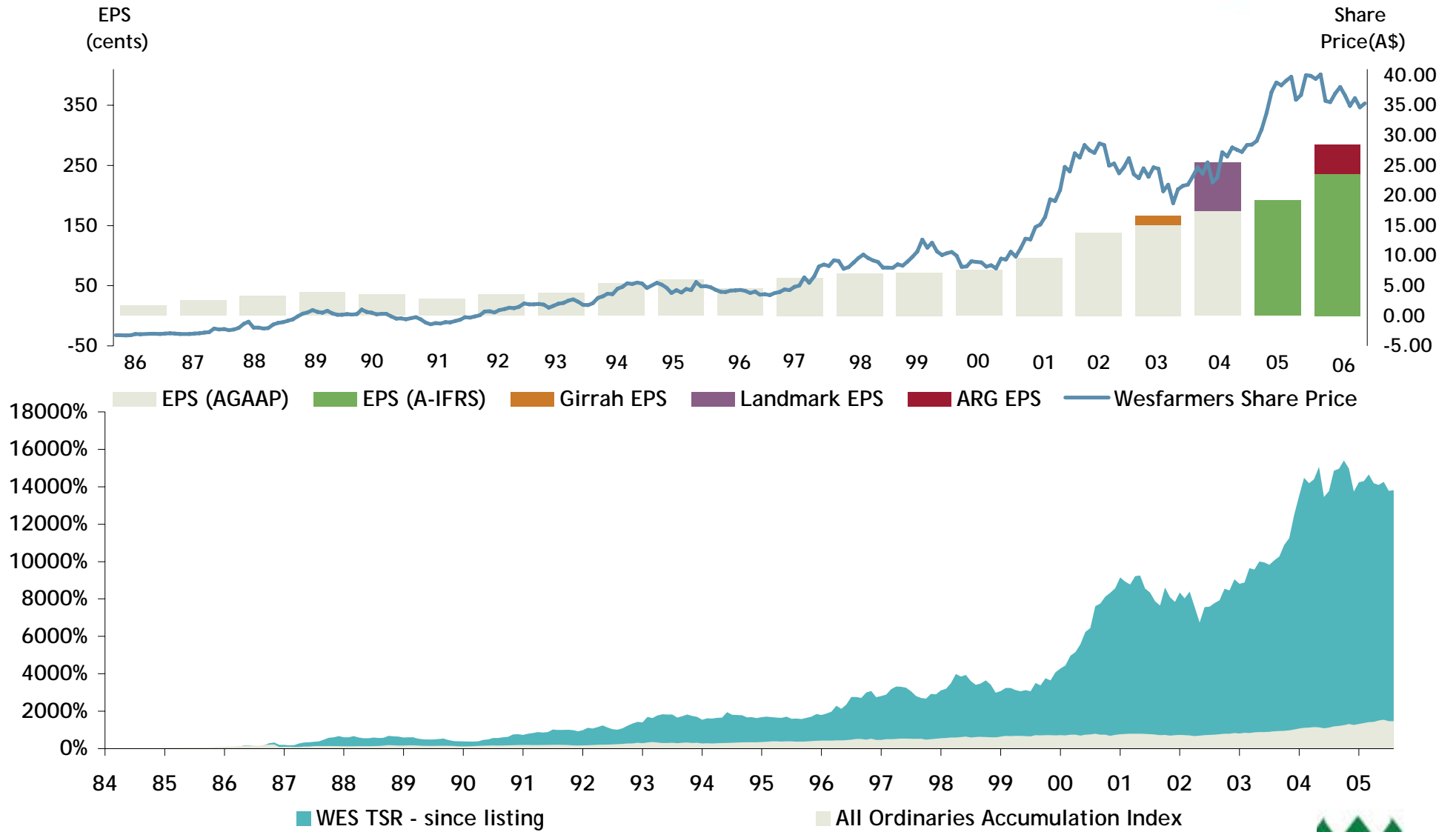
Acquisition Events | Divestment Events | Growth Events



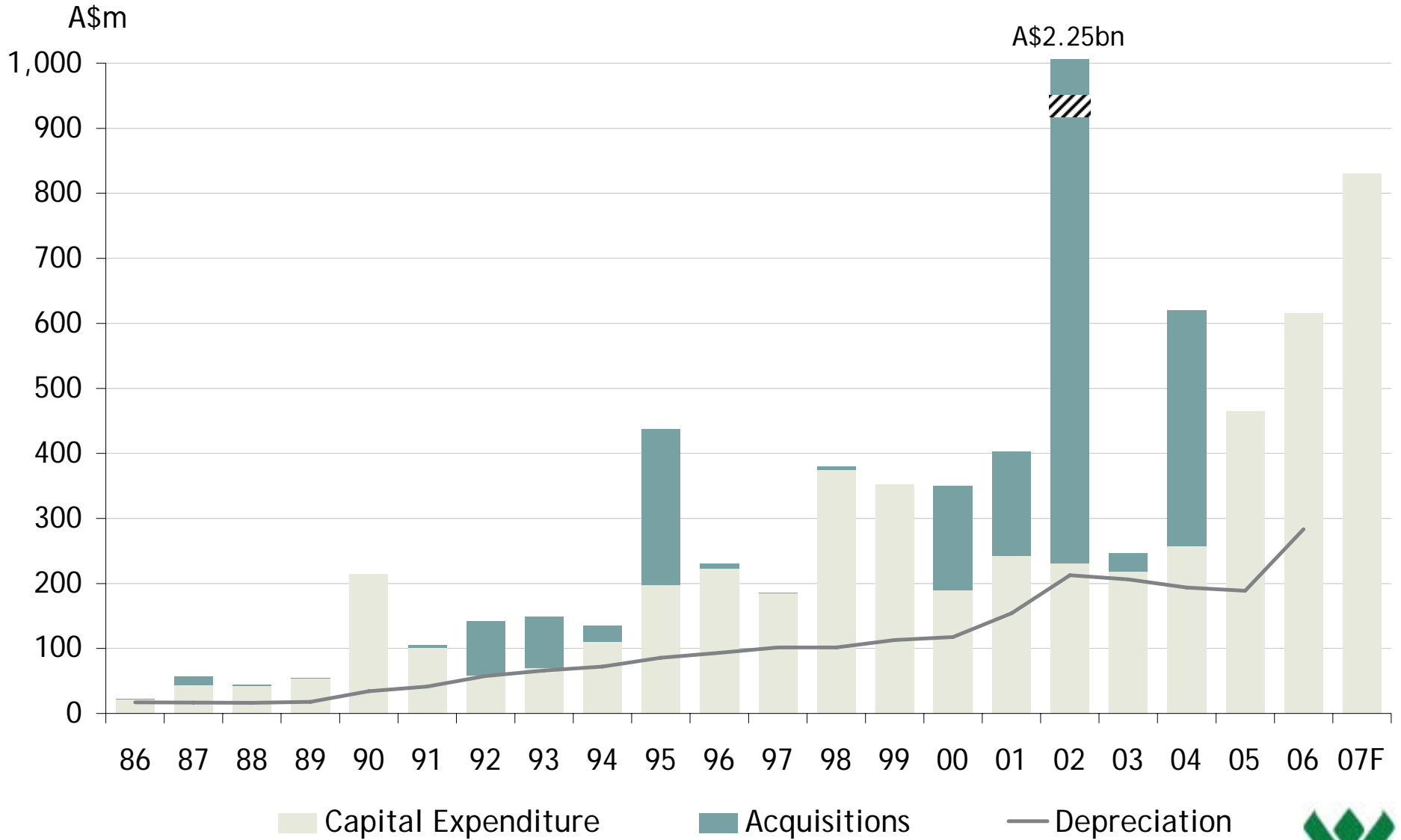
...and have refused to react to short term pressures



Resulting in increasing returns



Investment has always outstripped depreciation



Management Team



Managing Director & CEO

Richard Goyder

Finance Director

Gene Tilbrook

Divisional Managing Directors

Home Improvement

John Gillam

Coal

Stewart Butel

Insurance

Bob Buckley

Industrial & Safety

Terry Bowen

Chemicals & Fertilisers

Keith Gordon

Energy

Tim Bult

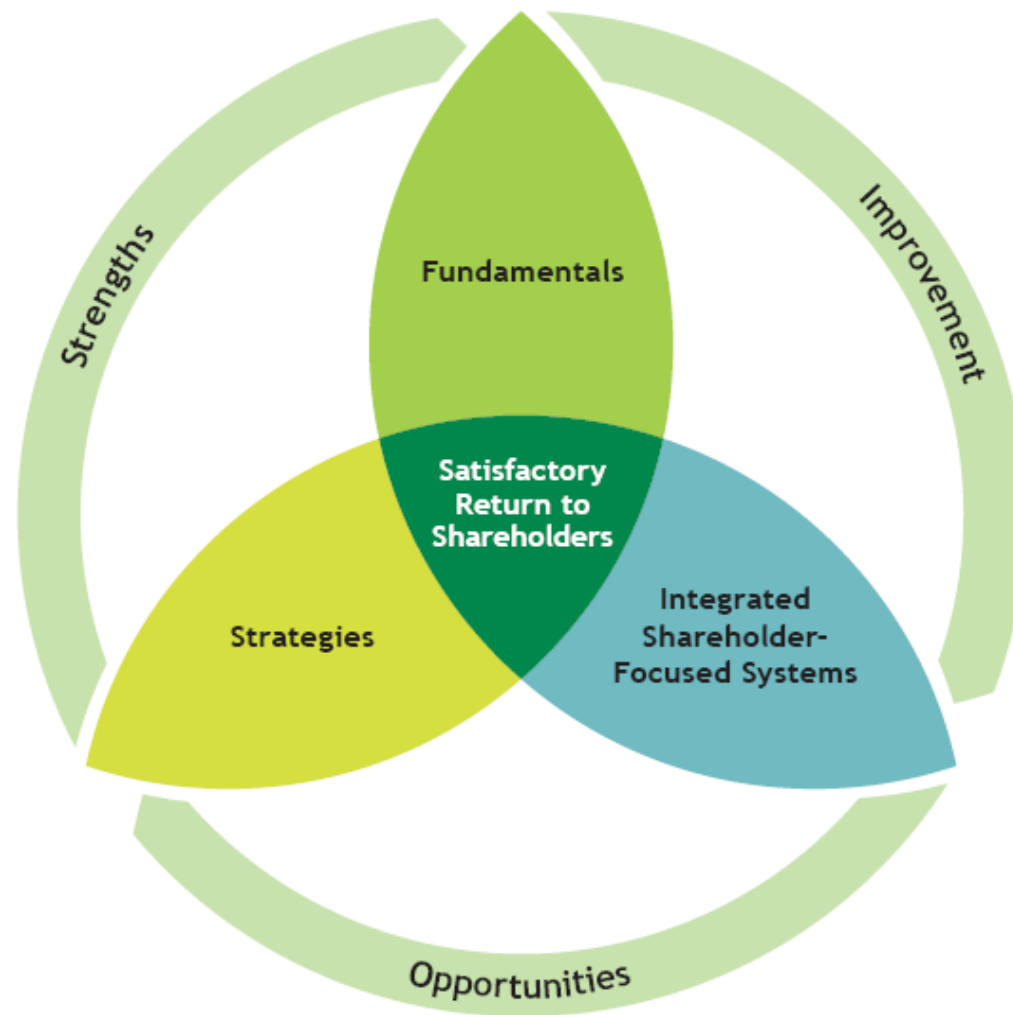




**Sustainable Performance is Driven By the
Wesfarmers Model**



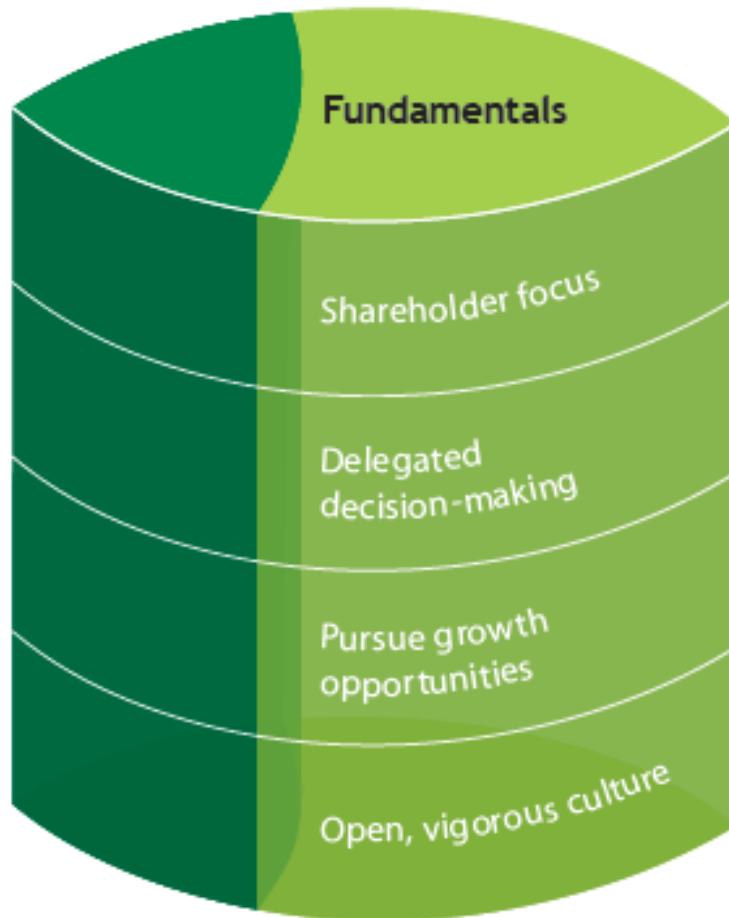
The Anatomy of the Wesfarmers Model



Building and cycling strength



Fundamentals



- Focus on shareholder returns
- Place decision-making and accountability at the point of profit making
- Create and capture a full range of growth opportunities
- Maintain our performance focus through outstanding people operating in an open, vigorous culture



Integrated shareholder-focused systems



- Group strength by leading the practice of identifying and capturing value



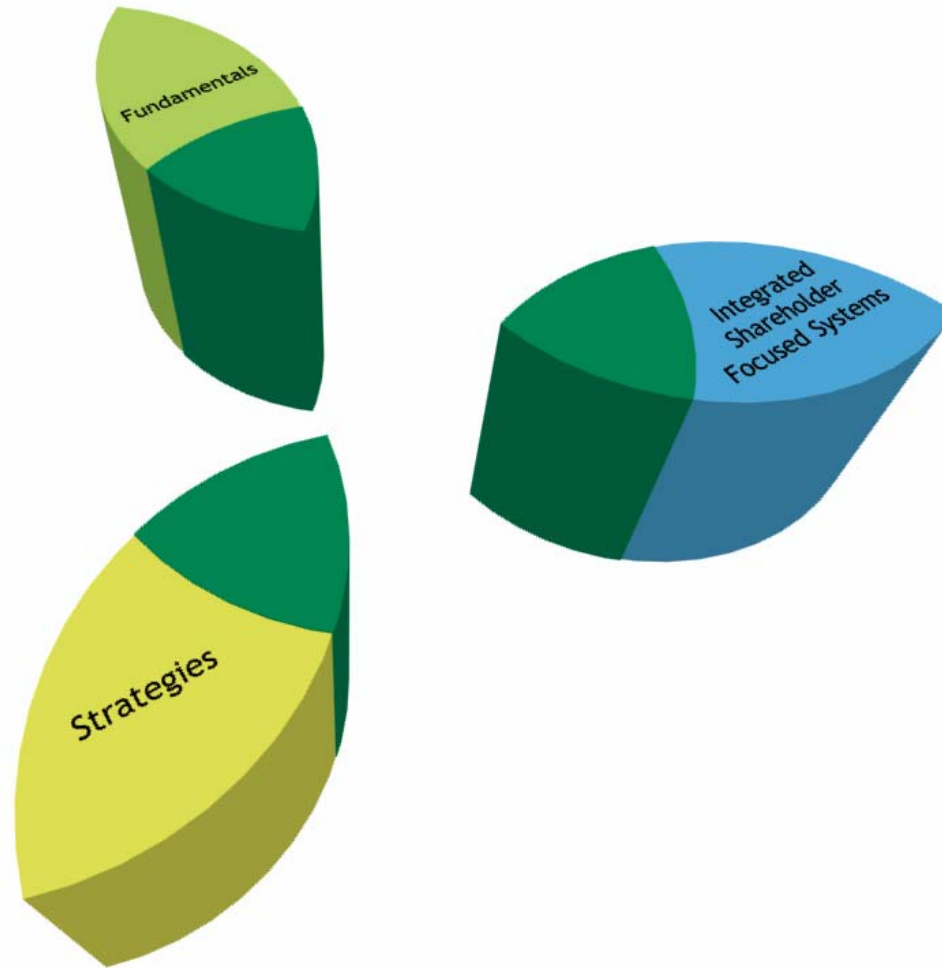
Strategies



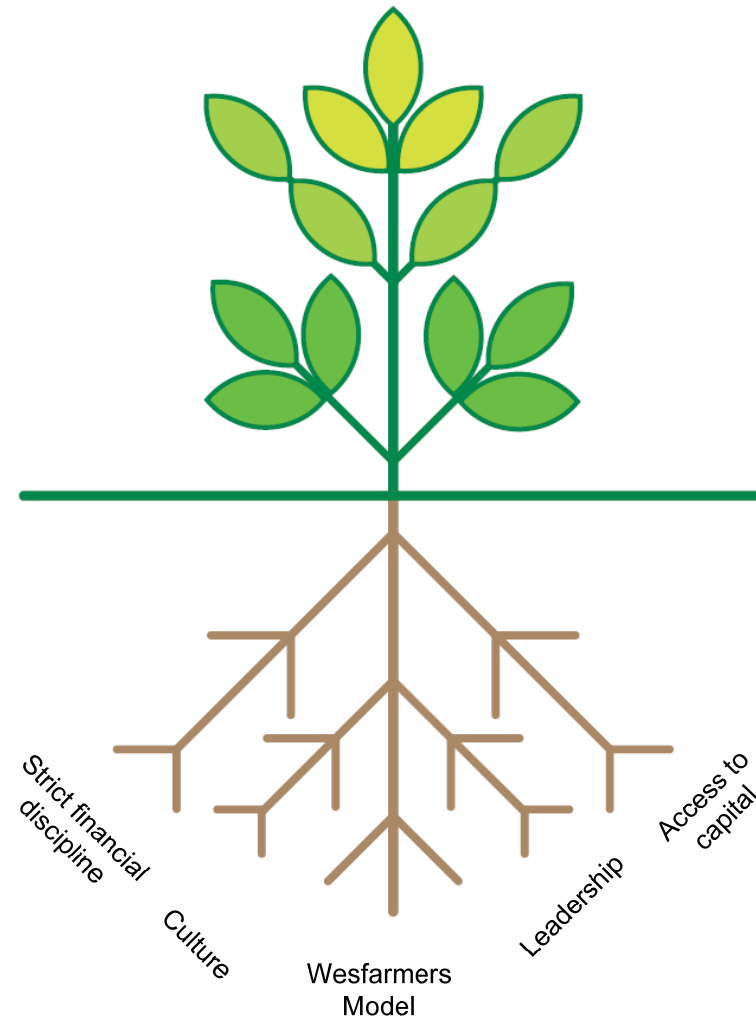
- Clear strategic platform underpinned by financial discipline



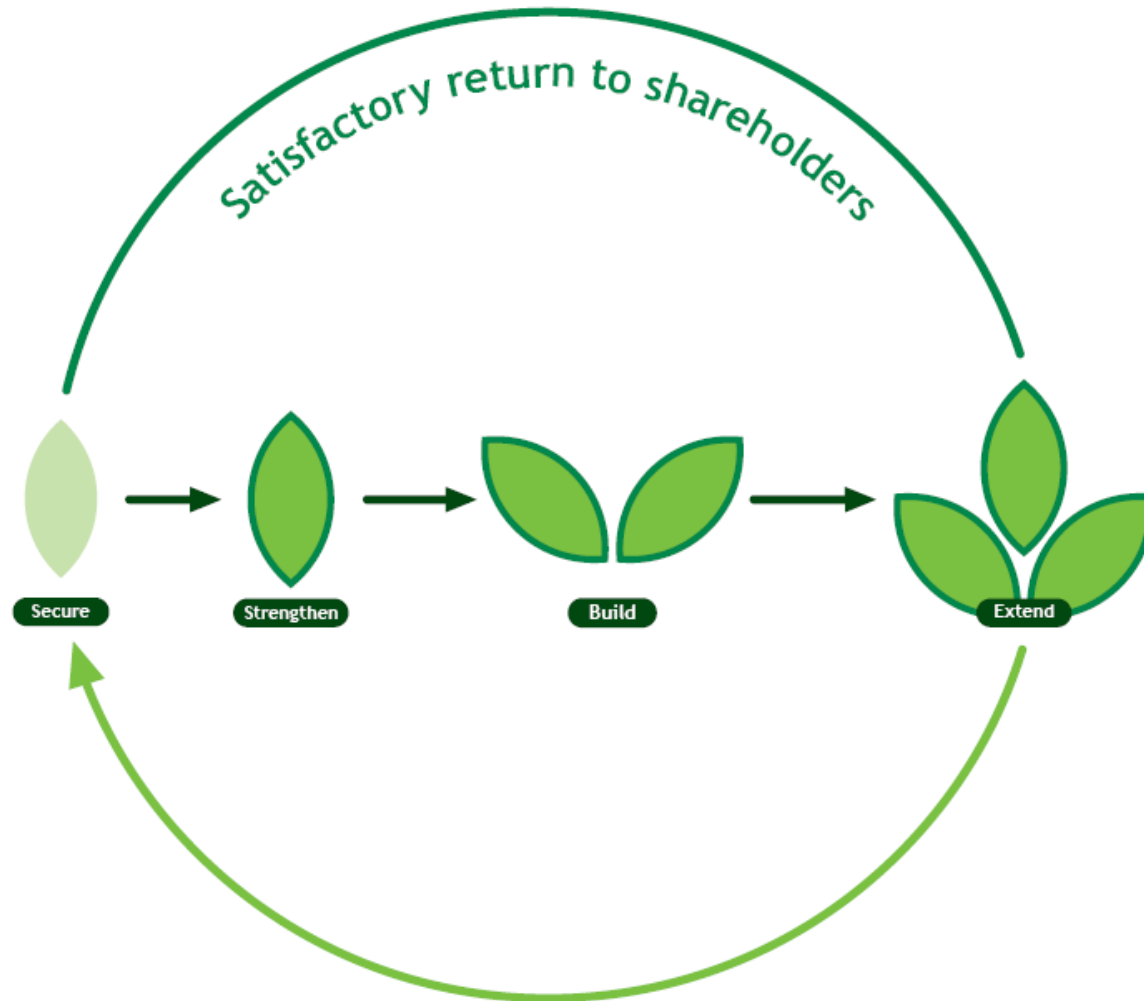
The Wesfarmers Model...building and cycling strength



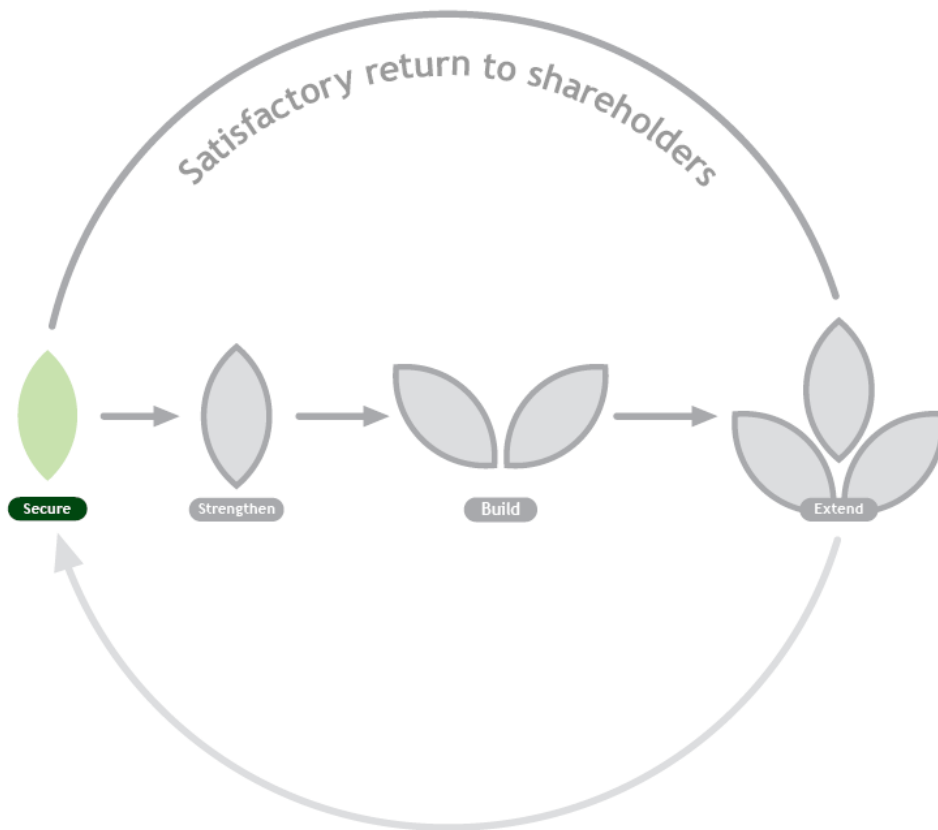
Providing a foundation for the pursuit and capture of new opportunities for growth...



To Secure, Strengthen, Build and Extend the business



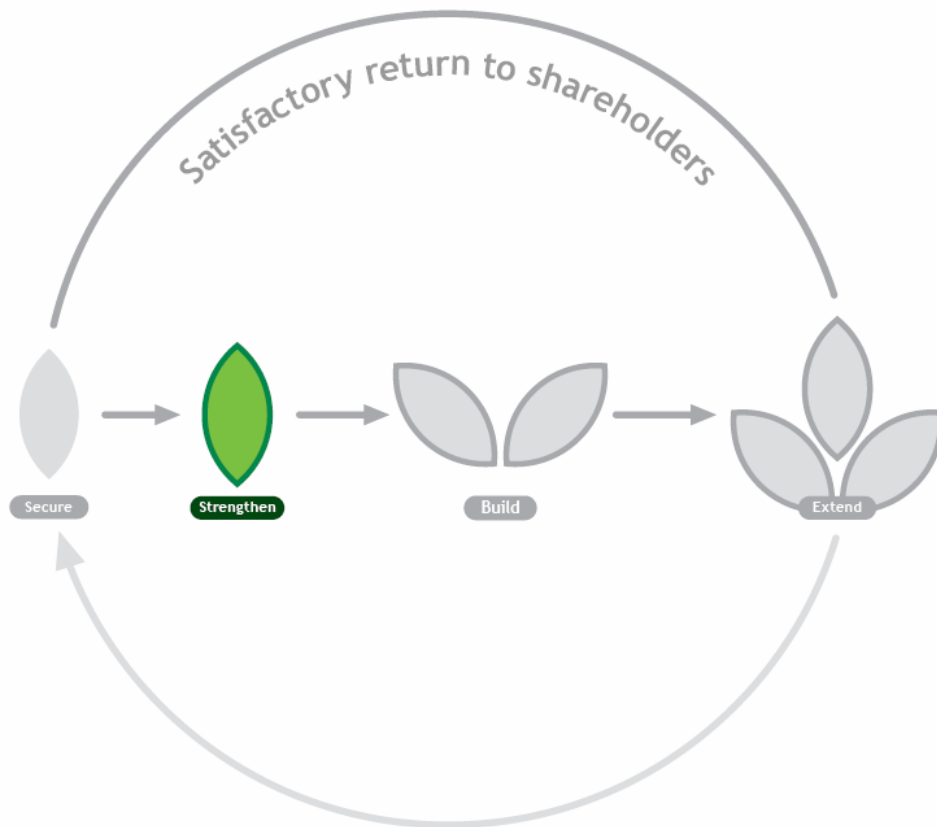
Pursue opportunities to provide substantial growth over investment hurdles



- Leverage our proven ability to see new opportunities for growth
- Apply financial discipline
- Access to abundant capital



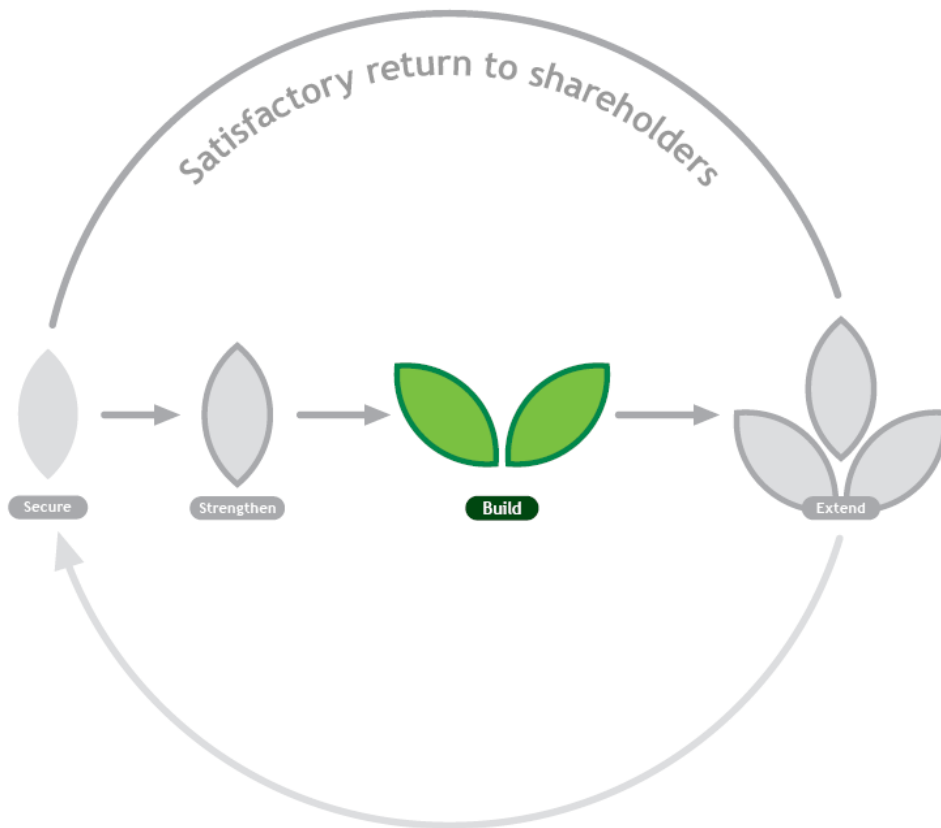
Control risk, build advantage,
create winning offer and capture
supply chain efficiencies



- Awareness of risk in businesses
- Leverage strategic assets and capabilities to build competitive advantage in businesses
- Create an offer that is desirable to target markets, differentiated from the competition and defensible with Wesfarmers' capabilities
- Identify opportunities in the value chain to improve profitability



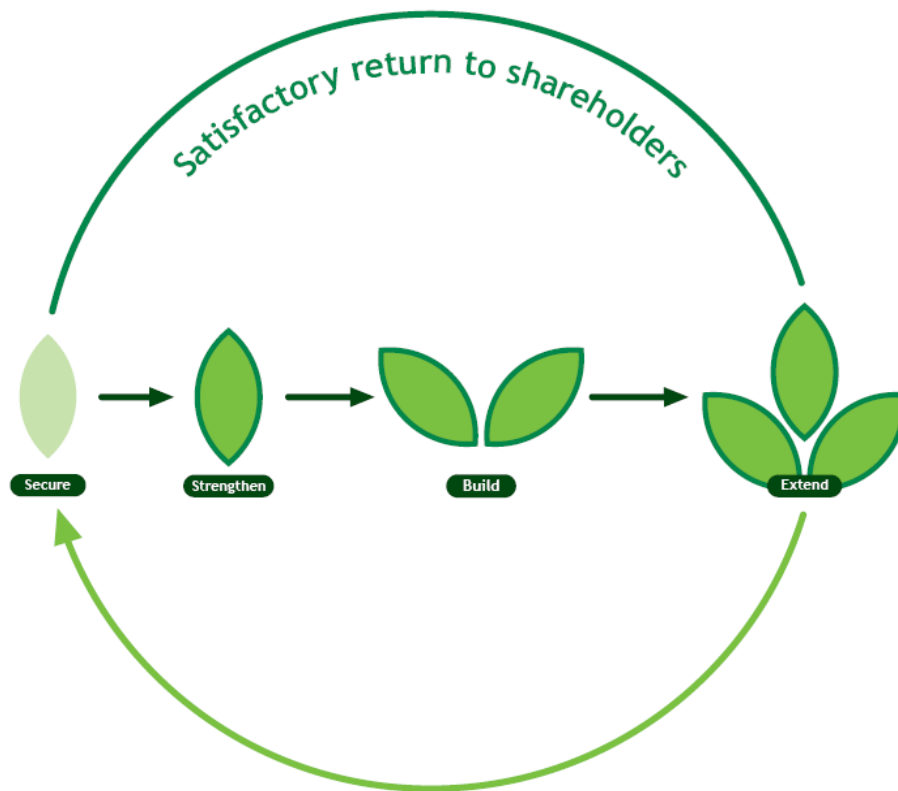
Grow business and capture scale and integration advantages



- Generate satisfactory ROC in growth sectors
- Leverage economies of scale and value chain capabilities to drive costs down



Extend our reach into new growth opportunities



- Extend into related growth opportunities
 - New markets
 - New customers
 - New products/services
- Investigate acquisition and divestment opportunities that satisfy investment hurdles
- Explore opportunities along the value chain
 - Downstream
 - Upstream



Group results



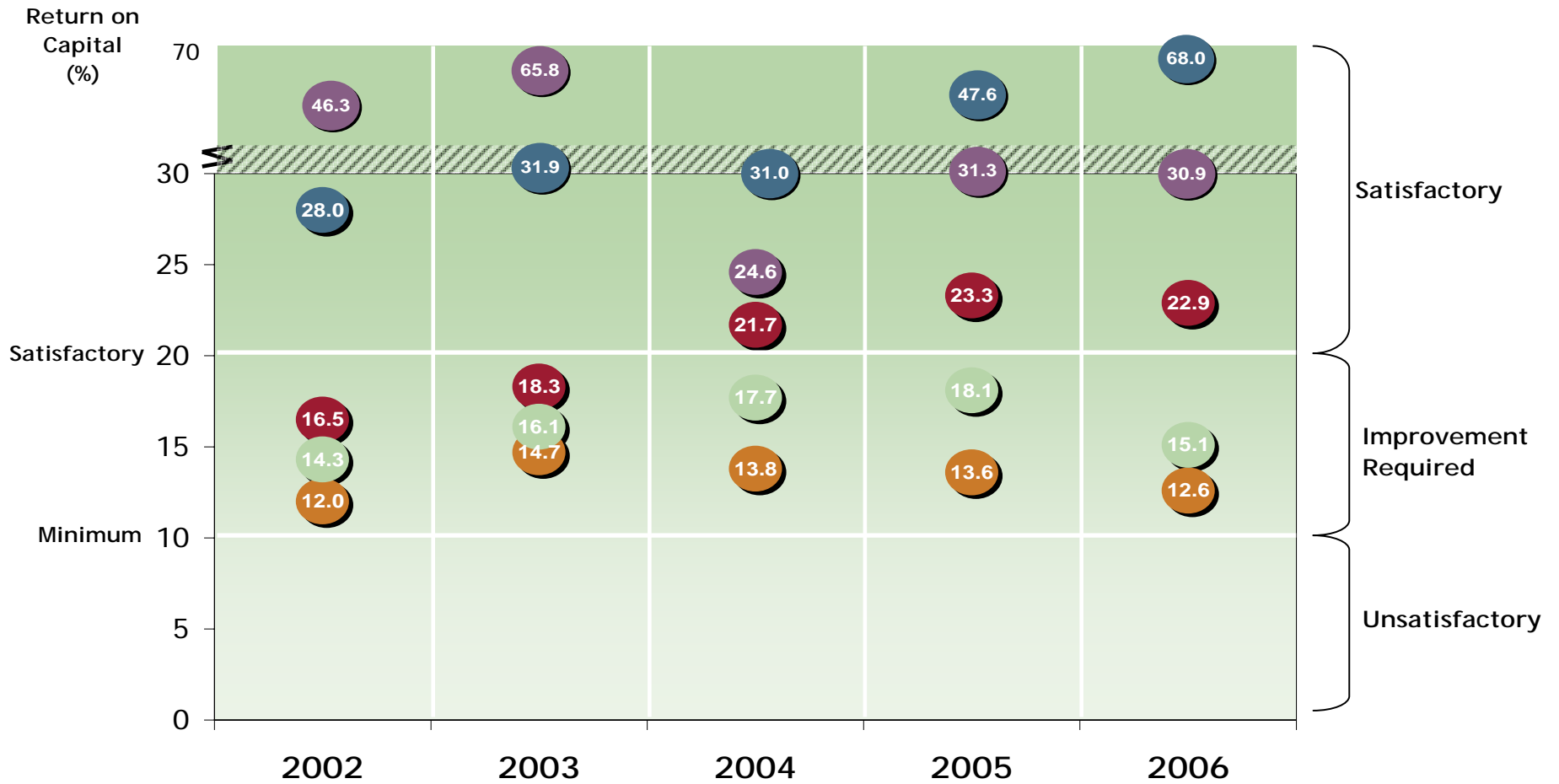
NPAT up 23.9% on previous year



Full Year Ended 30 June 2006 (\$m)		2006	2005	%
Operating revenue		8,858.8	8,158.6	8.6
EBITDA (excluding sale of ARG)		1,649.5	1,259.7	30.9
EBIT (excluding sale of ARG)		1,366.0	1,070.8	27.6
Net profit after tax		869.4	701.8	23.9
Net profit on sale of ARG (excluding sale of ARG)		178.7		
Net profit after tax		1,048.1	701.8	49.3
Operating cash flow		1,129.1	935.0	20.8
Earnings per share	(cents)	235.6	192.0	22.7
Earnings per share (excluding sale of ARG)	(cents)	284.0	192.0	47.9
Cash flow per share	(cents)	298.7	247.8	20.5
Dividends per share	(cents)	215.0	180.0	19.4



Most divisions exceeded ROC performance target of 20% in 2006

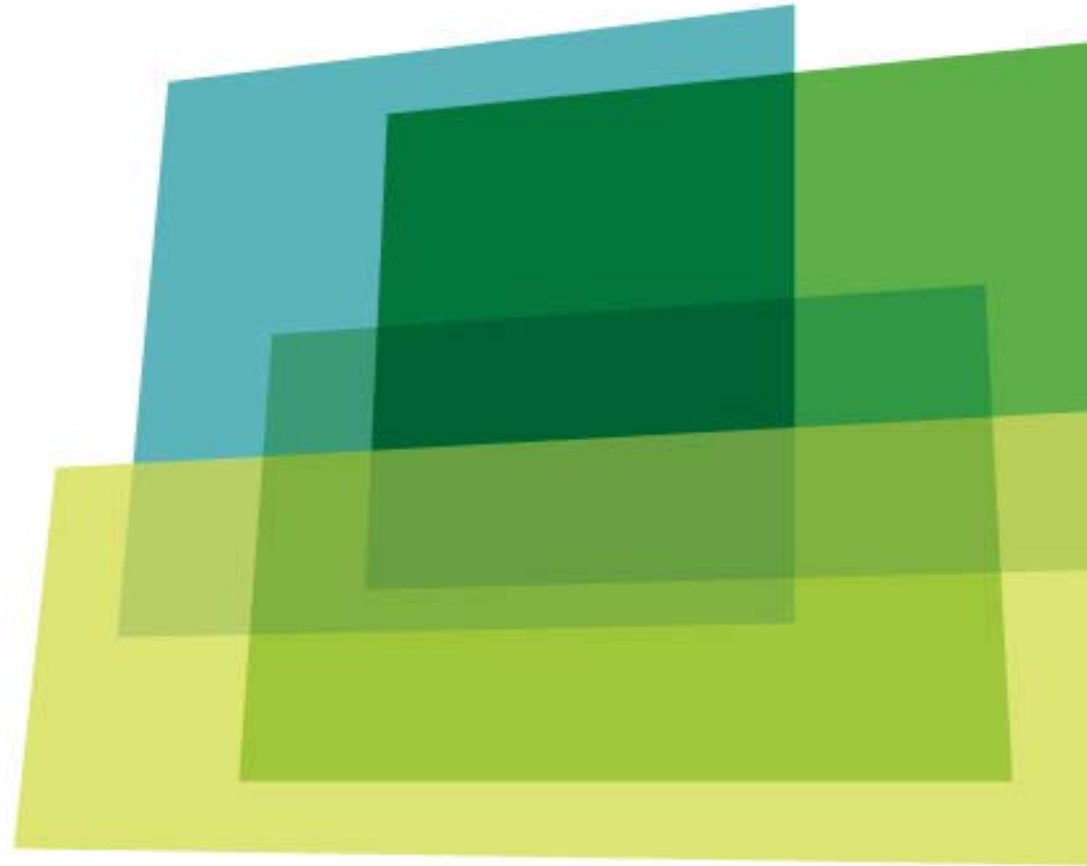


- Energy
- Home Improvement
- Insurance
- Industrial & Safety
- Chemicals & Fertilisers





Home Improvement



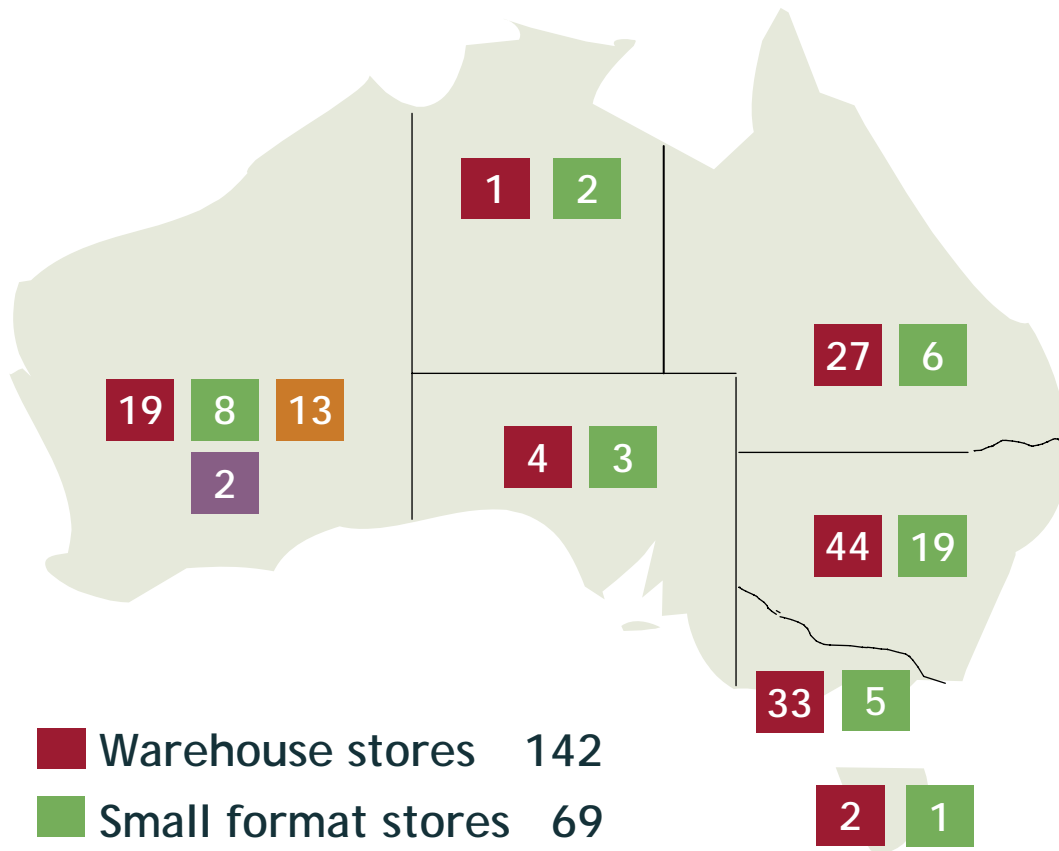
Home Improvement



**WIDEST RANGE
LOWEST PRICES
BEST SERVICE**



Home Improvement Store Network



- Warehouse stores 142
- Small format stores 69
- WA Salvage stores 13
- HouseWorks stores 2

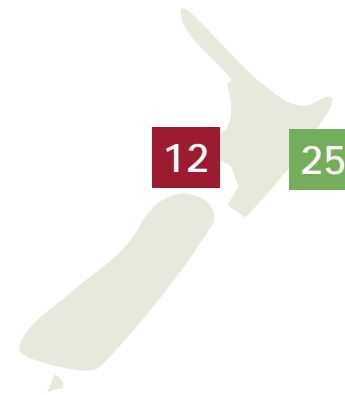
QUICK FACTS

142 warehouse stores

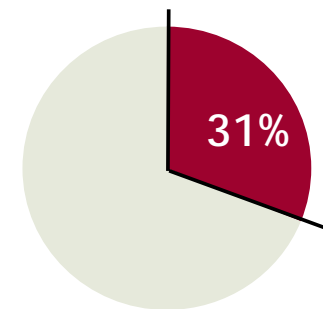
84 smaller format stores

100,000 product lines

23,000 employees



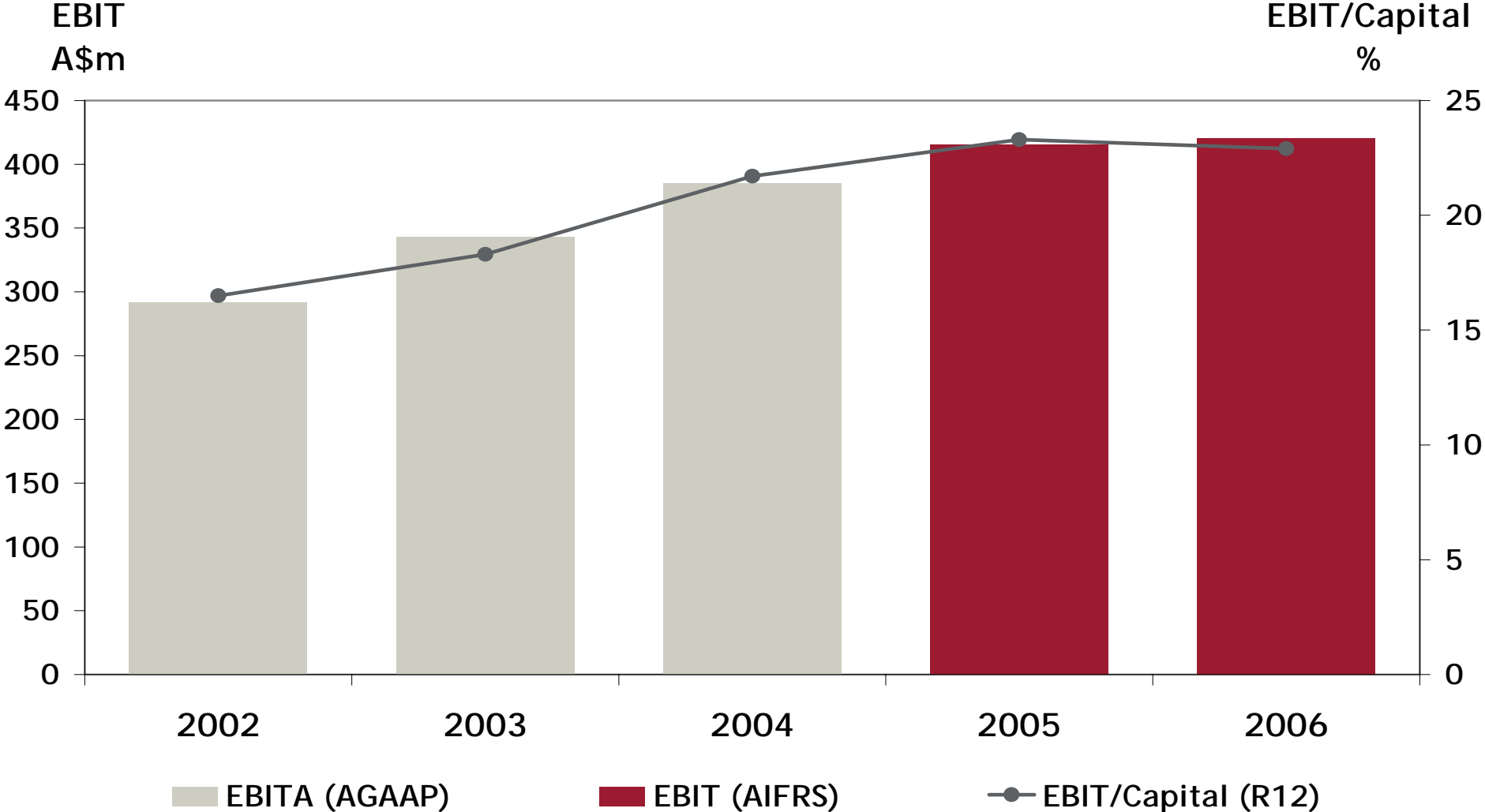
CONTRIBUTION TO GROUP EBIT



Excludes distribution centres and trade operational sites



Home Improvement Financial Performance



Home Improvement Growth Strategies

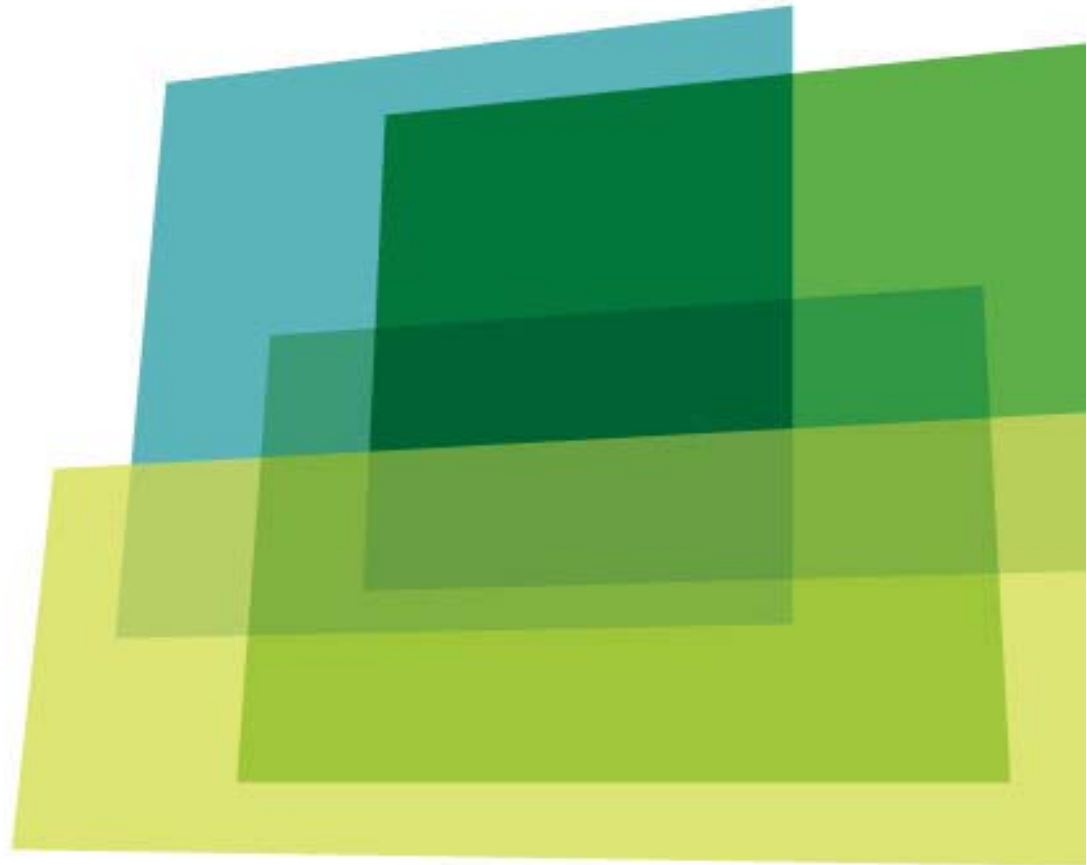


Opportunities	Strategies
Growth in retail markets	Expanding store network – open 10 to 14 warehouse stores pa Enhancing and expanding product ranges and services Lifting in-store service levels Accelerated store refurbishments – approx 30 in 2006/07 Development of new store concepts
Growth in building sector	Revamped trade distribution model Dual focus on smaller contractors and larger builders
Reducing cost of doing business	Business systems upgrade - A\$55m phased programme Lifting business effectiveness and efficiency - focus on supply chain & operational opportunities





Coal



Coal



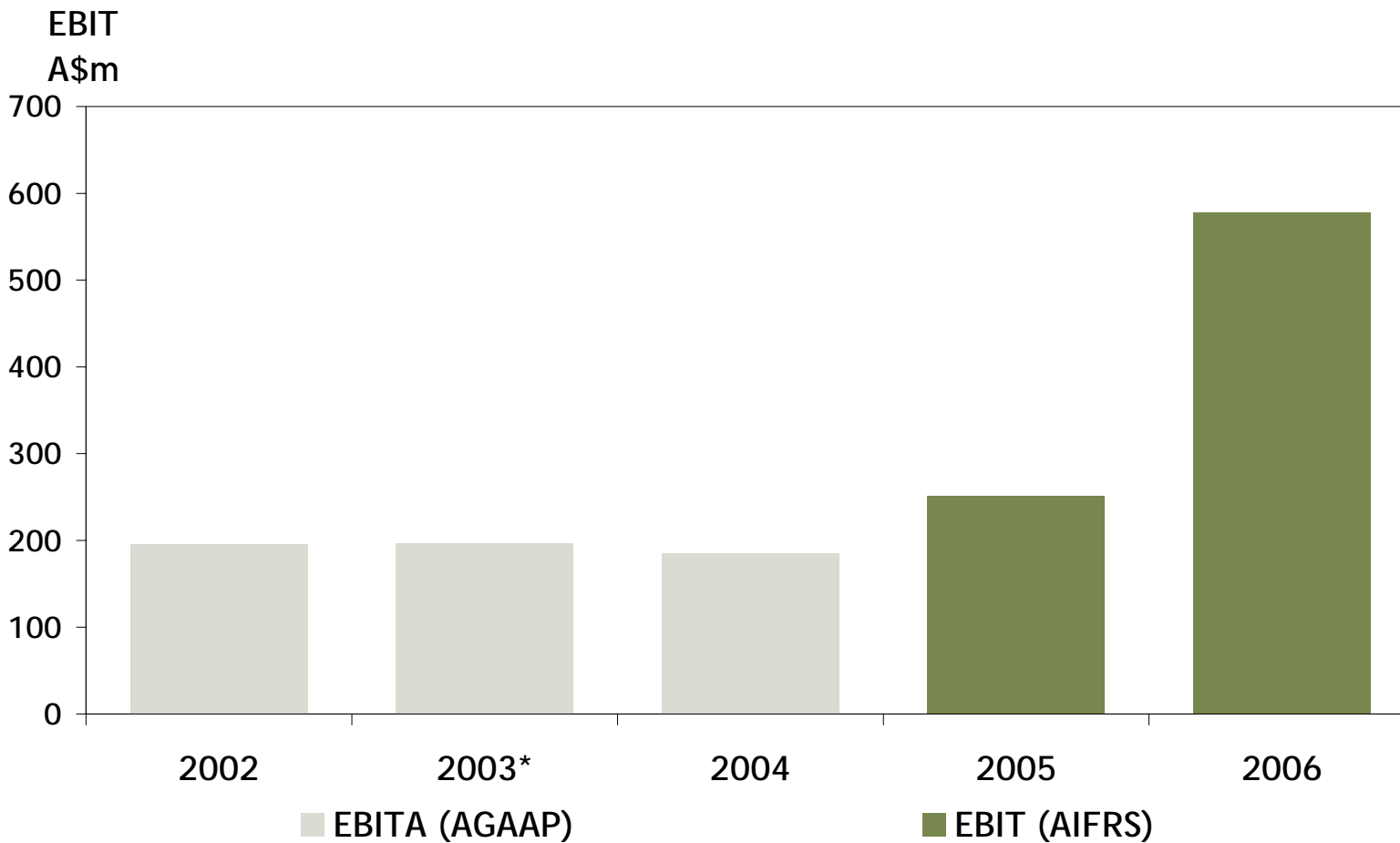
URRAGH



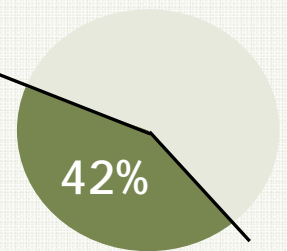
Premier Coal



Coal Financial Performance



CONTRIBUTION
TO GROUP EBIT



QUICK FACTS

660 employees

3 coal mines

22 coal customers

* Excluding profit on the sale of Girrah of A\$80.5m



Coal Growth Strategies

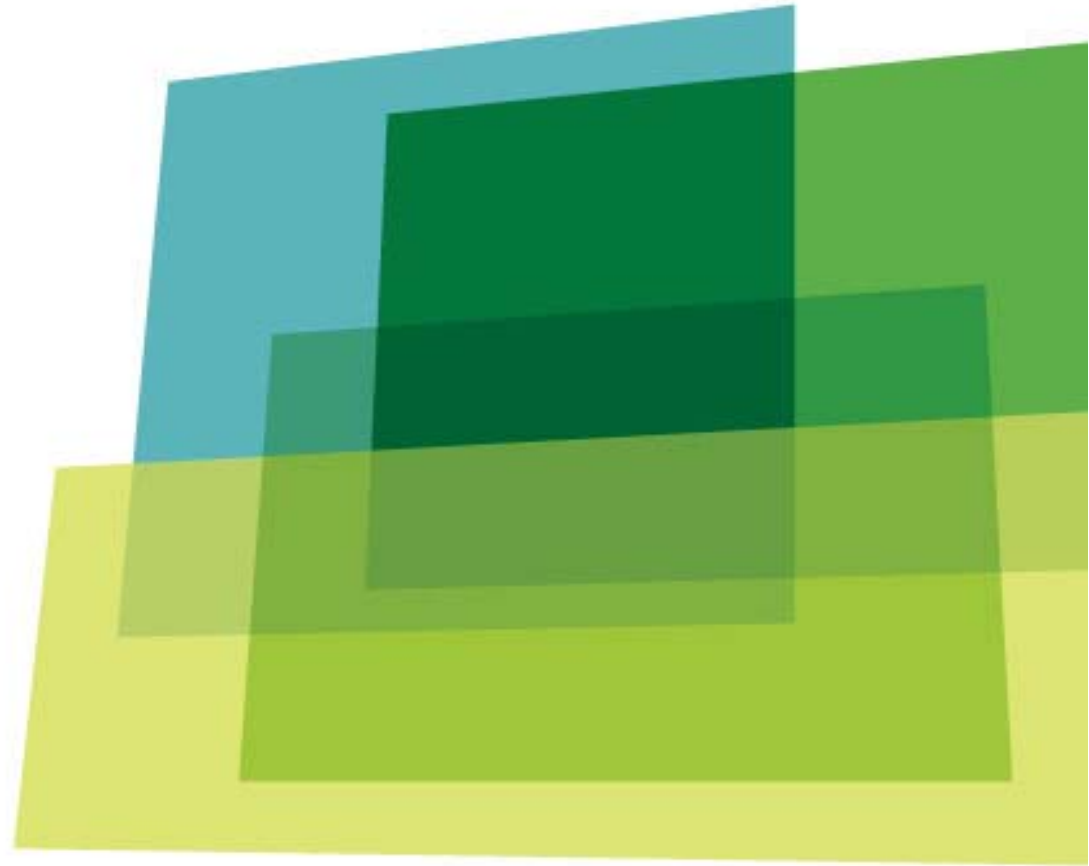


Opportunities / Challenges	Strategies
Continued firm export coal prices in the short term	Maximise Bengalla and Curragh production
Continued cost pressures	Continue best practice production cost per product tonne across portfolio
Tight market due to resource sector boom and infrastructure constraints in QLD and NSW	Closely monitoring and capturing opportunities to export as soon as capacity becomes available
Increase coal production in a tight market	Curragh North materials handling project completion Curragh metallurgical coal sales 6.2mt to 6.5mt for 06/07
Extend product and market reach	Acquisitions that offer economies of scale or downstream benefits





Insurance



Insurance

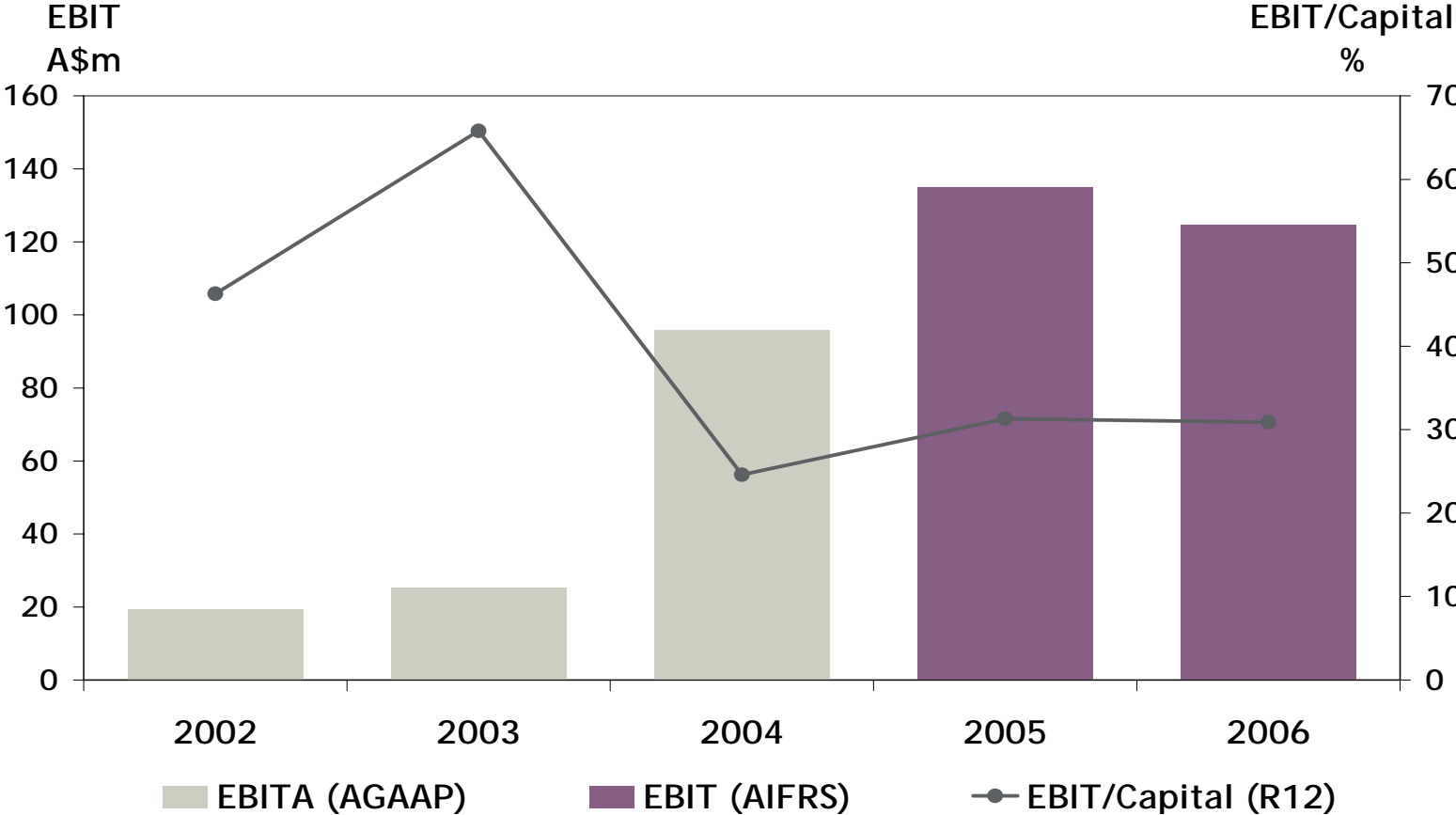


**WESFARMERS FEDERATION
INSURANCE LIMITED**

Lumley



Insurance Financial Performance



CONTRIBUTION TO GROUP EBIT

QUICK FACTS

- 1,500 employees
- 102 branches



Insurance Growth Strategies



Opportunities / Challenges

Strategies

Softening environment

Target new segments for profitable growth

Continue building technical and expert sales team

Sales force efforts targeted at growth sectors

Acquisition opportunities

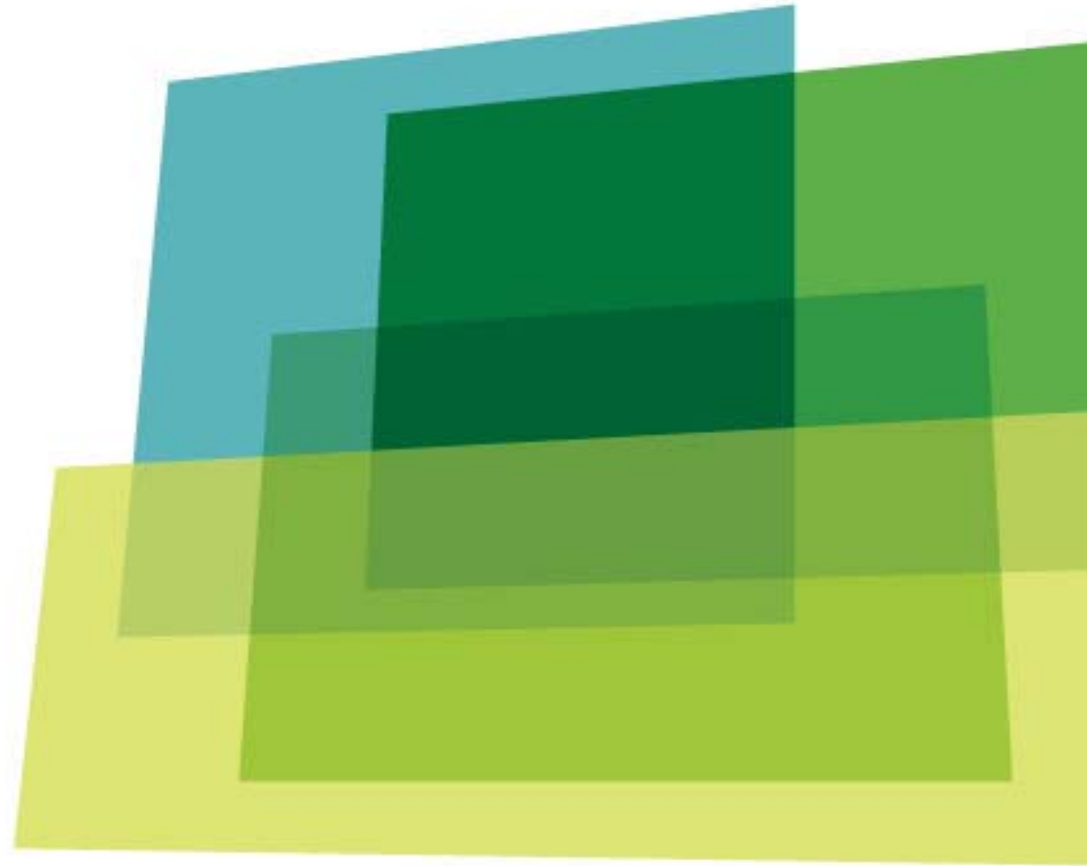
\$700m cash offer for OAMPS Ltd, insurance broking and underwriting, to provide improved scale and penetration in specialist insurance areas

Actively seek acquisition opportunities that increase product/service range





Industrial & Safety



Industrial & Safety

Australia

Blackwoods

BAKERS
CONSTRUCTION + INDUSTRIAL

Atkins

**Protector
Alsafe** 

Mullings Fasteners 
"THE FASTENER SPECIALISTS"

**Motion
Industries**
power transmission & bearings

New Zealand

Blackwoods  **Paykels**

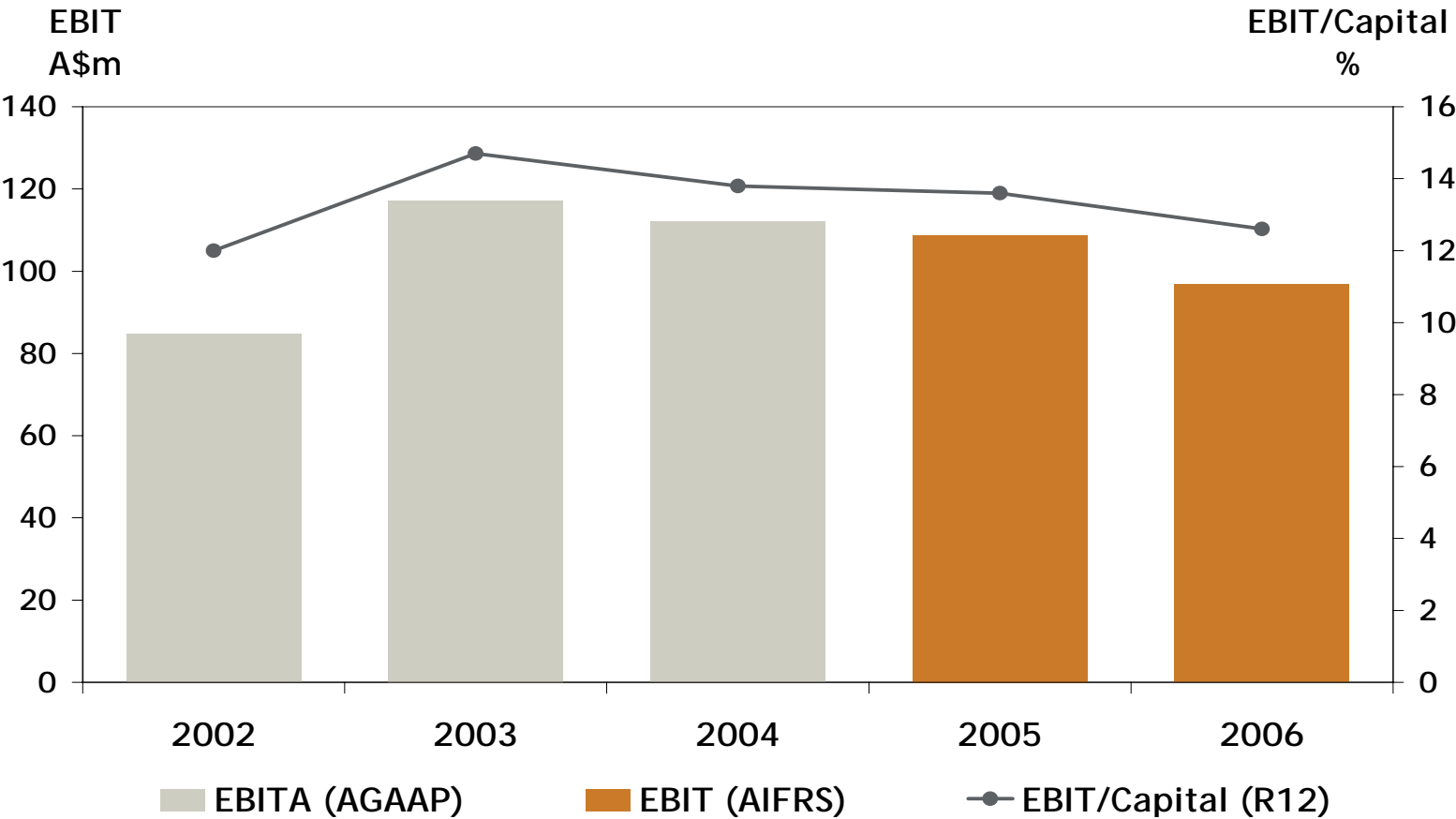
 **NZ Safety**
Specialists in Safety & Protection

 **Protector
Safety Supply**

 **Packaging House**
Building partnerships, delivering solutions



Industrial & Safety Financial Performance



CONTRIBUTION TO GROUP EBIT

7%

QUICK FACTS

- 3,100 employees
- 233 locations
- 115,000 customers
- 280,000 product lines

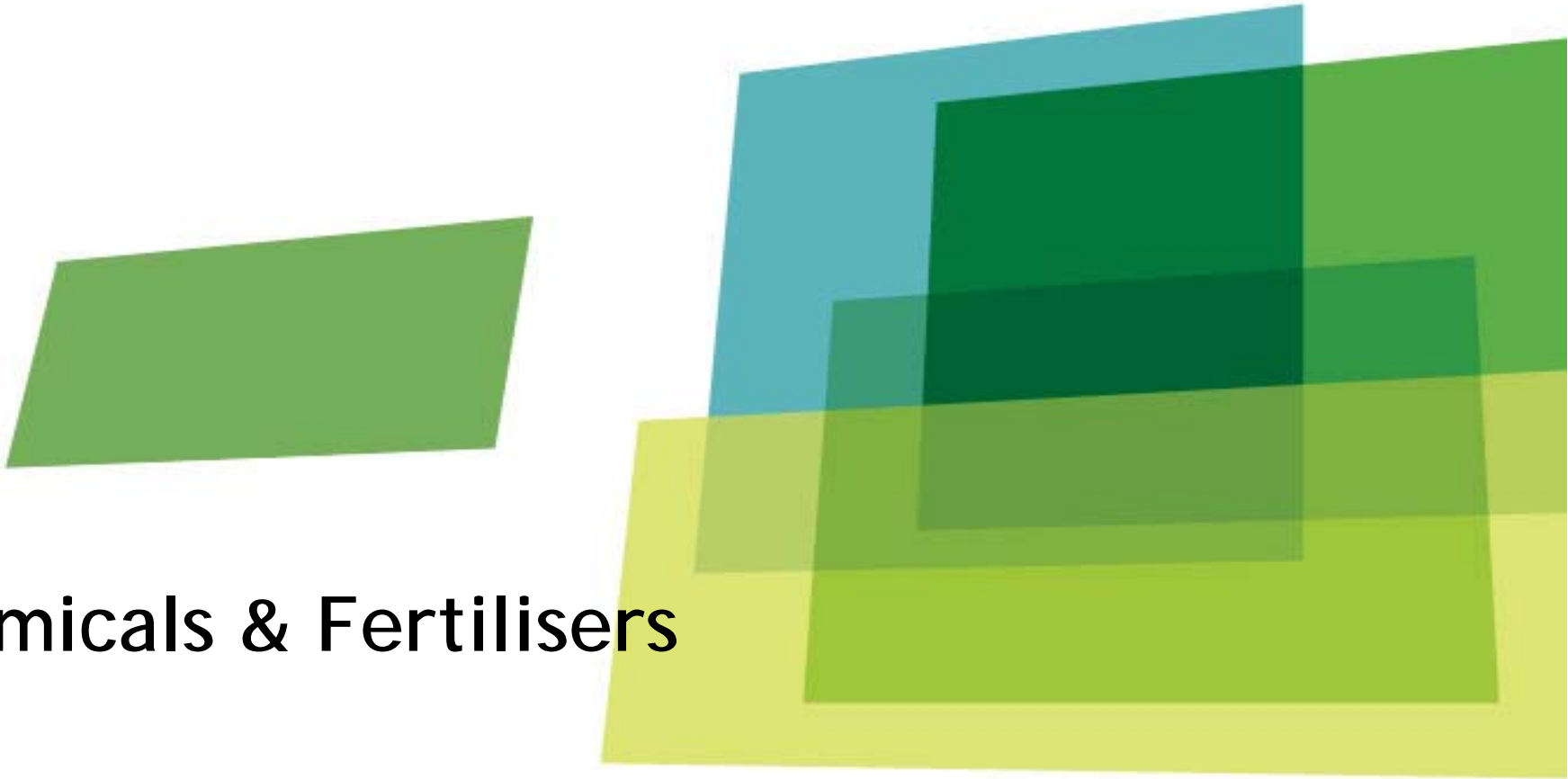


Industrial & Safety Growth strategies



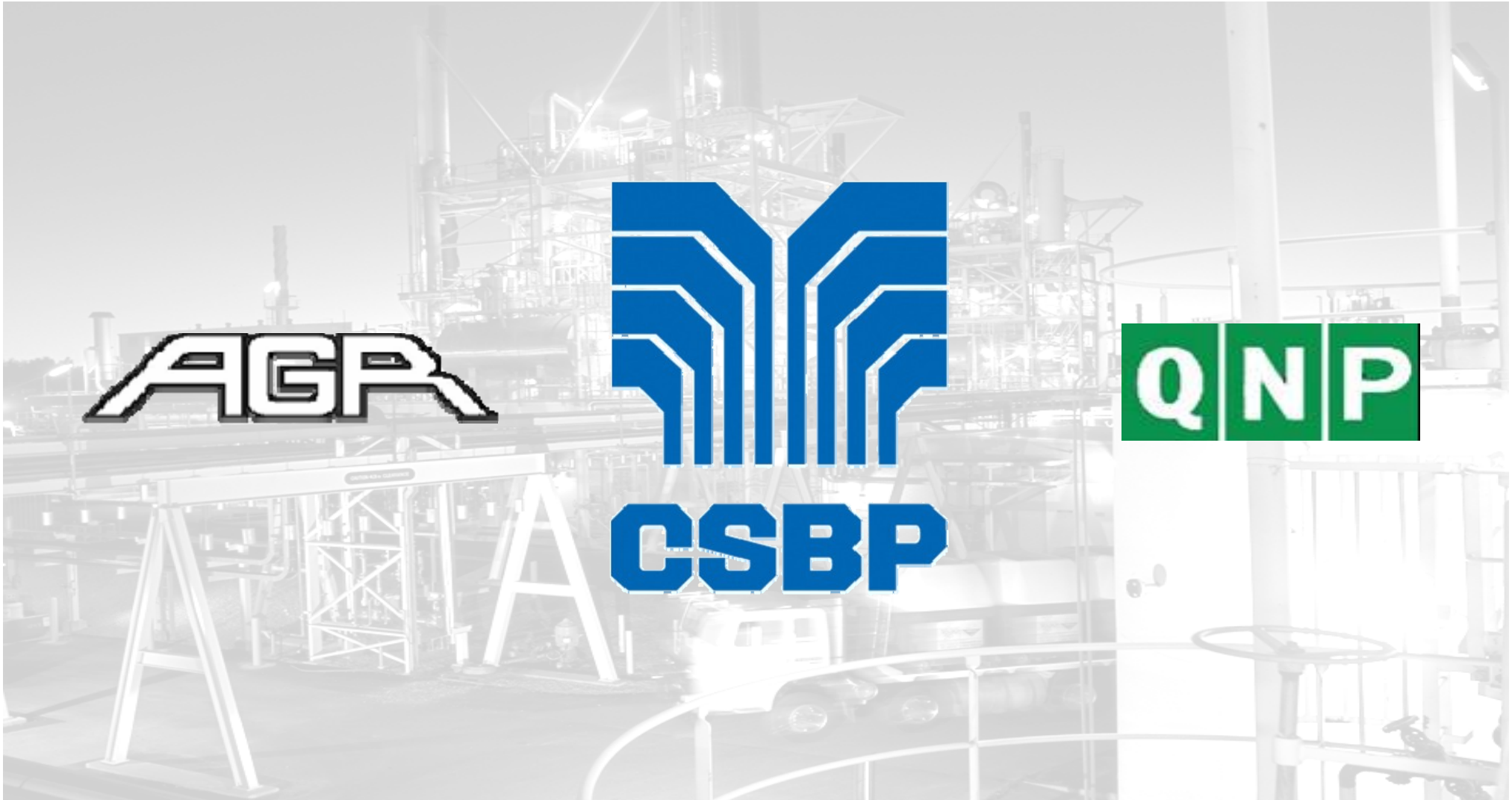
Opportunities	Strategies
Further penetration of buoyant mining, construction and infrastructure sectors	Sales force efforts targeted at growth sectors Network development in growth locations Product range expansion
Target major customers to increase share of spend	Incentive programs to increase purchases across entire portfolio Promote B2B channel
Extend product and market reach	Established China sourcing office to increase competitiveness Actively seek acquisition opportunities in a highly fragmented market
Reduce operating costs	Leverage economies of scale in sourcing and shared support functions across businesses



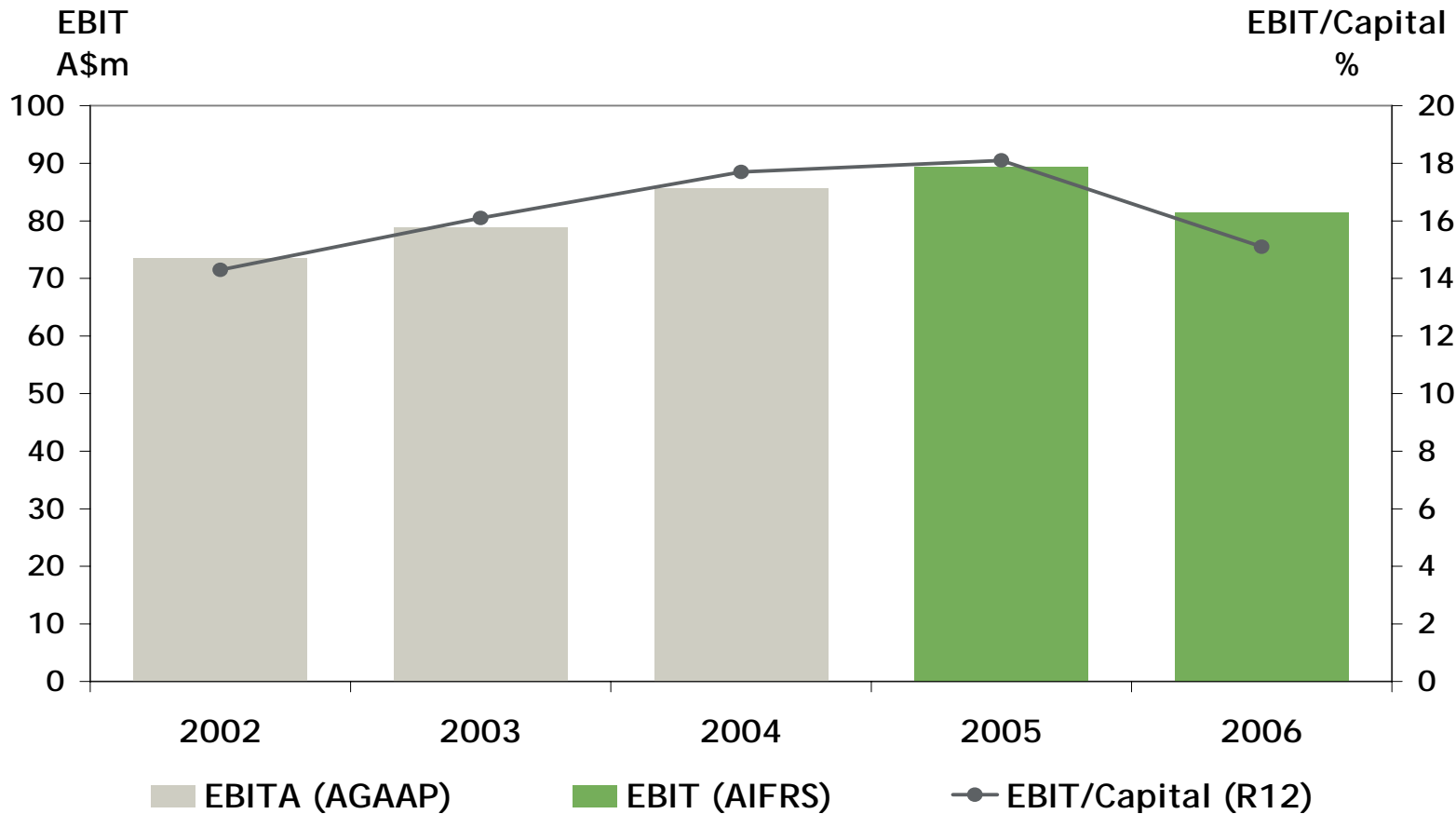


Chemicals & Fertilisers

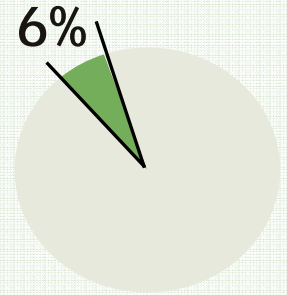
Chemicals & Fertilisers



Chemicals & Fertilisers Financial Performance



CONTRIBUTION
TO GROUP EBIT



QUICK FACTS

- 590 employees
- 360 chemical customers
- 2 major fertiliser distributors servicing over 5,000 farmers
- 11 operational manufacturing plants



Chemical & Fertilisers Growth Strategies

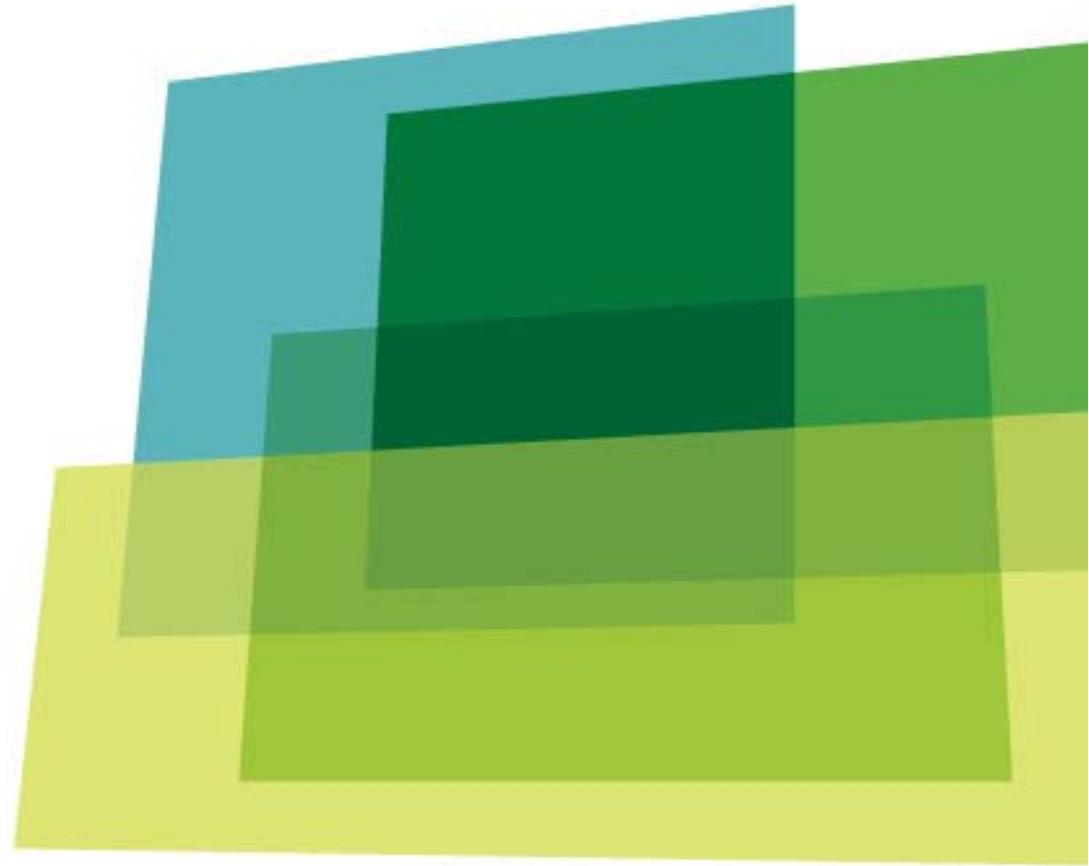


	Opportunities / Challenges	Strategies
Chemicals	Continued strong demand from resource sector	<p>Kwinana AN expansion:</p> <ul style="list-style-type: none"> ➤ Duplication of capacity to 470,000 tpa ➤ Completion expected second half 2007 <p>Feasibility study on expansion at QNP (50% owned)</p> <p>Sodium cyanide: Capacity expansion through debottlenecking</p> <p>Development of export markets for sodium cyanide</p>
Fertilisers	Economic impact of poor season on farmers	Development of new markets in liquid fertilisers
Fertilisers and Chemicals	Rationalisation of both industries	Actively seek acquisition opportunities in chemical and fertiliser market





Energy



Energy



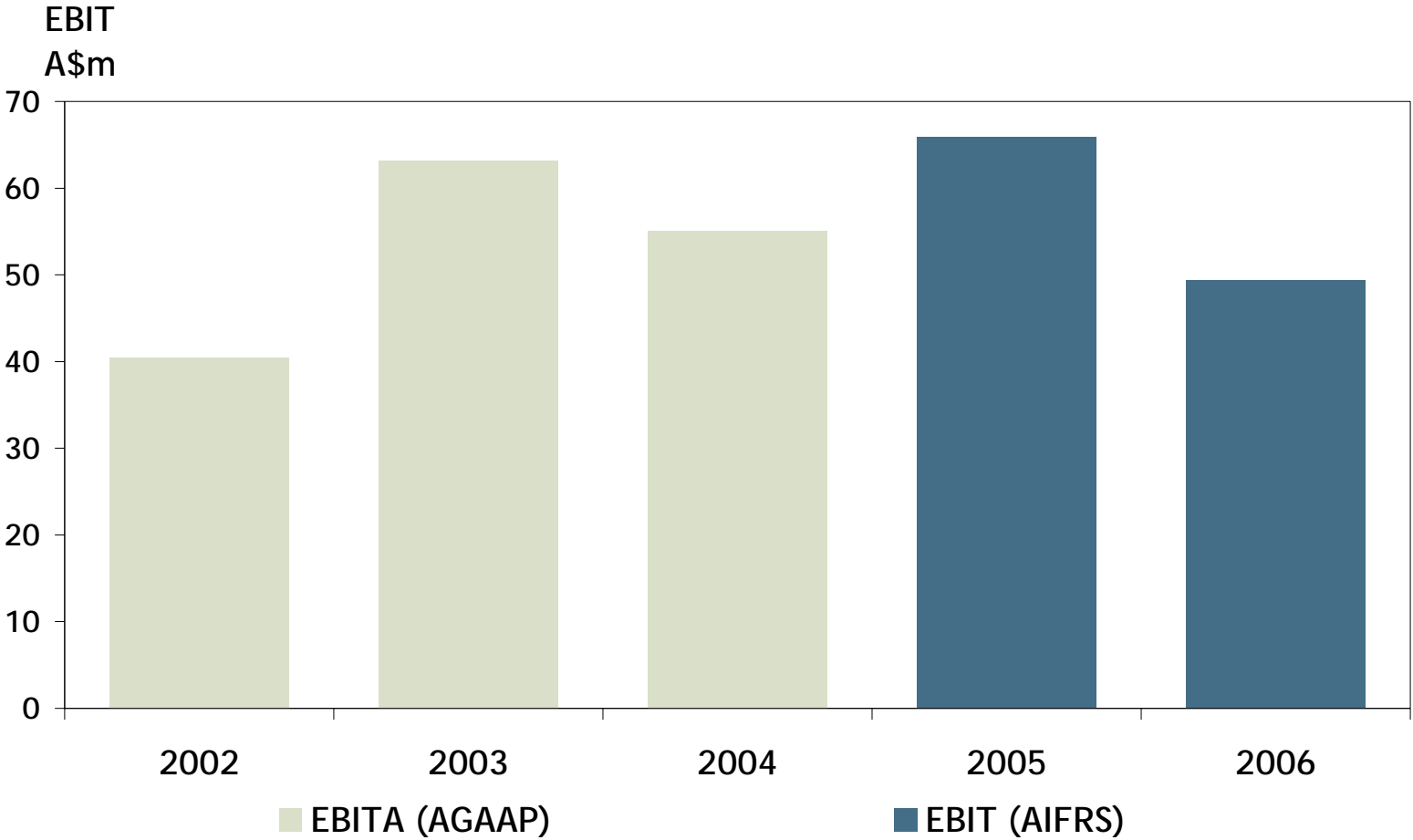
WESFARMERS LPG



enGen
energy generation



Energy Financial Performance



CONTRIBUTION TO GROUP EBIT

4%

QUICK FACTS

- 740 employees
- 1,300 gas locations
- 265,000 gas customers
- 17 remote power stations
- 2 air separation units



Energy Growth Strategies

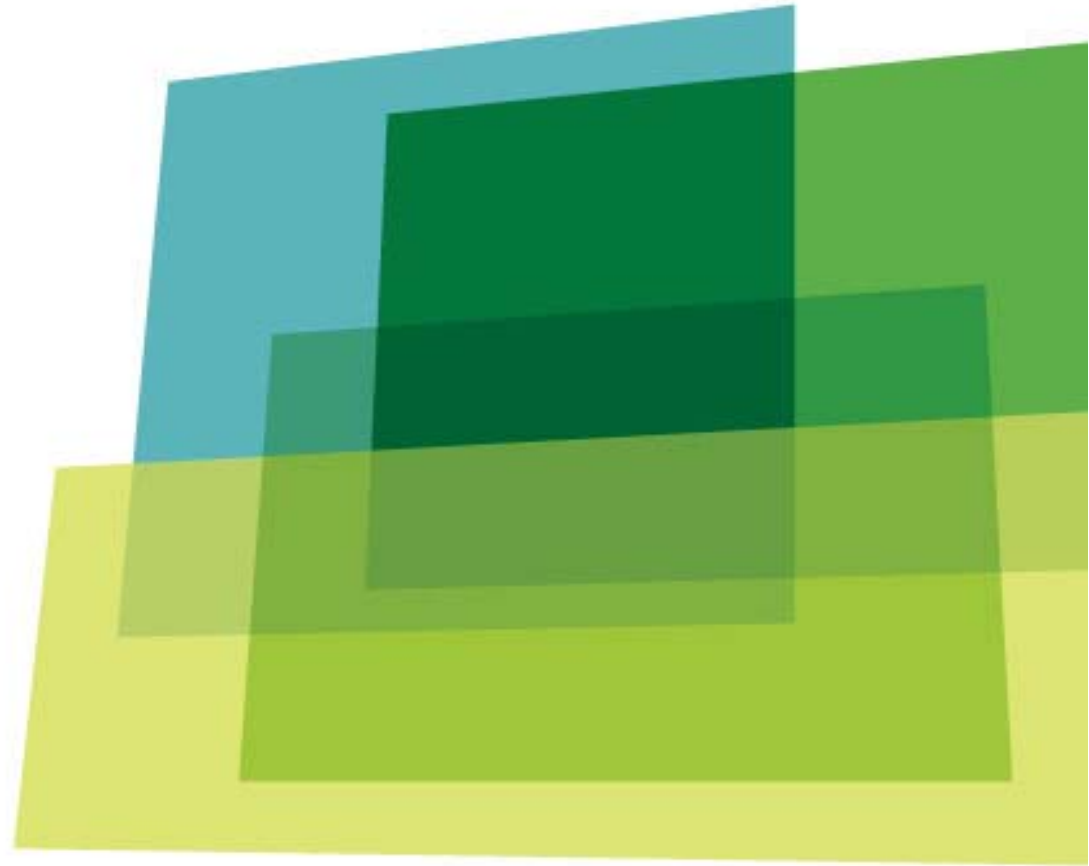


Opportunities / Challenges	Strategies
New gas products and markets	Kleenheat Gas: develop new domestic markets for LNG Wesfarmers LPG: secure long-term feed gas supply arrangements Air Liquide WA (40%): deliver new projects
Remote power opportunities	Engen: new projects driven by mining and resources boom
Improve margins in higher gas cost environment	Kleenheat Gas: improve efficiency and workforce performance – lower cost business model





Other Businesses



Other Businesses



- Gresham Partners (50%)
- Gresham Private Equity
 - Fund 1 (50%)
 - Fund 2 (67%)

Investment bank and private equity investor (Australia)



- Wespine (50%)

Softwood mill (Western Australia)



- Bunnings Warehouse Property Trust (23%)

Listed property trust (Australia)



Gresham Private Equity

Fund 1

- Two divestments during 2005/06
 - Virgin Active sold November 2005 (gross IRR of 34.5%)
 - EROC sold January 2006 (4 times multiple)
- Further exits expected over next several years

CURRENT INVESTMENT PORTFOLIO

Norcros

mining / infrastructure contractor

NORCROS

Riviera

ocean cruisers



Raywood

vehicle control systems

Raywood



Gresham Private Equity

Fund 2

- Fund 2 commitments of A\$325m
- Wesfarmers current commitment A\$150m; Capital invested A\$40.9m
- Pacific Print Group (50%) acquired November 2005, enterprise value A\$190m
- Witchery acquired in July 2006

CURRENT INVESTMENT PORTFOLIO

Noel Leeming

*electrical retailer
(New Zealand)*

Noel Leeming
www.noelleeming.co.nz

Australian Pacific Paper Products

*manufacturer & distributor
of disposable nappies (Australia)*

APPP
Australian Pacific Paper Products

Pacific Print Group

*leading commercial printing
business (New Zealand)*

Pacific Print Group

Witchery

womens fashion apparel

WITCHERY

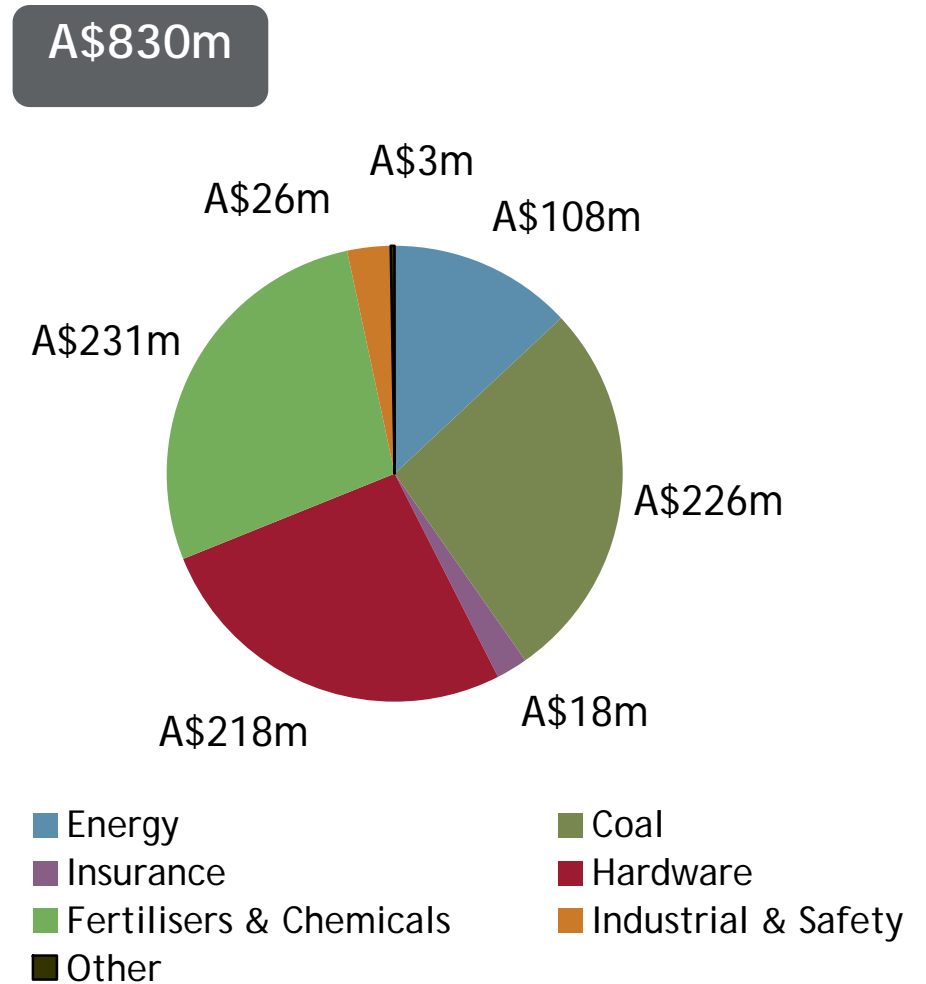


Capital Management



Capital Management

- Dividend policy – distribute franking credits through dividends
- Approximate 90% payout ratio
- Budgeted capital expenditure 2006/07 – A\$830m
- Target efficient capital structure





Wesfarmers

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