



Wesfarmers Energy

Half-Year Results Briefing

David Robb
February 2003



Wesfarmers

Wesfarmers Energy Limited



WESFARMERS LPG



STATEWEST POWER



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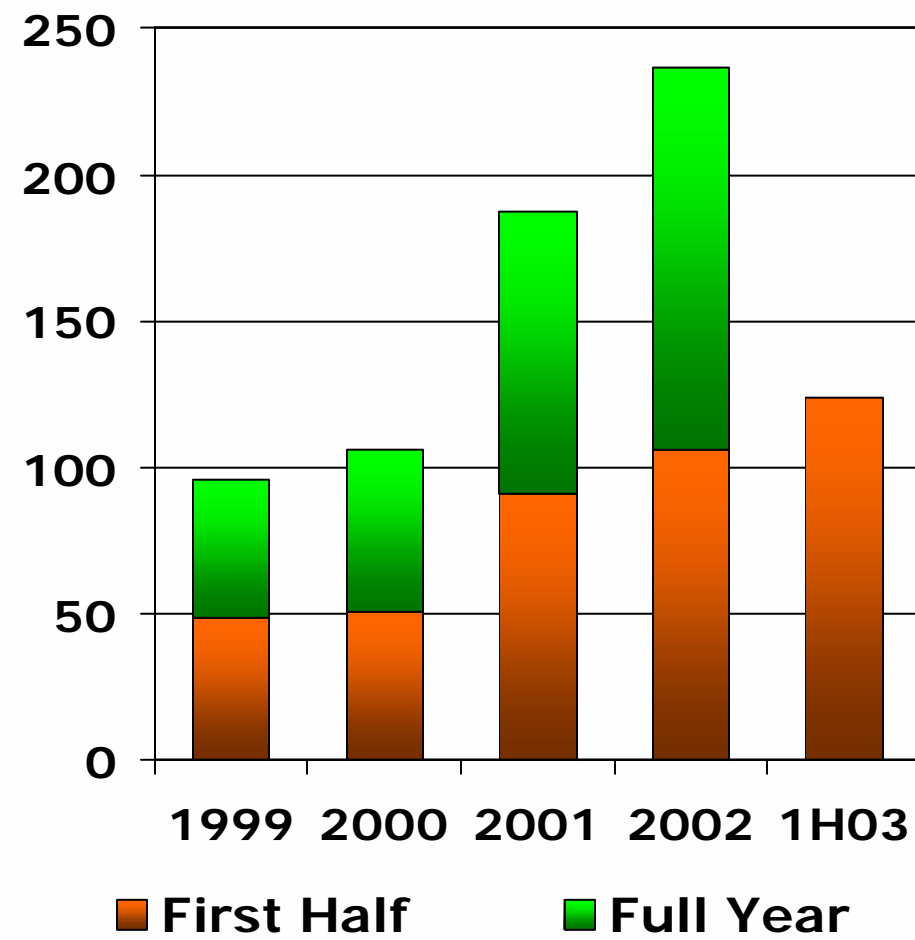
Wesfarmers Energy Objective

P G T

Profitable Growth Over Time

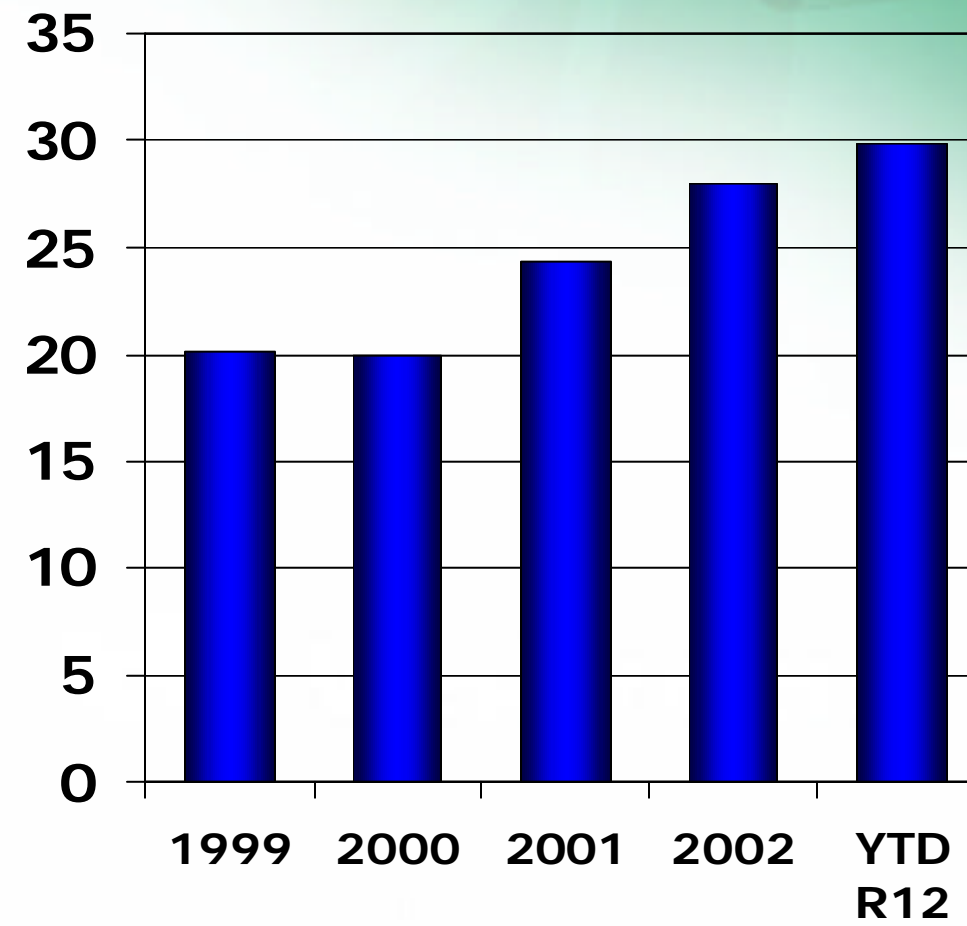
Profitable Growth Financial Performance

EBIT



%

ROC

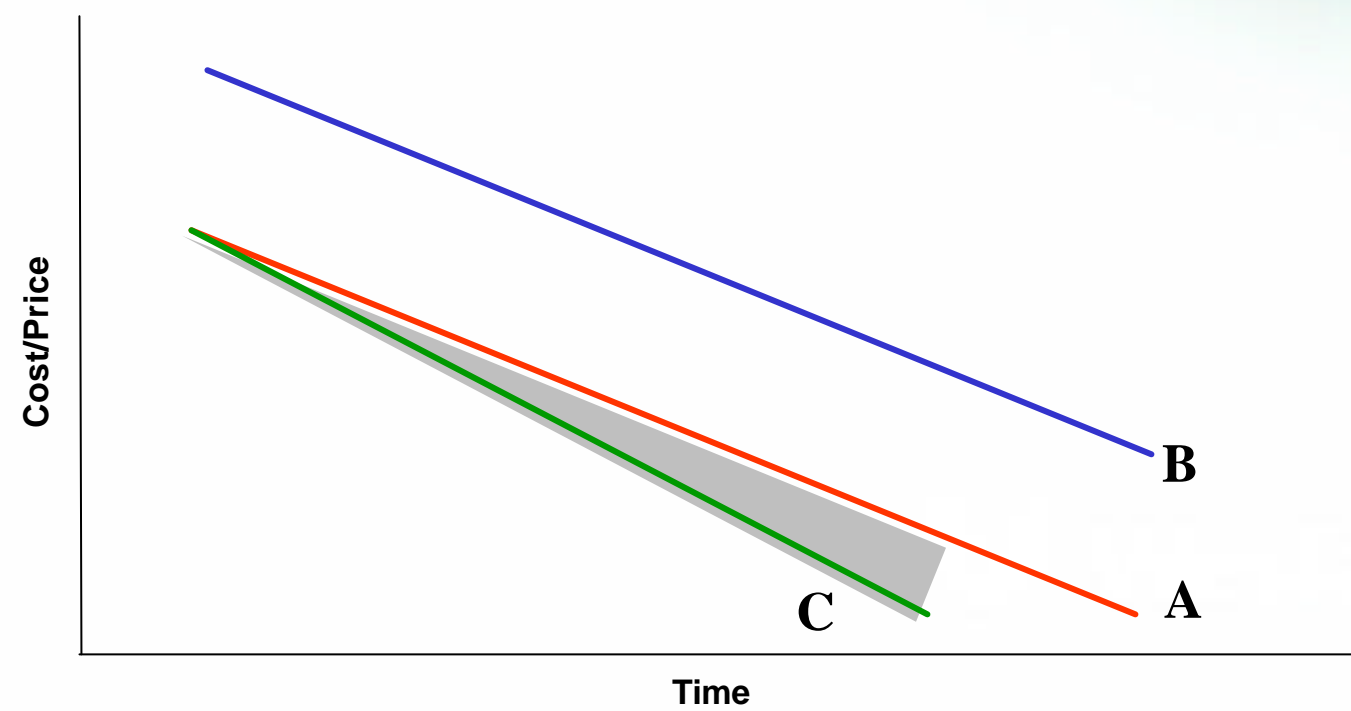


February 2003

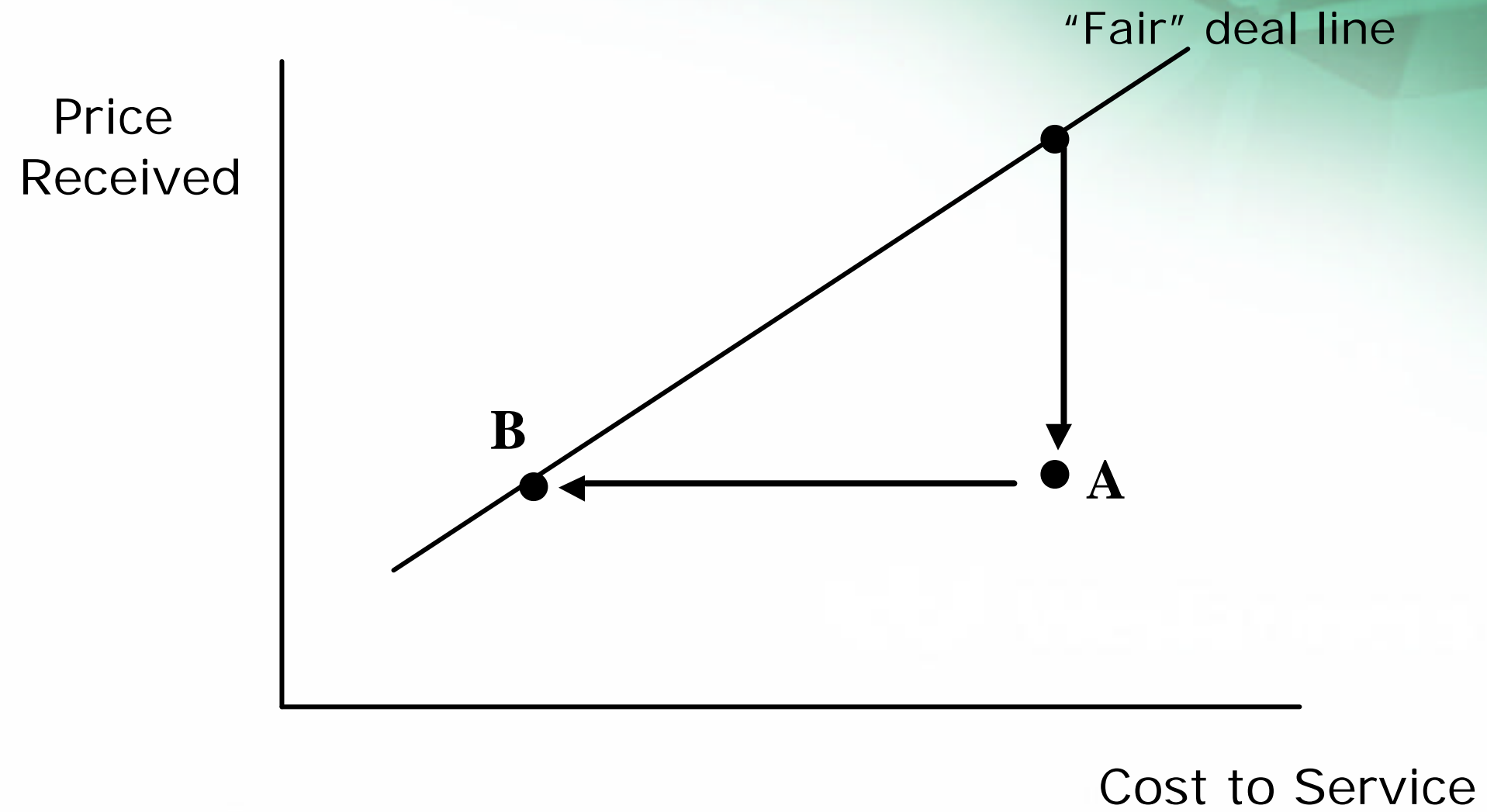
PGT Challenges

- Asset & People Productivity
- Aligning Stakeholders
- Acquiring New Competencies
- Changing the Business Model
- A Sense of Urgency

Asset and People Productivity



Price vs Cost



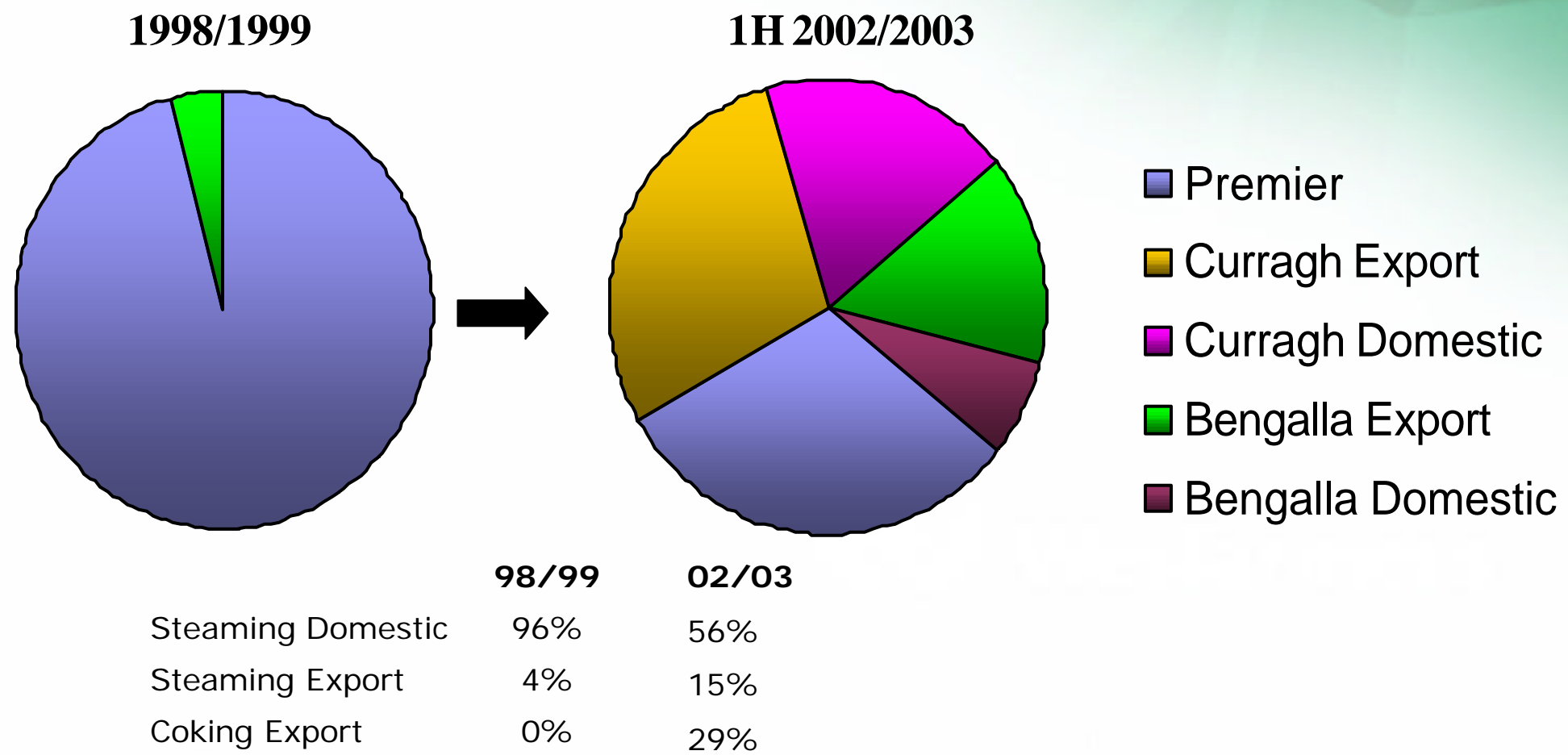
Acquiring New Competencies

Curragh



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Coal Market Development



Acquiring New Competencies StateWest Power

- WA power company
- Over 20 yrs of experience in remote power
- Constructed 29 power stations
- Total capacity 130MW



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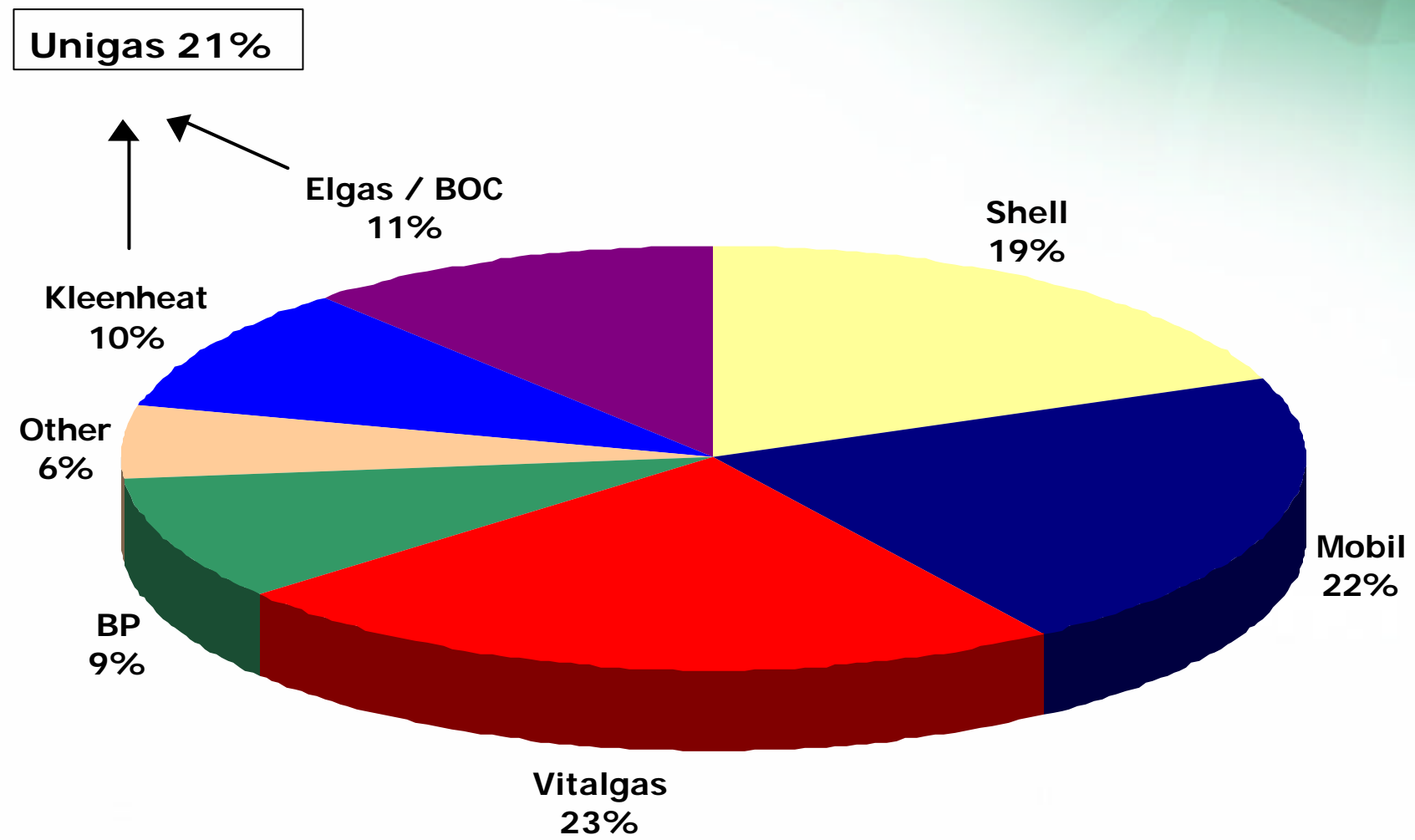
Acquiring New Competencies LNG



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Changing the Business Model

Eastern States Autogas

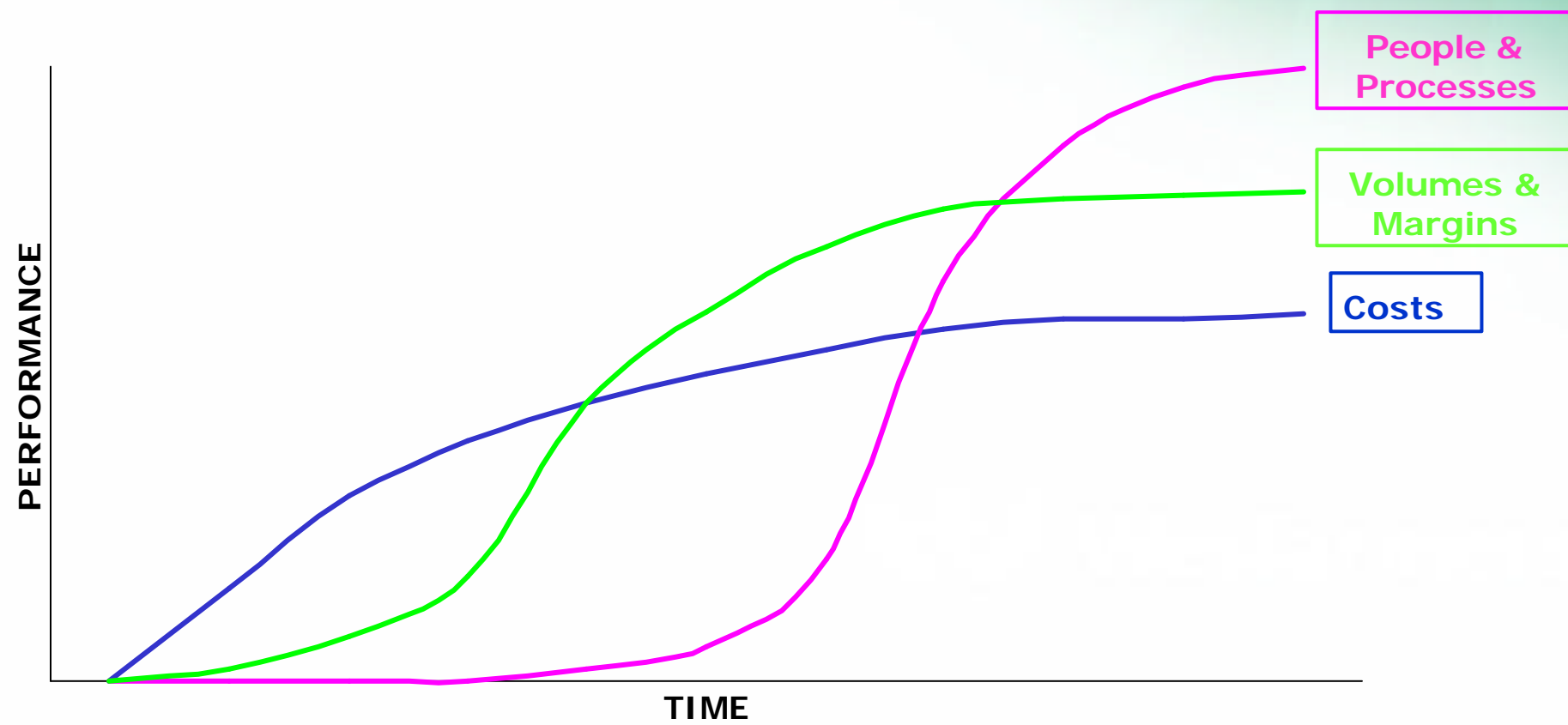


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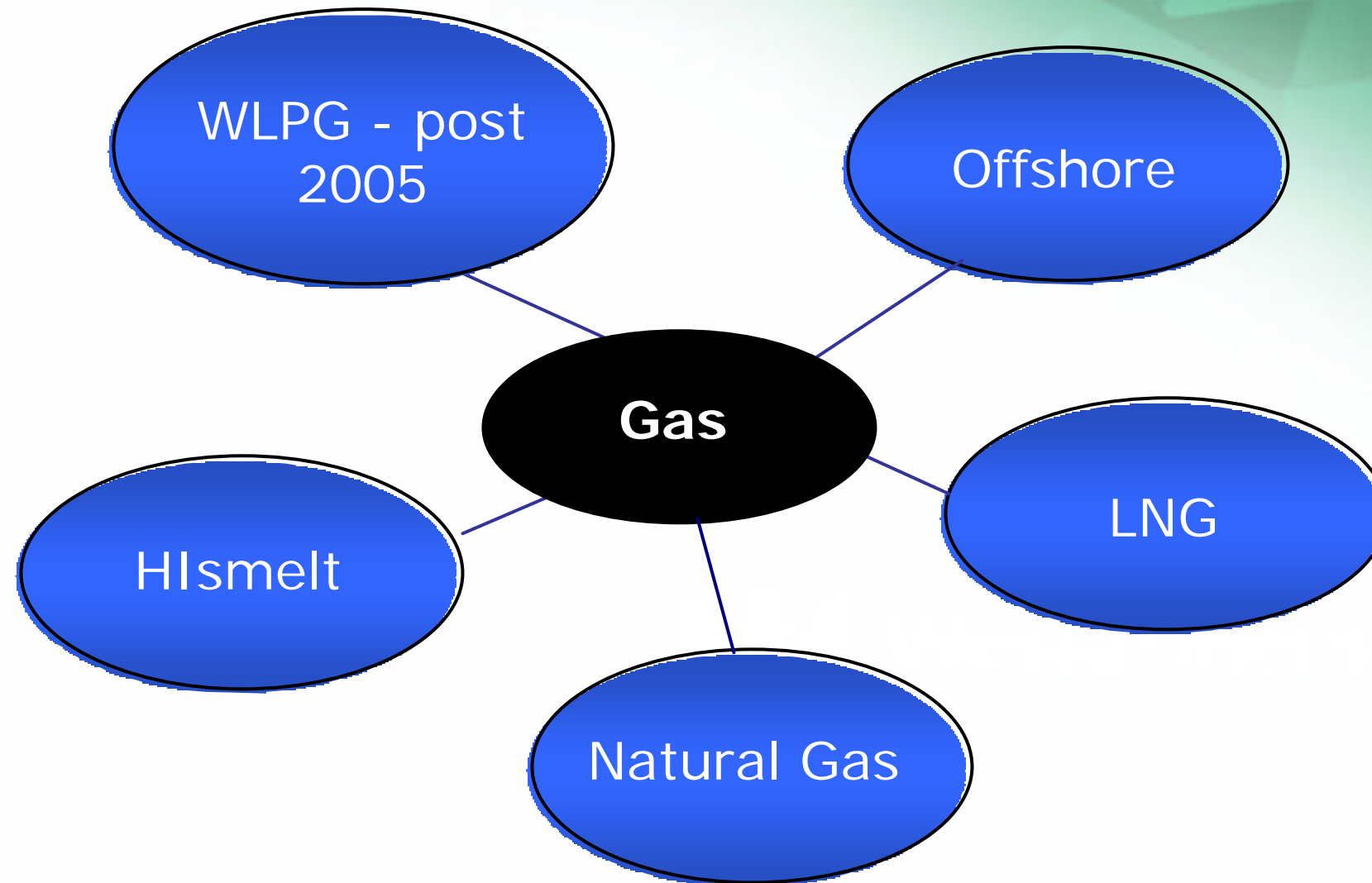
Strategy Summary

- KHG - "focus on fundamentals"
- WLPG - supply post 2005
- ALWA - securing major projects
- StateWest - off-grid, BOO, national
- Premier - new markets and unit costs
- Curragh - volume growth, Curragh as "hub"
- Bengalla - sales mix, volume security

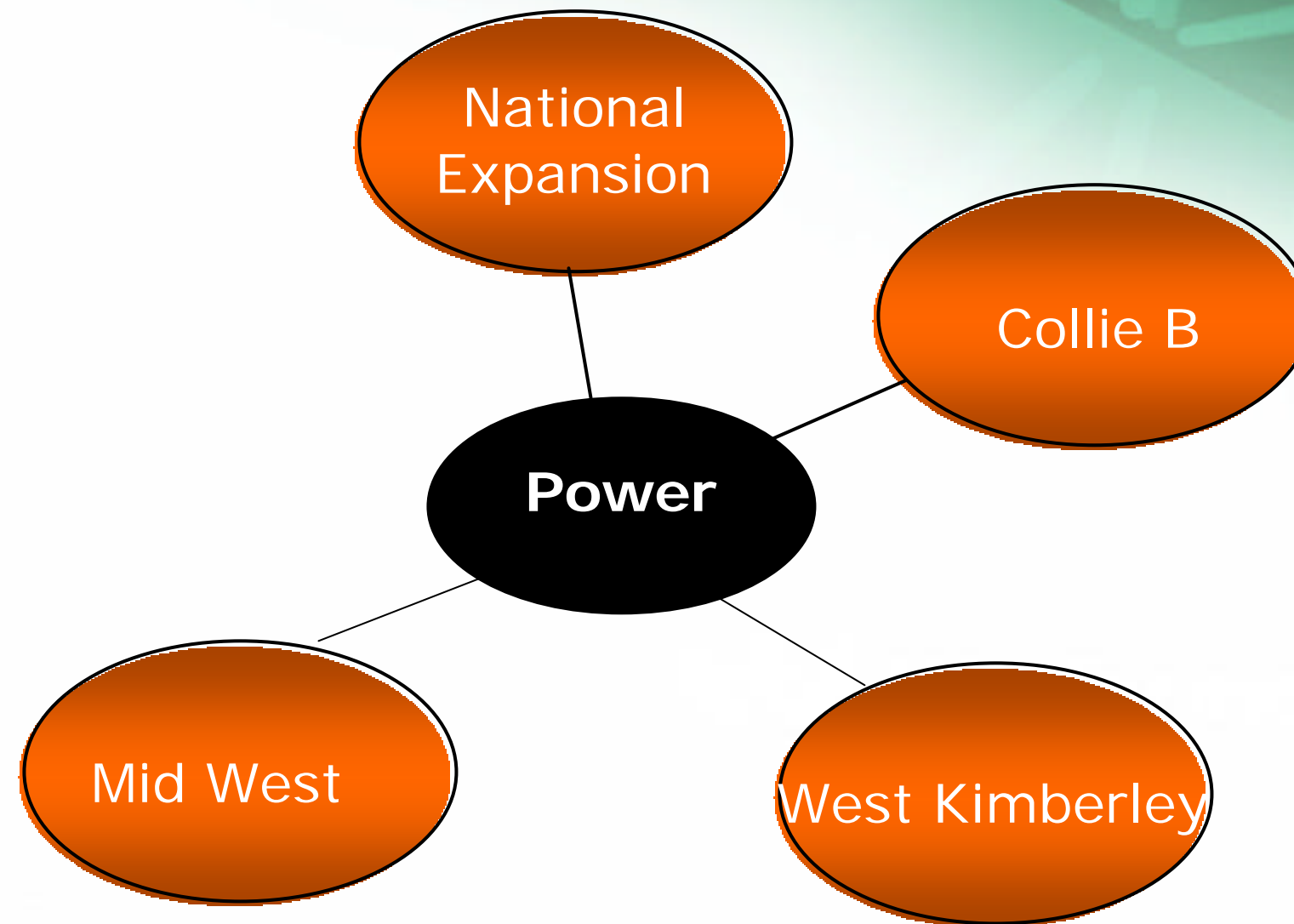
Performance Drivers



Growth Platform Gas



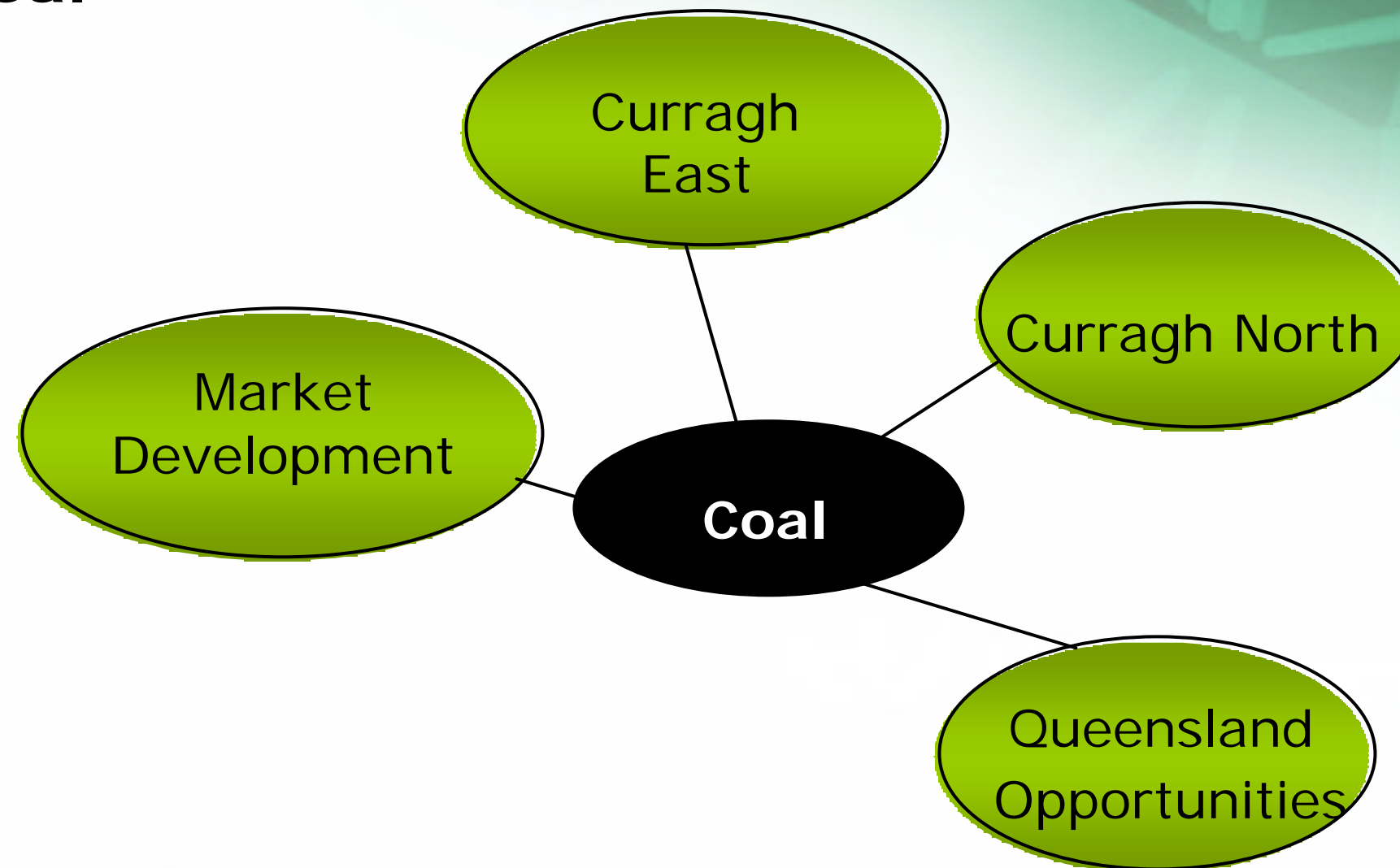
Growth Platform Power

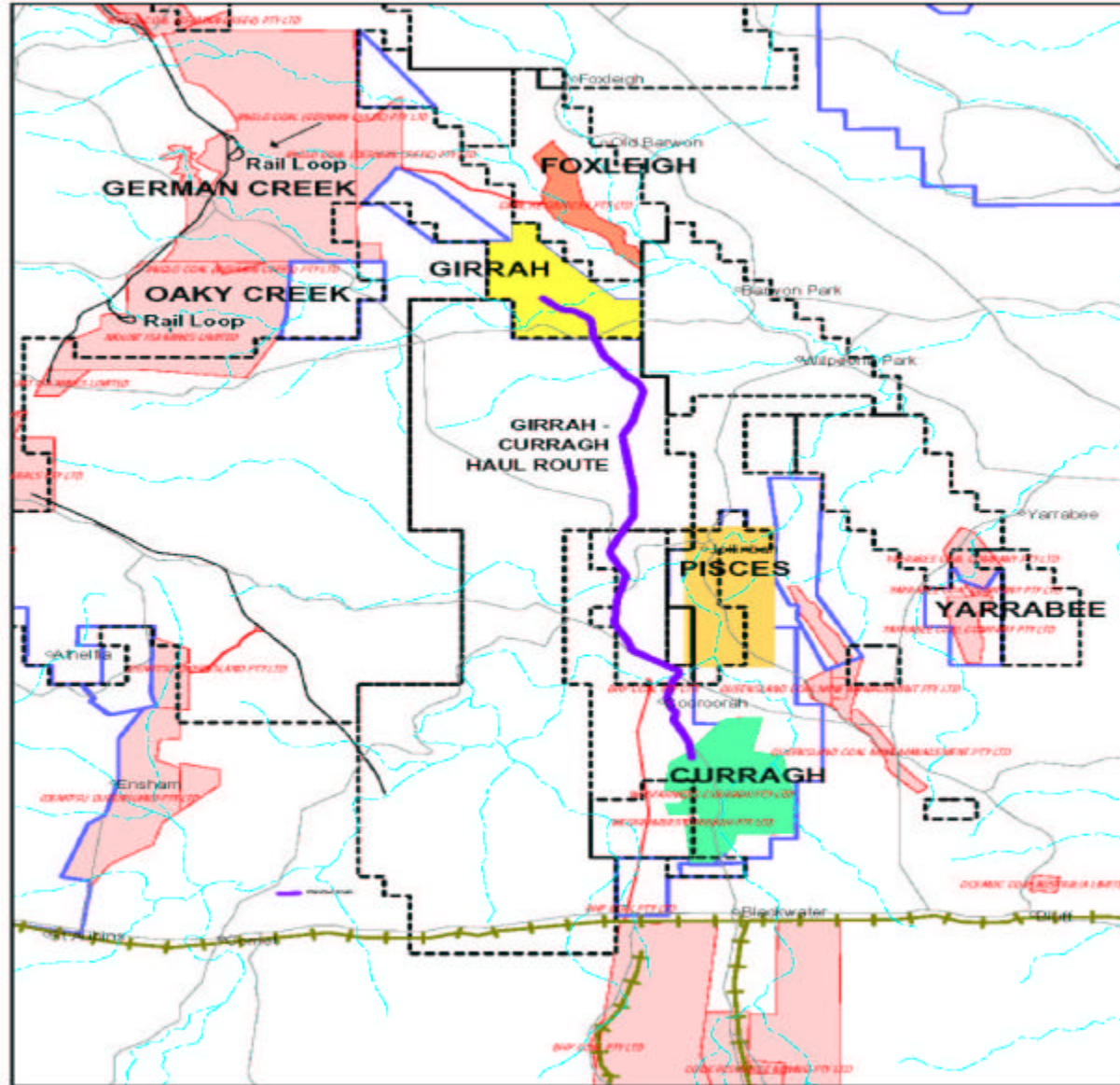


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Growth Platform

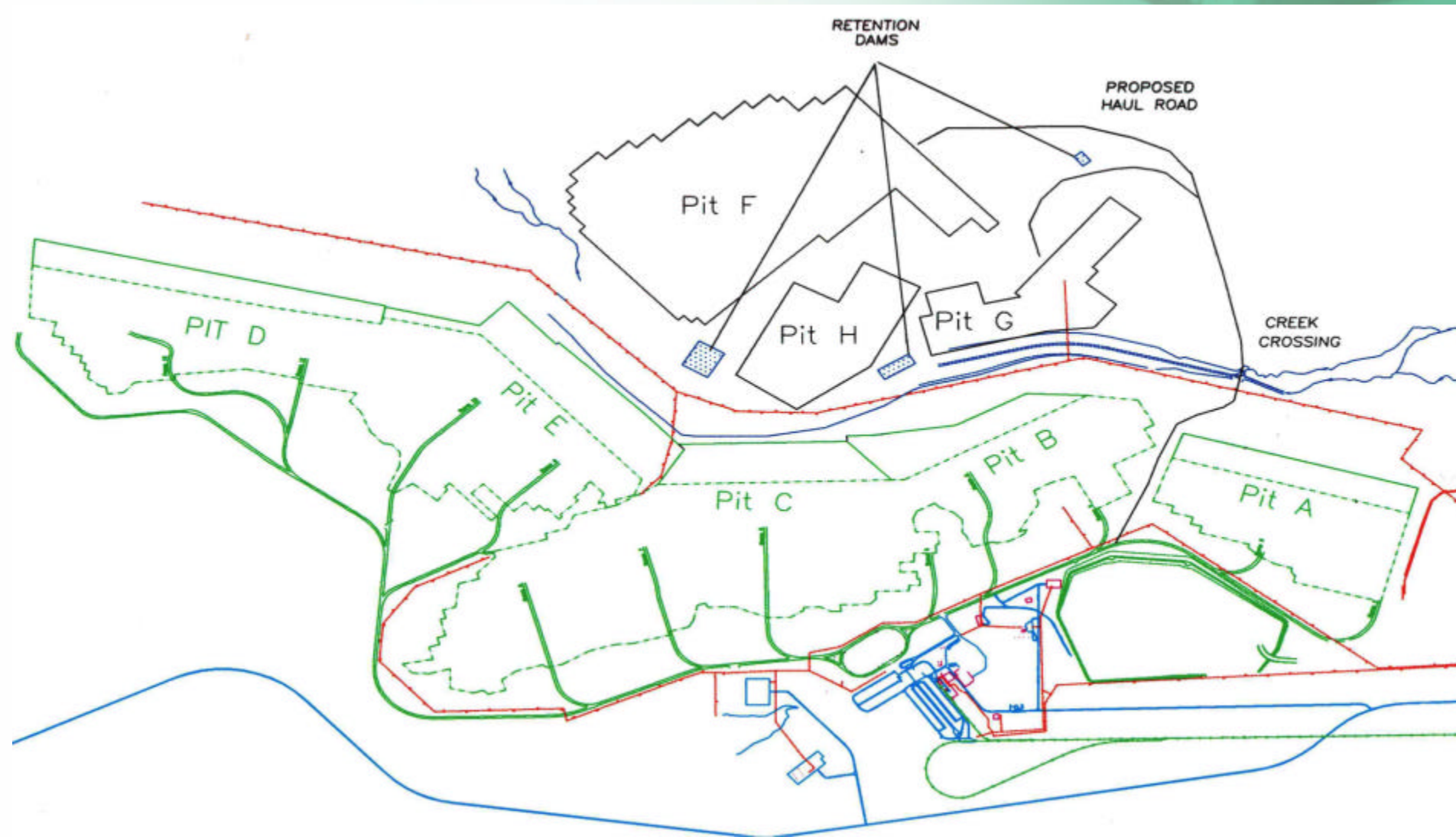
Coal





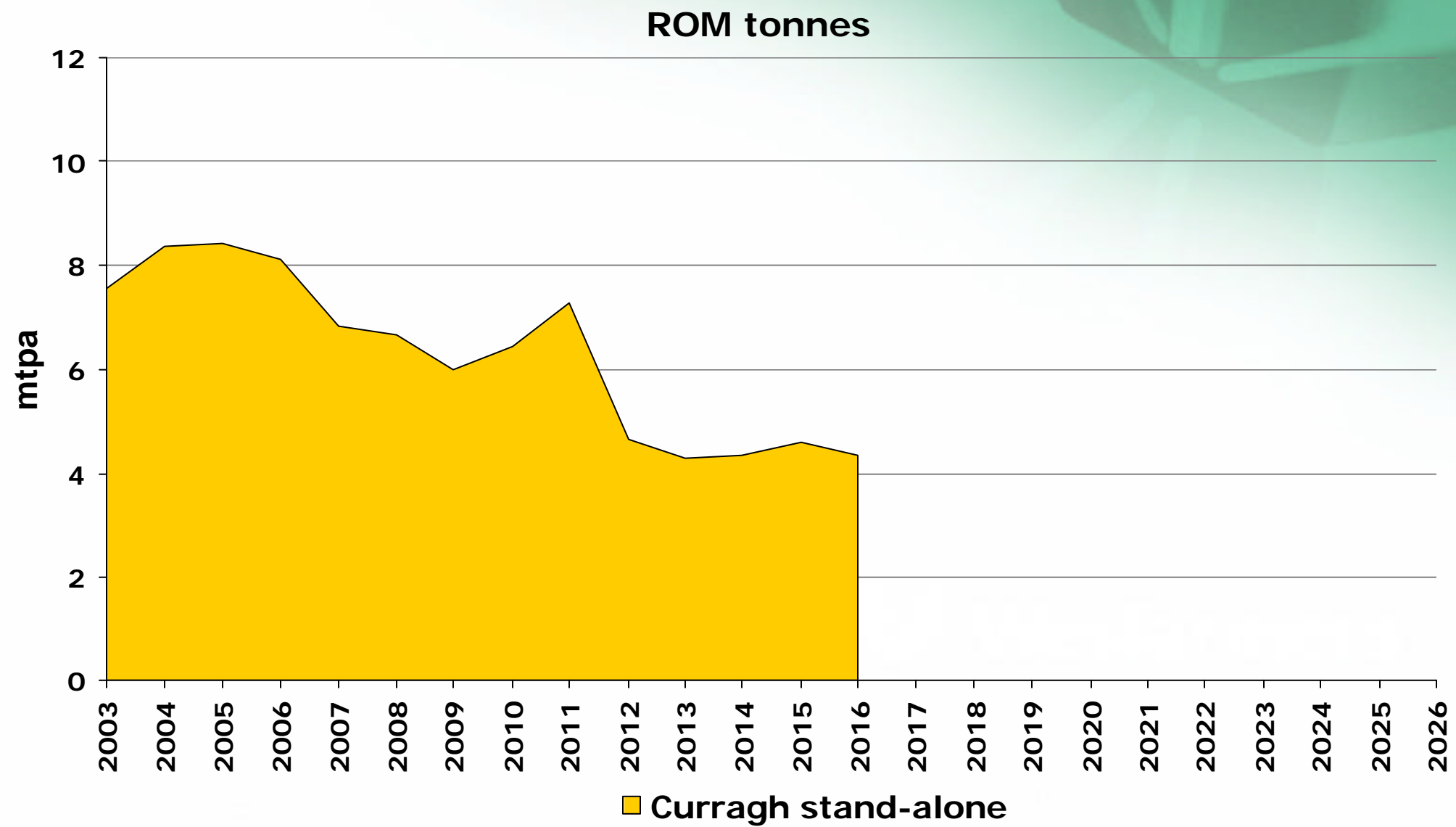
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Curragh Plan



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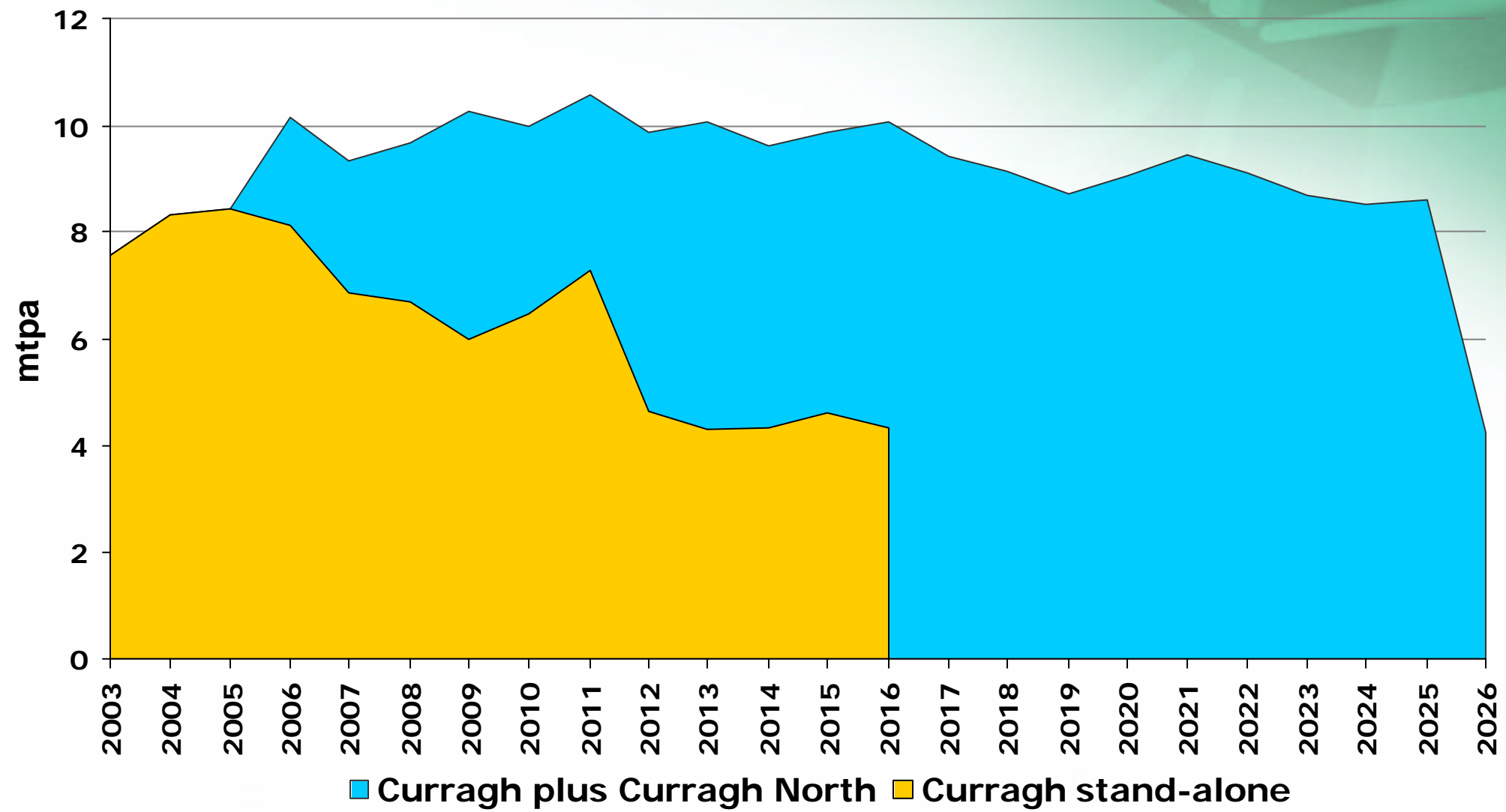
Curragh Production



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Curragh Production

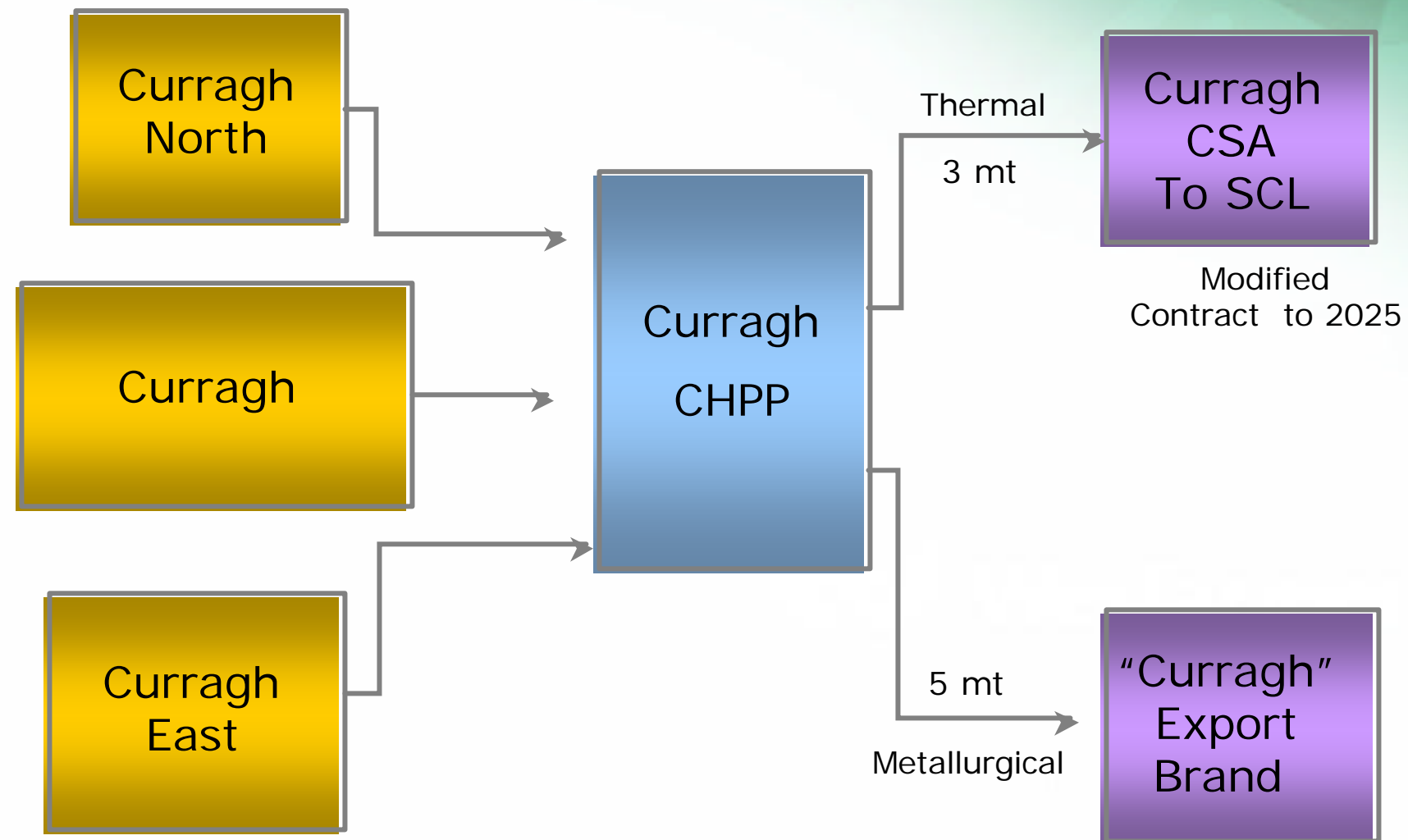
ROM tonnes



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Curragh Business Model 2010

Coal mining → Central processing → Sales



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Energy 1H03 Environment

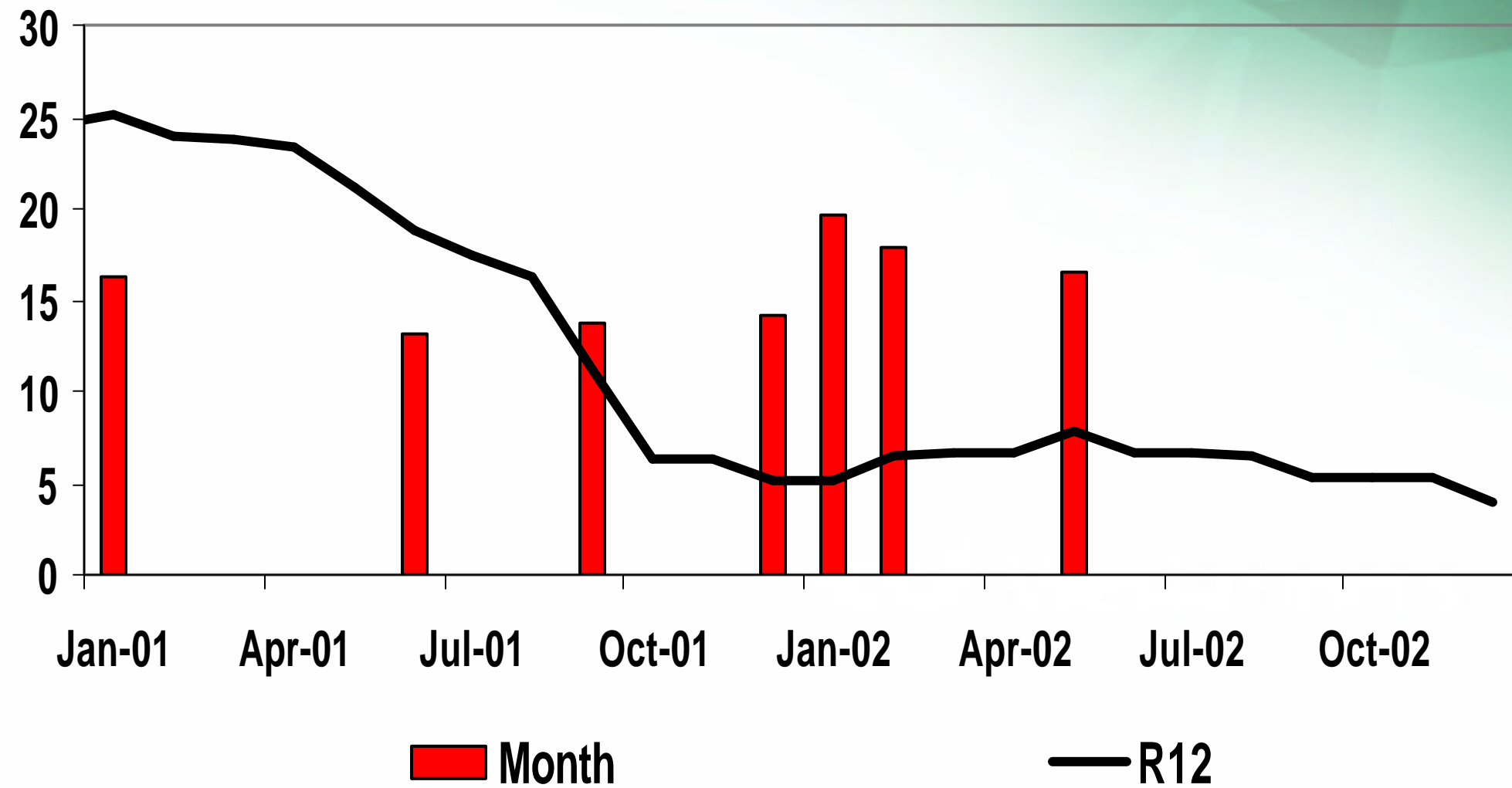
Gas

- International Prices 17% higher than pcp
- Autogas volume/margin pressure
- Industrial gases stable

Coal

- Increased WPC deliveries
- Coking coal demand firm
- Weak thermal markets

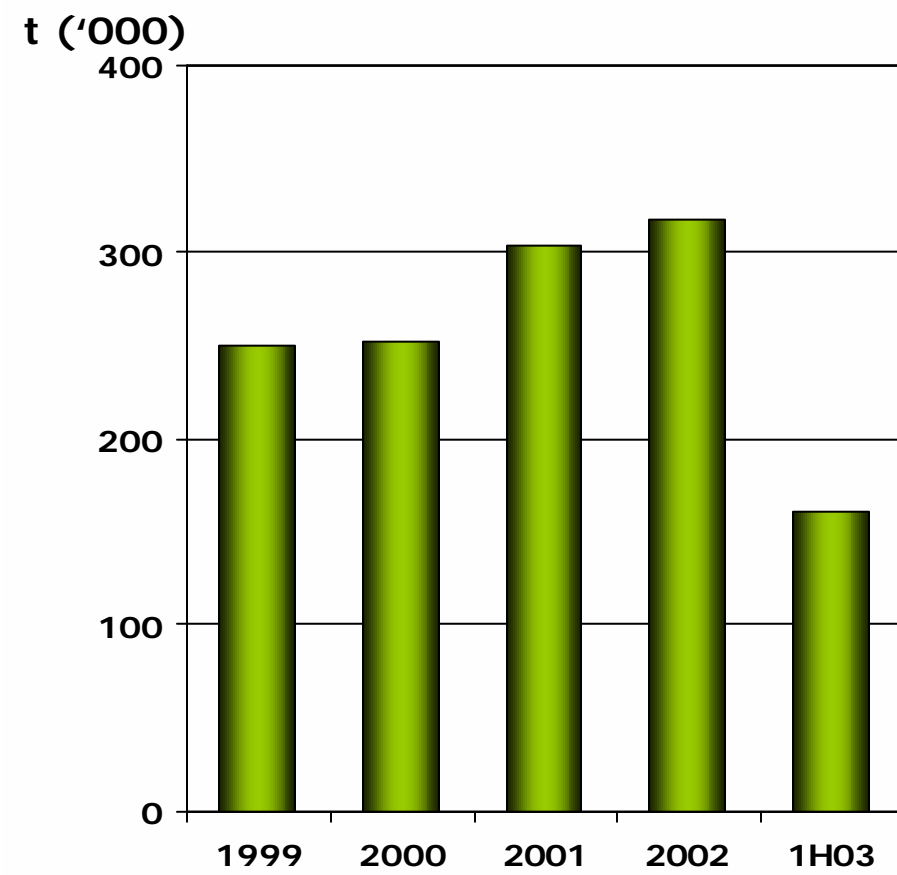
LTIFR – Premier Coal



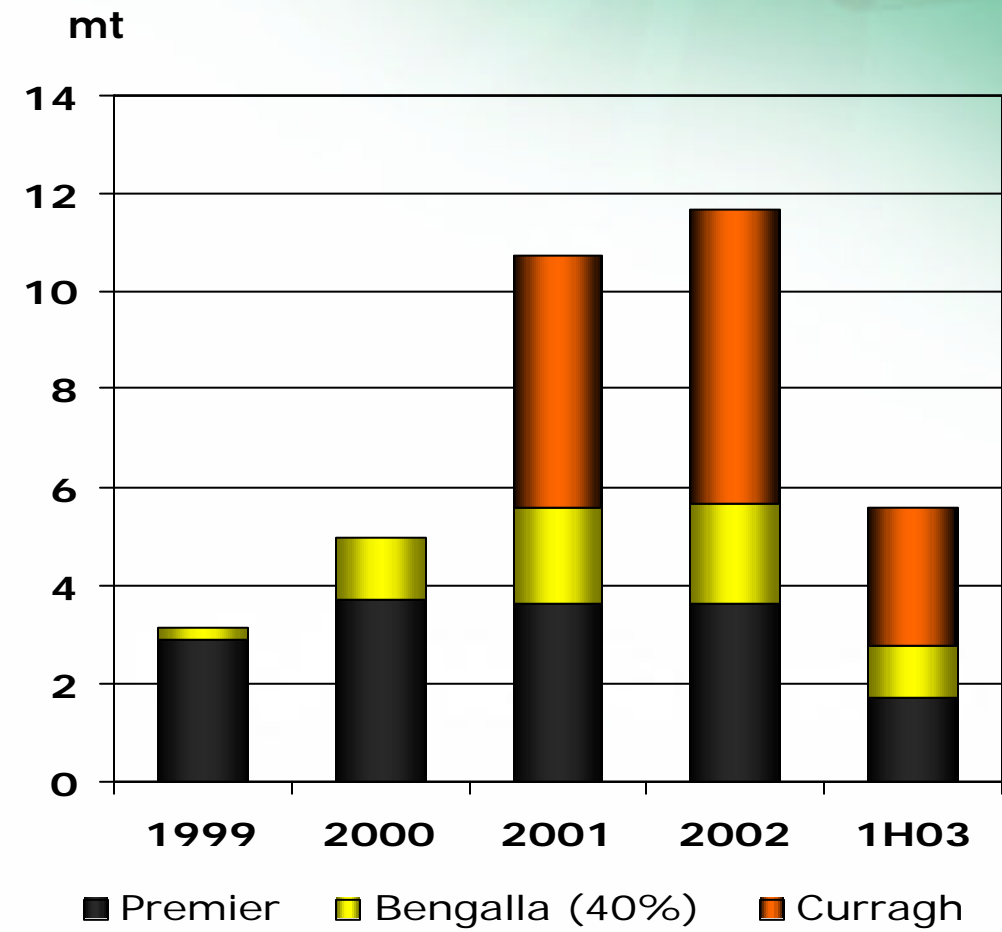
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Production

WLPG



Coal



Sales Volumes 1H03 versus 1H02

➤ Kleenheat Gas ⁽¹⁾	↓ 3%
➤ Wesfarmers LPG	↑ 2%
➤ Air Liquide ⁽²⁾	↑ 12%
➤ Premier	↓ 6%
➤ Curragh	↓ 7%
➤ Bengalla	↑ 22%

(1) Adjusted for Unigas (2) Pipeline Sales

Energy Developments

Gas & Power

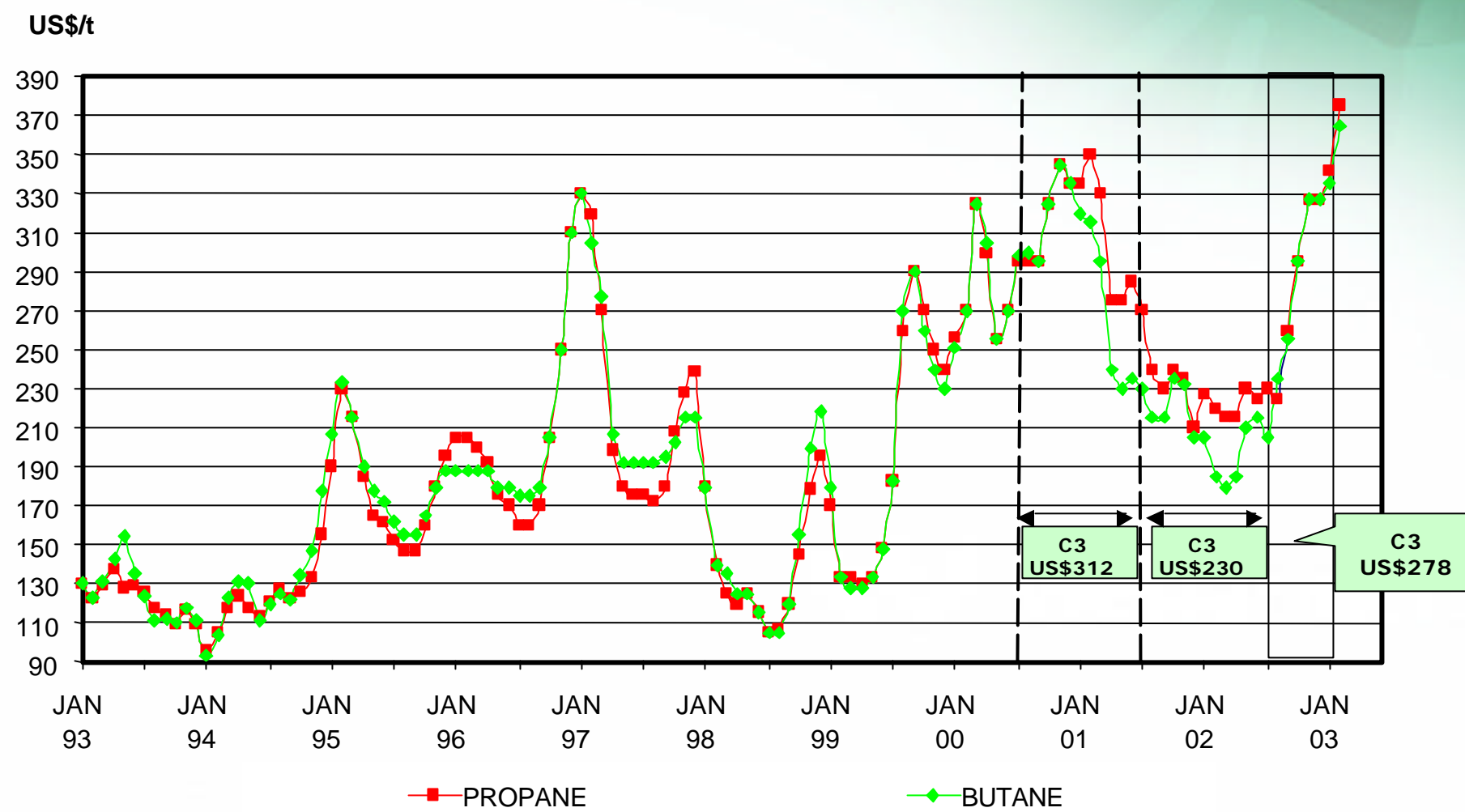
- LNG Market development
- Hismelt gas supply agreement
- MidWest power project underway
- WA electricity market reform

Energy Developments

Coal

- Premier / WPC progress
- Curragh Wash Plant upgrade
- Curragh North secured
- Girrah divested

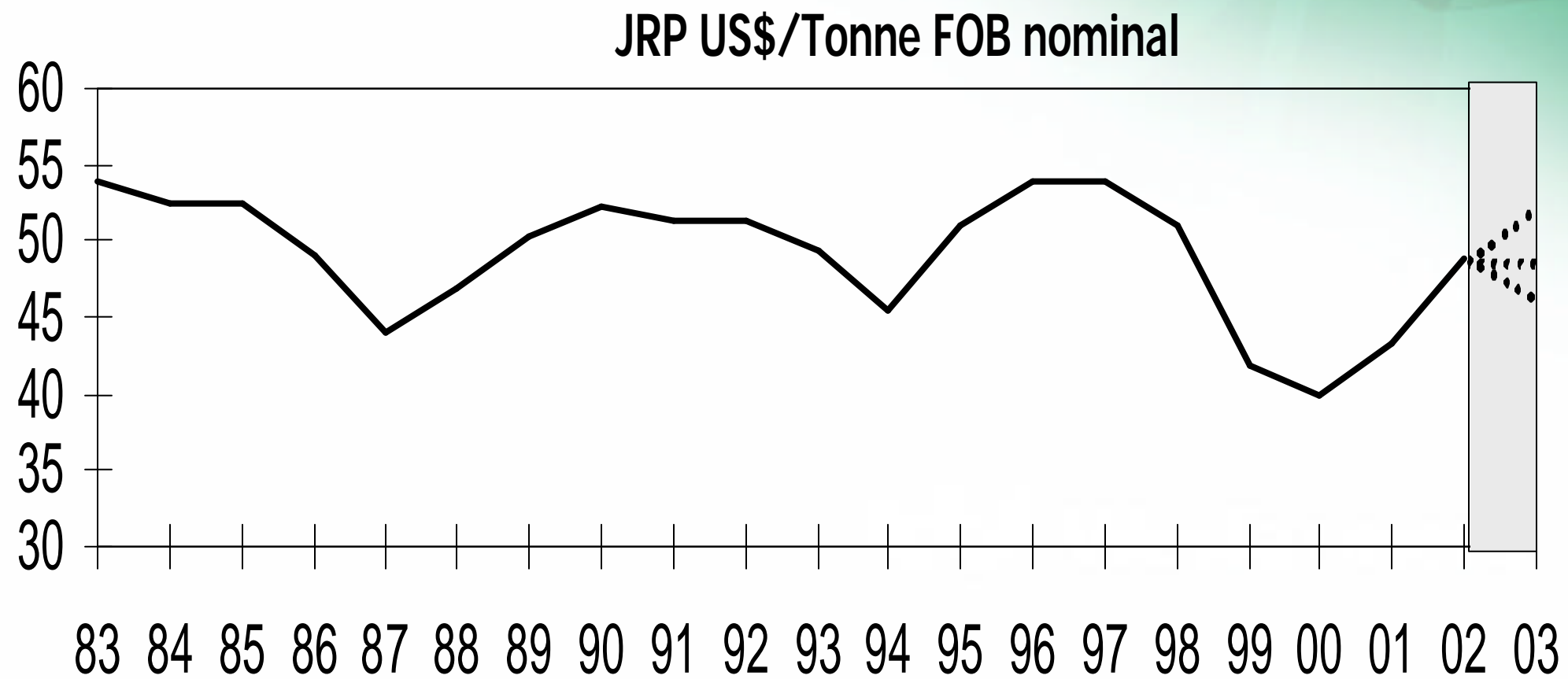
Saudi Contract Price



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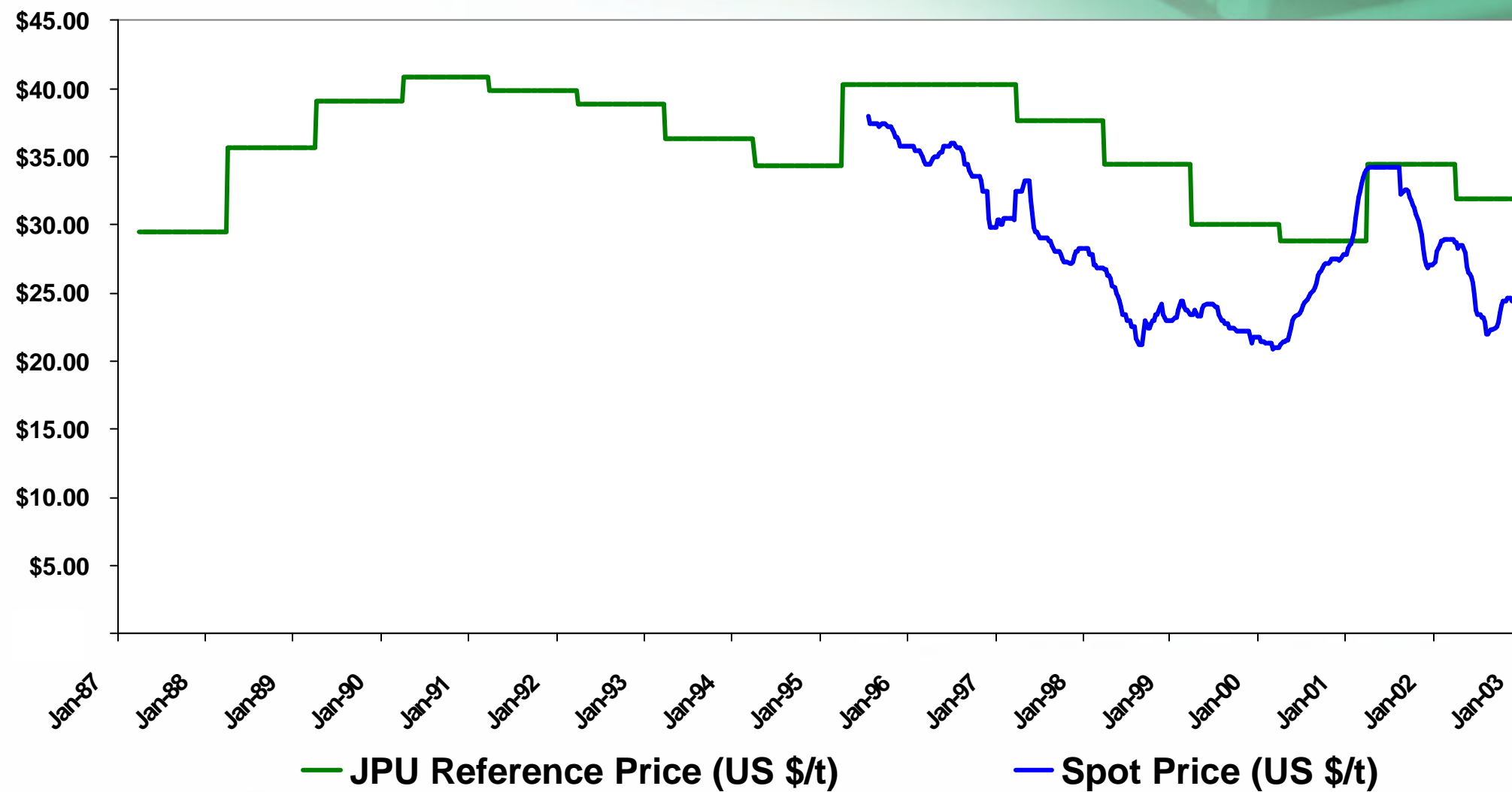
Hard Coking Coal Prices

Japan Benchmark



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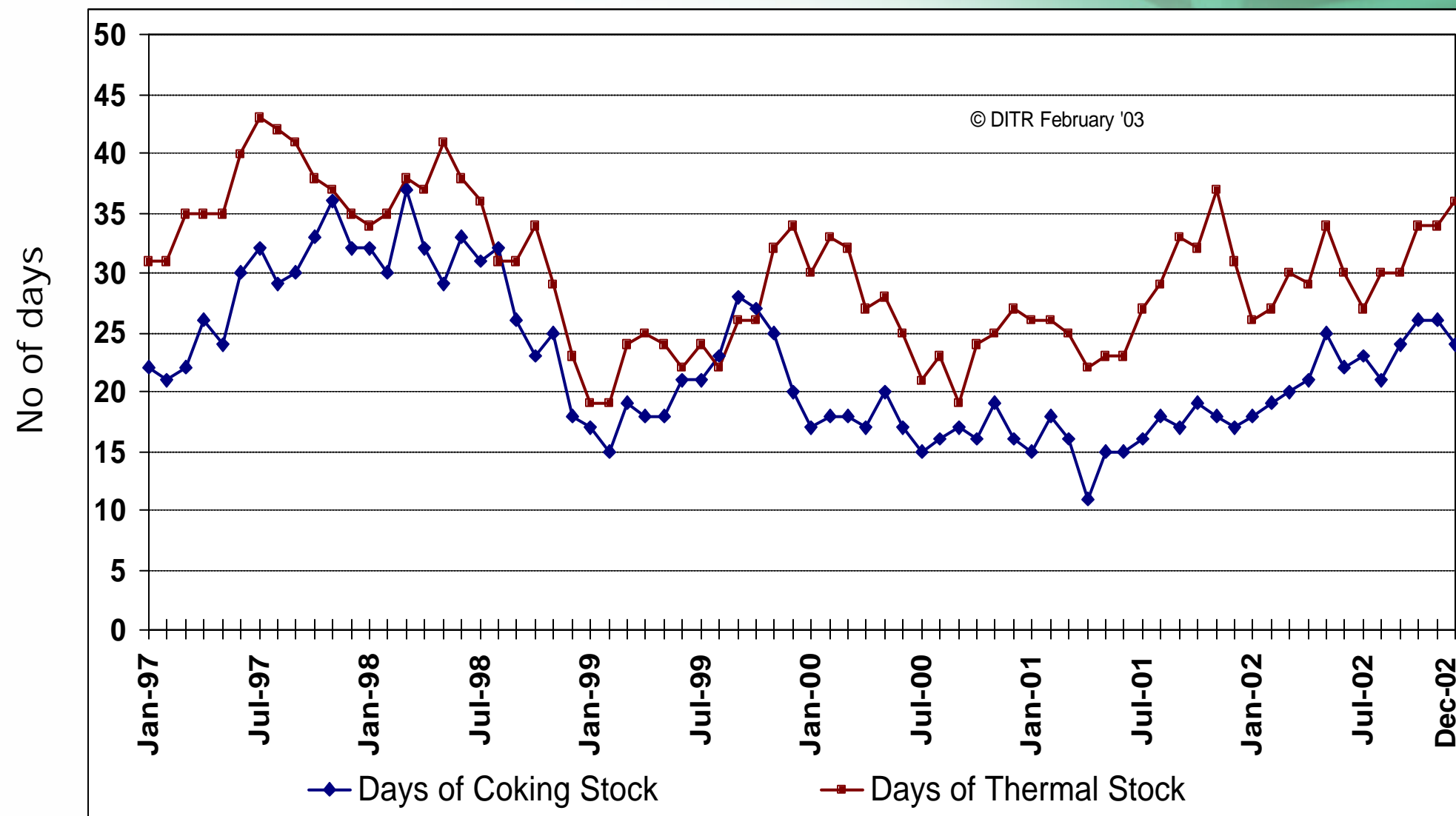
Thermal Coal Prices



Source: Barlow Jonker

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Days of Stocks on Hand



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Energy 2H Uncertainties

➤ Gas

- CP (Middle East uncertainties)
- CP/Weather impact on demand
- Export shipment timing

➤ Coal

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

www.wesfarmers.com.au



Wesfarmers



CSBP Chemicals and Fertilisers

John Gillam
February 2003



CSBP Background

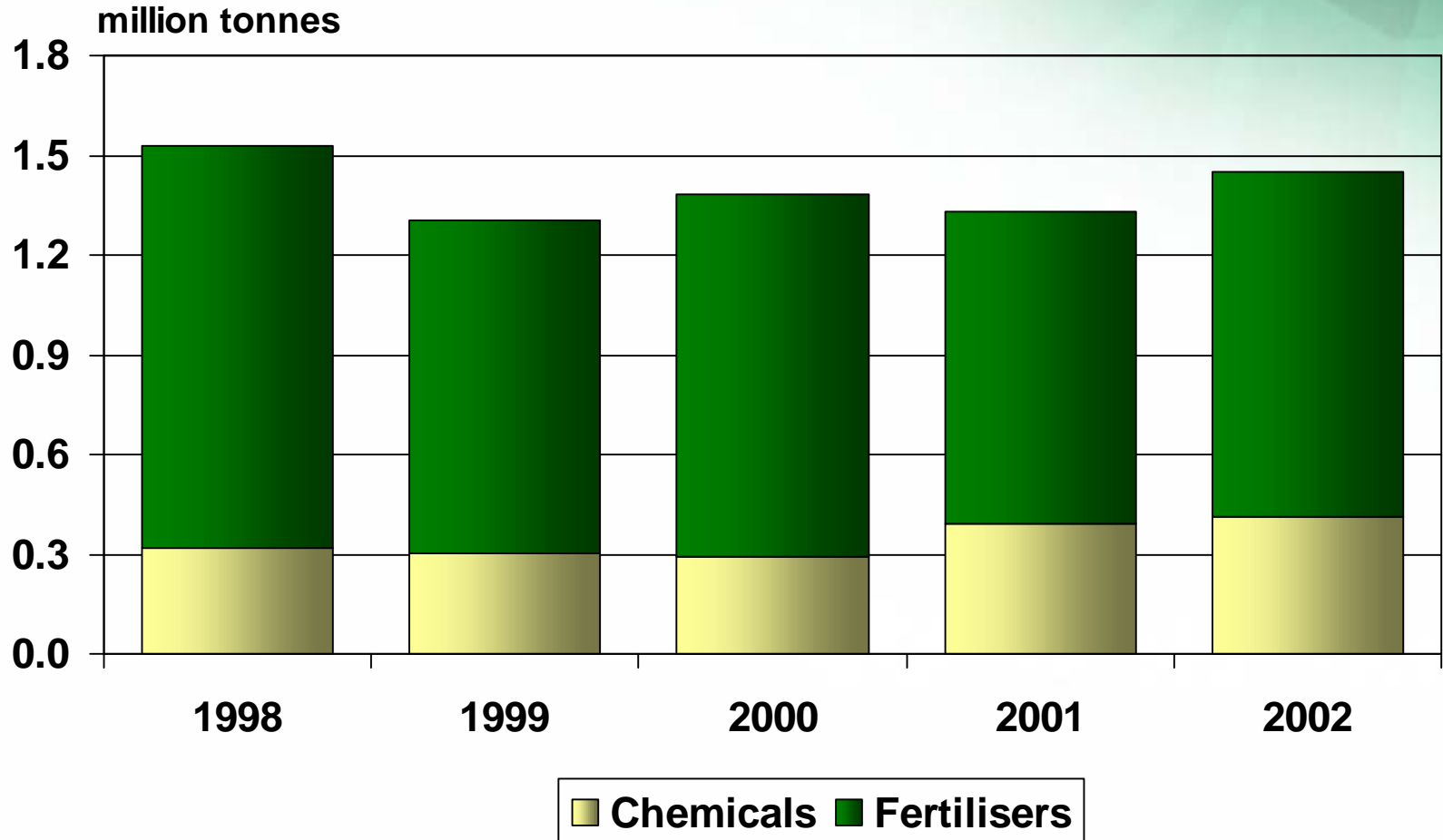
- Established 1910
- Member of Wesfarmers Group since 1980
- Only major fertiliser supplier in WA until ~ 1990
- Diversification into chemicals from 1987
- Major chemicals investments post 1996
- Post 1999, around 60% of EBIT generated from chemicals activities
- WA's leading fertiliser supplier in a competitive market

CSBP Background

- Manufacturer of mining & processing chemicals
 - ammonia, ammonium nitrate, sodium cyanide, chlorine
- Manufacturer and importer of fertilisers
 - phosphate, nitrogen, potassium and compounds
- Manufacturing operations at:
 - Kwinana, Western Australia
 - Albany, Western Australia
 - Moura, Queensland (joint venture)
- 530 employees

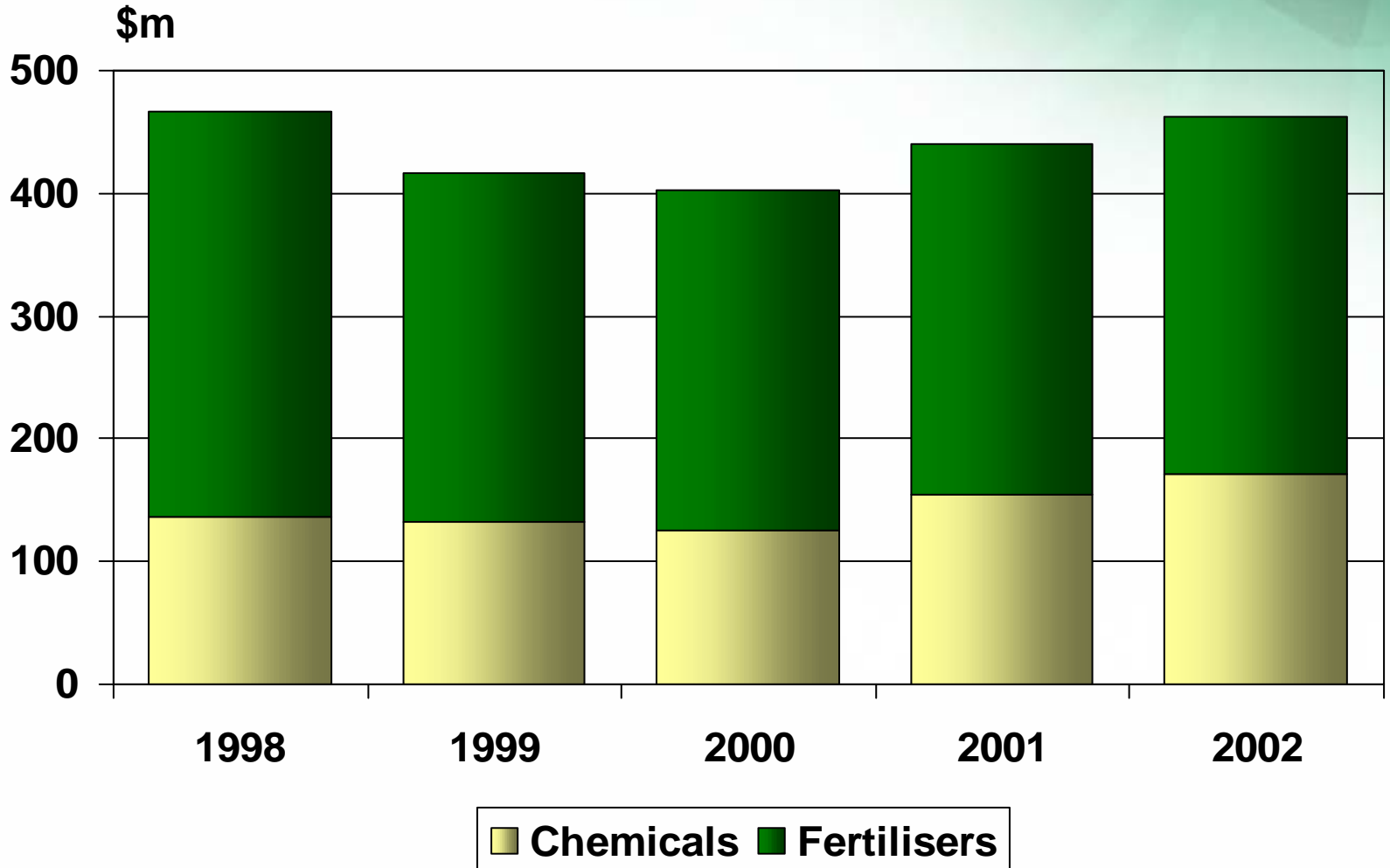
Sales Volumes

5 Year History



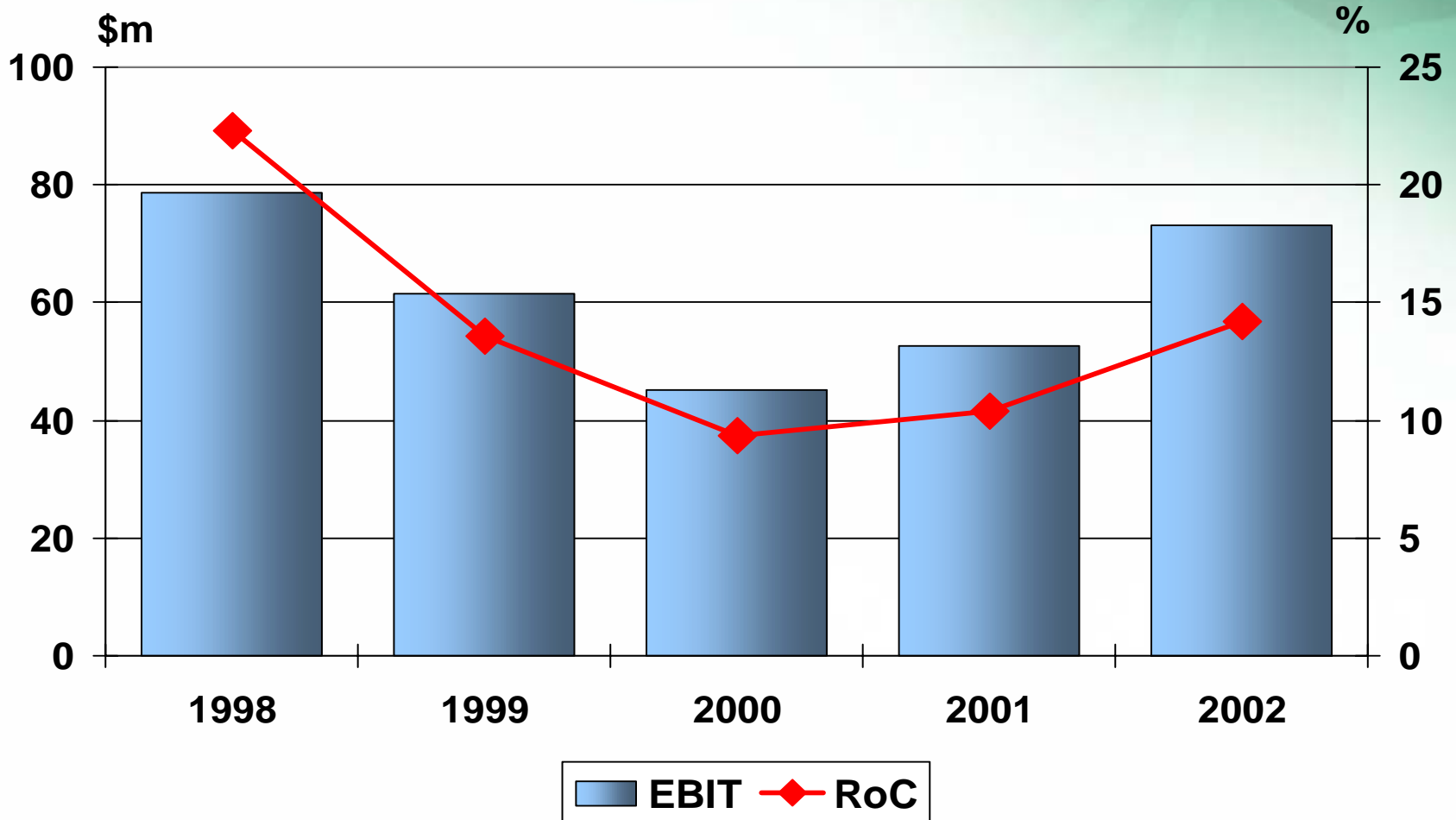
Revenue

5 Year History



EBIT and RoC

5 Year History



Performance Summary

Year To Date

		Actual HY02	Actual FY02	Actual HY03	<u>Δ</u>
Chemicals					
Total sales	('000 t)	216	413	196	-10
Revenue	(\$m)	88	171	84	-4
Fertilisers					
Total sales	('000 t)	206	1039	241	+35
Revenue	(\$m)	69	292	74	+5
Company					
EBIT	(\$m)	9.8	73.3	15.5	+5.7
Safety	(R12LTIFR)	6.9	8.8	6.9	0.0

Key Influences

Year To Date

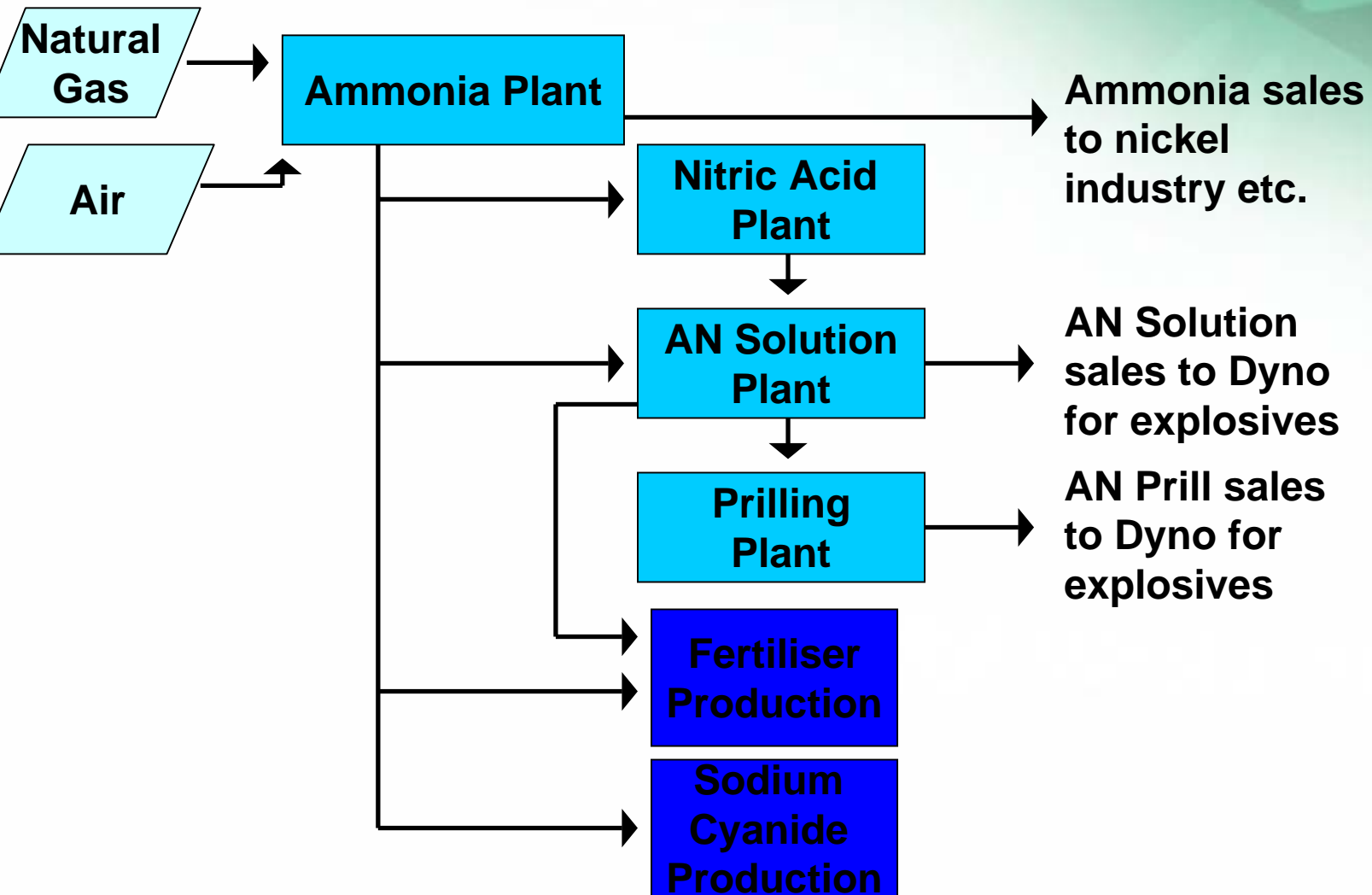
- Solid demand from resources sector
- Good performances from chemicals plants
- Improved contributions from chemicals activities
 - ammonium nitrate lower due to planned shutdown
- Higher contribution from fertilisers
- Ongoing operational efficiencies



CSBP Chemicals



Ammonia/ Ammonium Nitrate



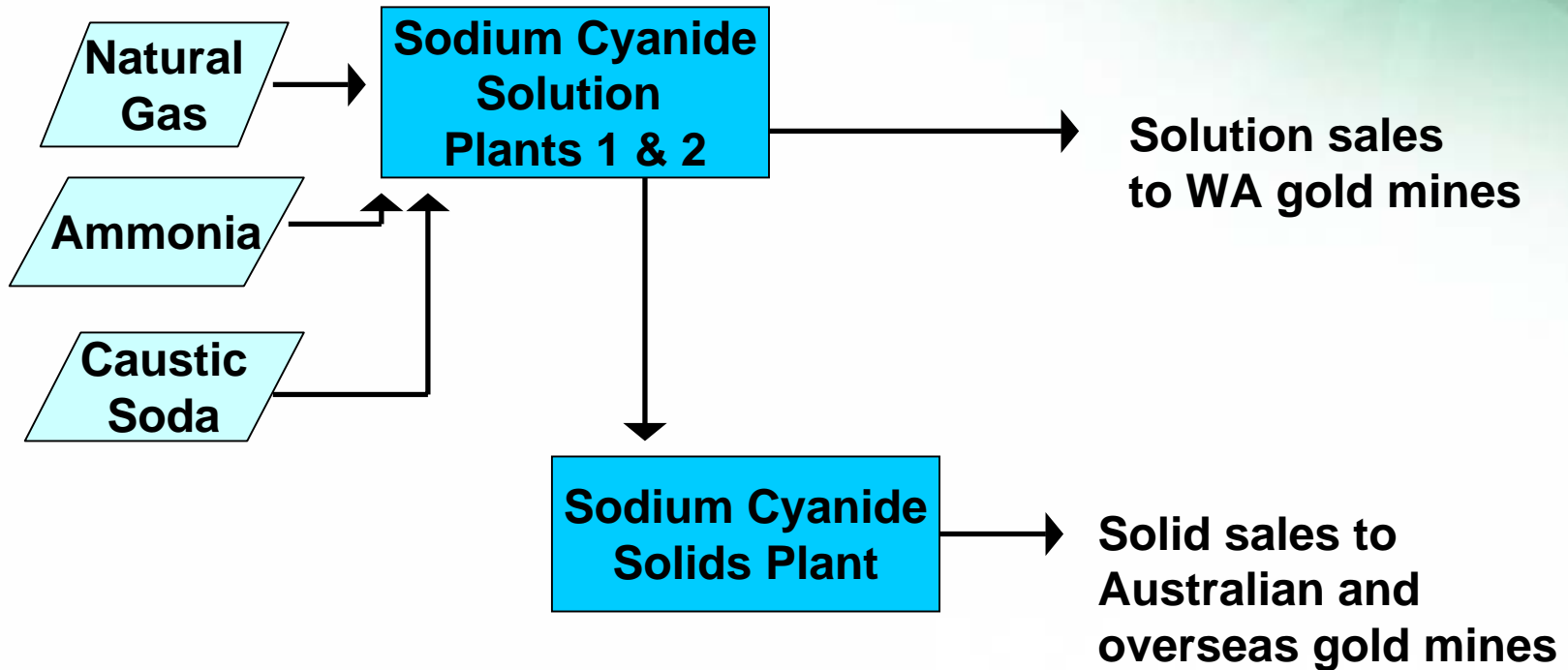
Ammonia Background

- Sole WA manufacturer and supplier
- Plant capacity 650 tpd / 225,000 tpa
 - new plant commissioned 2000
- Debottlenecked to 240,000 tpa
- External and internal customers
 - nickel industry
 - ammonium nitrate
 - sodium cyanide
 - fertilisers
- 40,000 tonnes storage – import / export capability

Ammonium Nitrate Background

- Sole WA manufacturer
- 160,000 tpa nitric acid plant / 200,000 tpa AN plant commissioned 1997
- AN plant debottlenecked to 230,000 tpa
 - distribution for explosives via Dyno Nobel
 - Flexi-N liquid fertiliser consumes balance of production
- Queensland Nitrates plant at Moura
 - JV with Dyno Nobel
 - 180,000 tpa integrated facility

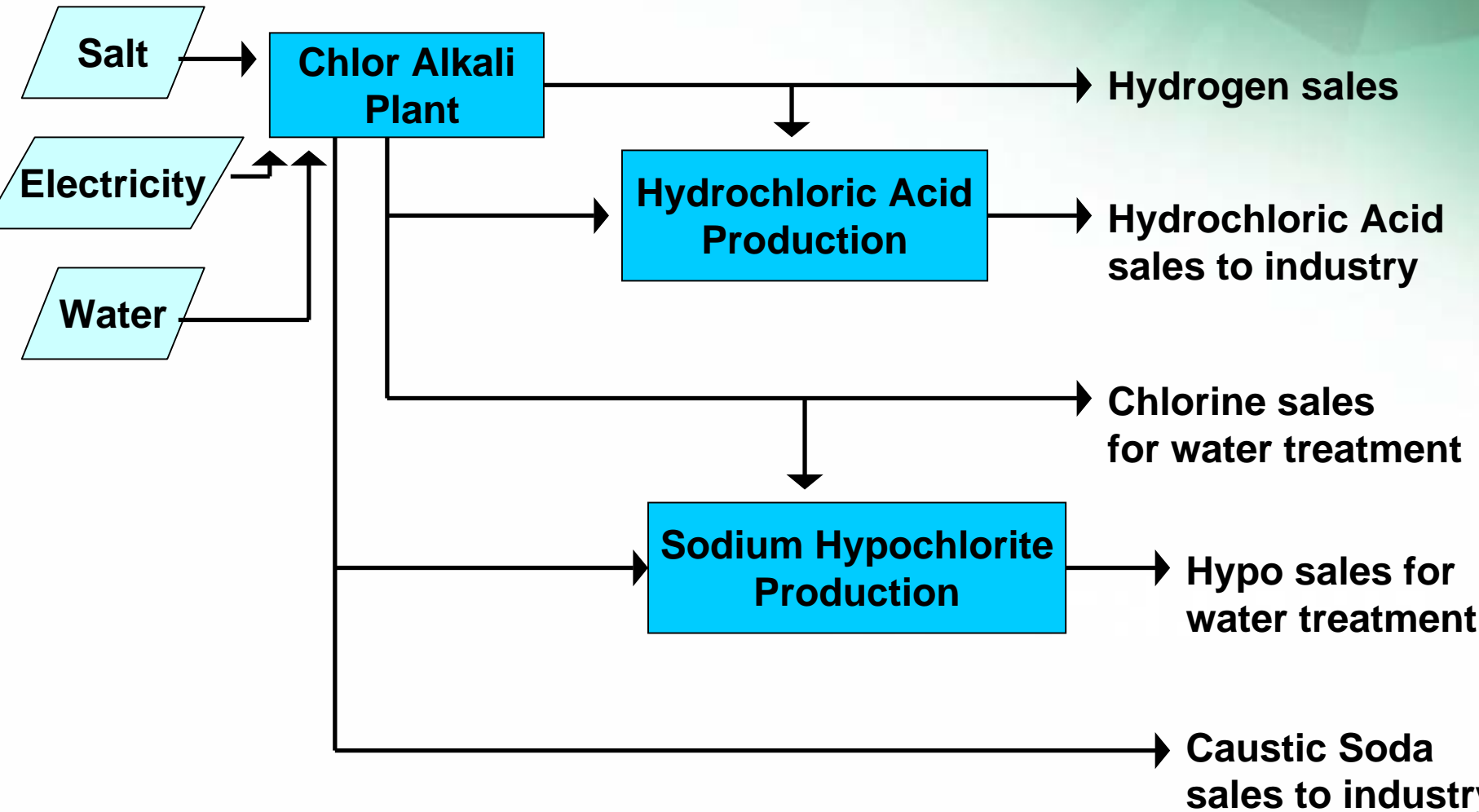
Sodium Cyanide



Sodium Cyanide Background

- Sole WA manufacturer
- 75 : 25 joint venture with Coogee Chemicals
 - plant operation and marketing by CSBP
- First solution plant commissioned in 1988
- Progressively expanded to ~ 48,000 tpa
- Plant underutilised due to reduced WA gold activity
- Investment in solid sodium cyanide plant
 - commissioned in Q3 2002
- Exports of solid product commenced

Chlor Alkali



Industrial Chemicals Background

- 5,000 tpa chlorine plant commissioned 1987
 - baseload production for WA Water Corporation
 - co-production of caustic soda, hydrochloric acid, sodium hypochlorite, hydrogen
- Sulphuric acid
- Industrial urea
- Fluorosilicic acid
- Sulphur
- Ammonium sulphate



Chemicals

Key Influences Year To Date

- Solid resource sector conditions
- Good plant performance
 - Kwinana ammonia plant on-line time high and producing above nameplate
 - Queensland Nitrates operating at capacity
- Growth in new AN fertiliser product
- Improving sodium cyanide conditions

Chemicals

Outcomes Year To Date

- Ammonia contribution 35% higher
- AN contribution 14% lower
 - due to planned shutdown in October
- Sodium cyanide contribution 12% higher
- Overall contribution increased by 15%
- New solid sodium cyanide plant commissioned

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



CSBP Fertilisers



Fertilisers Market Coverage



Fertilisers Background

- Manufacturing facilities
 - Kwinana, Albany
- Import and distribution facilities
 - Geraldton, Kwinana, Bunbury, Albany, Esperance
- Inland distribution facilities
 - Merredin, Wagin
- Service Facilities
 - soil and plant testing
 - remote sensing
 - agronomic advice



Fertilisers

Key Influences Year To Date

- Poor 2002 harvest
- Solid sales programme for 2002/2003 season
 - distributor support
 - competitive domestic pricing
 - improved range of products
 - expanding agronomic services
- Interest in new cropping range
- Cost base improvements

Fertilisers

Outcomes Year To Date

- 17% increase in overall sales volumes
- Increased liquid fertiliser demand
- Improved overall contribution
- Note: More than 70% of fertiliser sales occur in the second half of the year



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



CSBP Summary



Overall Outlook

➤ Chemicals

- firm demand for ammonia and AN
- improving sodium cyanide conditions

➤ Fertilisers

- higher fertiliser volumes and contribution

➤ Evaluating growth opportunities





CSBP Chemicals and Fertilisers



Industrial & Safety

Bob Denby, Managing Director



Wesfarmers

Agenda

- Overview
- Performance YTD December 2002
- 2003 Outlook and Initiatives

Wesfarmers Industrial & Safety

Overview

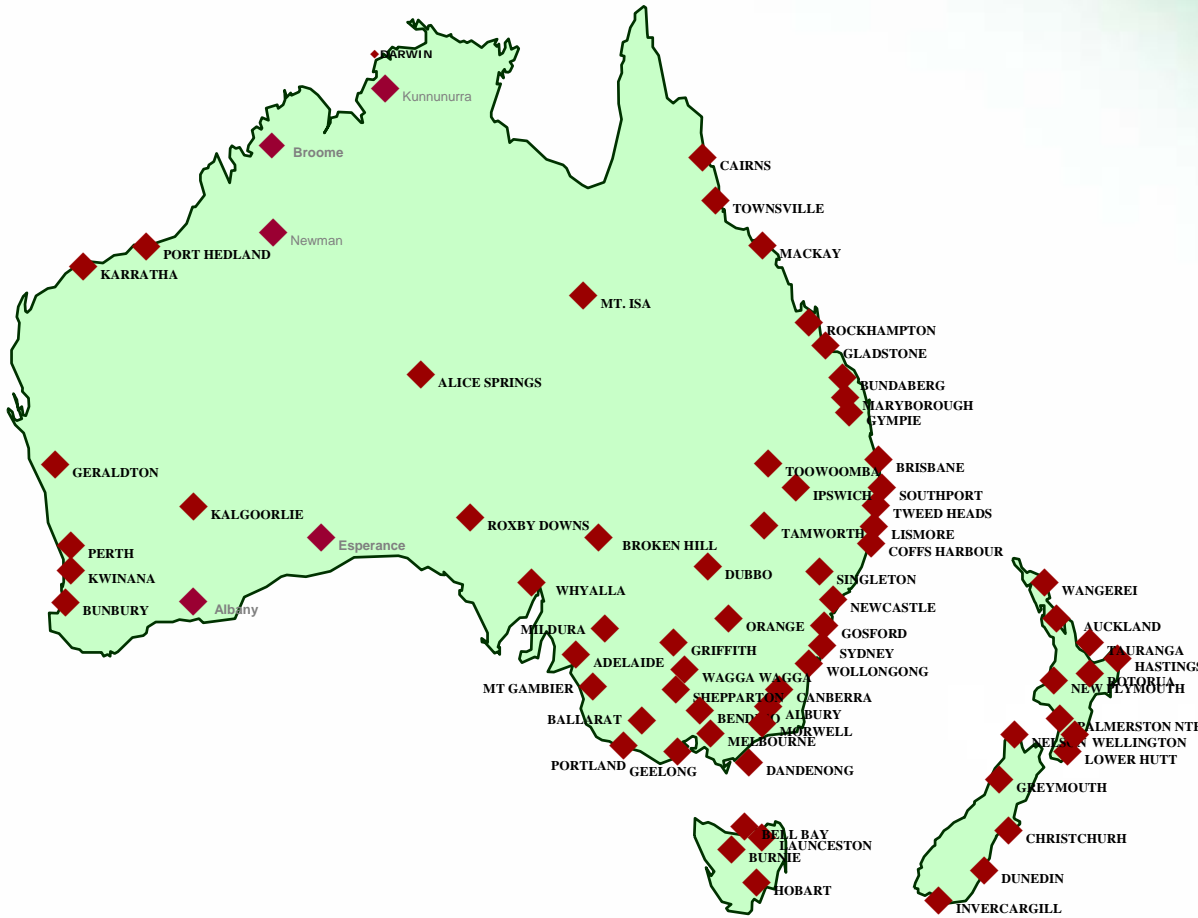


Wesfarmers

Overview – Wesfarmers Industrial & Safety (WIS)

- Largest MRO & Safety supplier in Australasia
 - 256 outlets (Australia & NZ)
 - 3,250 employees
 - 5 Business units
 - 70,000+ customers
 - 12,000 suppliers
 - 300,000+ products

Distribution Network



◆ TRADING STYLES:	
◆ JBS	70
◆ A E BAKER	7
◆ MOTION	11
◆ METALS	1
◆ MULLINGS	11
◆ ATKINS	30
◆ ALSAFE	36
◆ PSS AUST	28
◆ NZ SAFETY	23
◆ JBS NZ	6
◆ PSS NZ	23
◆ PKG / HOUSE	10
◆ TOTAL	256

◆ BRANCHES	
◆ NSW	43
◆ VIC	32
◆ QLD	44
◆ WA	48
◆ SA	12
◆ TAS	11
◆ NT	4
◆ NZ	62
◆ TOTAL	256

Trading brands

Blackwoods



Mullings Fasteners
"THE FASTENER SPECIALISTS"



Protector
Safety Supply



BAKERS
CONSTRUCTION + INDUSTRIAL

Motion
Industries
power transmission & bearings

Protector
Alsafe



PERFORMANCE YTD

December 2002



Wesfarmers

Financial Performance

- Operating Revenue:
\$578m, up 19%, 6 months v 5 months
5 months ending Dec 02, up 3%
(excluding Metals)
- EBITA:
\$55.5m, up 42%
5 months ending Dec 02, up 15%
(excluding Metals)

Performance by Business Unit

Industrial Products Division:

Blackwoods - geographic regions including Motion Industries

- Strong sales result in Northern and Southern regions, solid EBITA increases in all
- Gross margins stable and expenses down on last year
- Impact of the drought in Q2
- General softening of sales October-November, an improvement in December-January

Performance by Business Unit (cont)

Australian Safety:

- Combined Protector & Alsafe
- Sales down 2% like for like but very strong EBITA growth
- Expense savings from successful P&A integration

New Zealand:

- NZ Safety, Protector NZ, Packaging House and Blackwoods NZ
- Double digit sales growth
- All businesses strongly above last year EBITA

Key Factors Impacting Performance

- Strong mining sector
- Completion of Protector Alsafe integration
- Sale of Metals business August 2002
- Drought impact in eastern states

Key Factors Impacting Performance (cont)

- Continuation of supply chain initiatives
- Ongoing rollout of E-business solutions
- Efficiency benefits from consolidation to two ERP platforms & support centres (Australia & New Zealand).

2003 Outlook & Initiatives



Wesfarmers

2003 Outlook & Initiatives

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

Major Infrastructure Projects

NSW

- Parramatta Rail Link
- Cross City Tunnel Development
- Spit Bridge Upgrade
- F3 Branxton Connection
- F3 Widening
- Lane Cove Tunnel
- M4 East
- Bulahdelah Bypass
- Karuah Bypass
- Western Sydney Orbital

VIC/TAS

- Airport Transit link
- Box Hill Tramline extension
- Craigeburn Bypass
- Eastern Freeway extension
- Spencer St Station development
- Barry Point Port development
- Victorian gas line development
- Hallam Bypass
- Windfarm Construction project
- MCG Expansion
- Major CBD construction project, Eureka, QV Project
- Redevelopment of Southbank continuing

Major Infrastructure Projects

QLD

- **2 x Gladstone Comalco Alumina Plants**
- **Townsville Zinc Refinery**
- **Millmerran Power Station**
- **WMC Fertilisers project – Mt Isa**
- **Bundaberg 2000 project**
- **Synergy Industrial Park - Ipswich**

NT

- **Newfield – Crude Oil**
- **Phillips – Natural Gas**
- **Woodside – Laminaria Field – Crude Oil**
- **Woodside – Greater Sunrise Field – Natural Gas**
- **Pipeline Development**
- **BHP – Buffalo Field – Crude Oil**
- **Alumina Plant**
- **Lead/Zinc Smelter**
- **Pipeline to Nhulunbuy**
- **LNG Plant**

Major Infrastructure Projects

WA

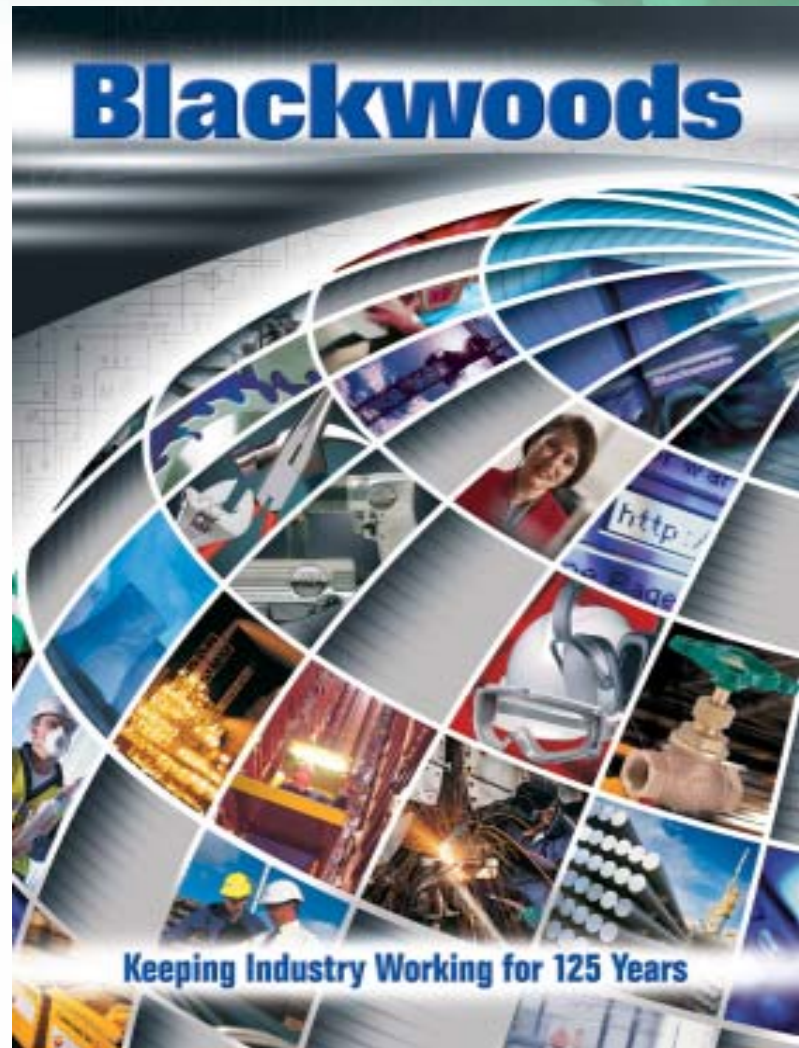
- Lionore mining nickel/sulphide mine
- Dampier to Bunbury gas pipeline
- Woodside train 4 and train 5
- Syntroleum plant
- CSIRO radio telescope
- Fertiliser Plant
- Port Hedland Port Development
- Hopewell Down Iron Ore Mine
- Telfa Mine Re-development

SA

- Adelaide to Darwin Railway
- Olympic Dam upgrade

Catalogue

- New Blackwoods catalogue April 03
- Protector Alsafe catalogue July 03



THANK YOU



Wesfarmers

Wesfarmers Rural Division

Mr Mark Allison
Managing Director



Wesfarmers

Agenda

- Statement of Purpose
- Performance Indicators
- Business Segmentation
- Strategic Direction
- Half Year Performance
- Outlook

Wesfarmers Rural Division



Wesfarmers Landmark:
agribusiness services



Wesfarmers Federation
Insurance: rural and regional
insurance specialist

Wesfarmers Landmark

Statement of Purpose:

To be Australia's leading provider of agribusiness products, services and solutions, adding value for our customers and creating consistent and satisfactory shareholder returns

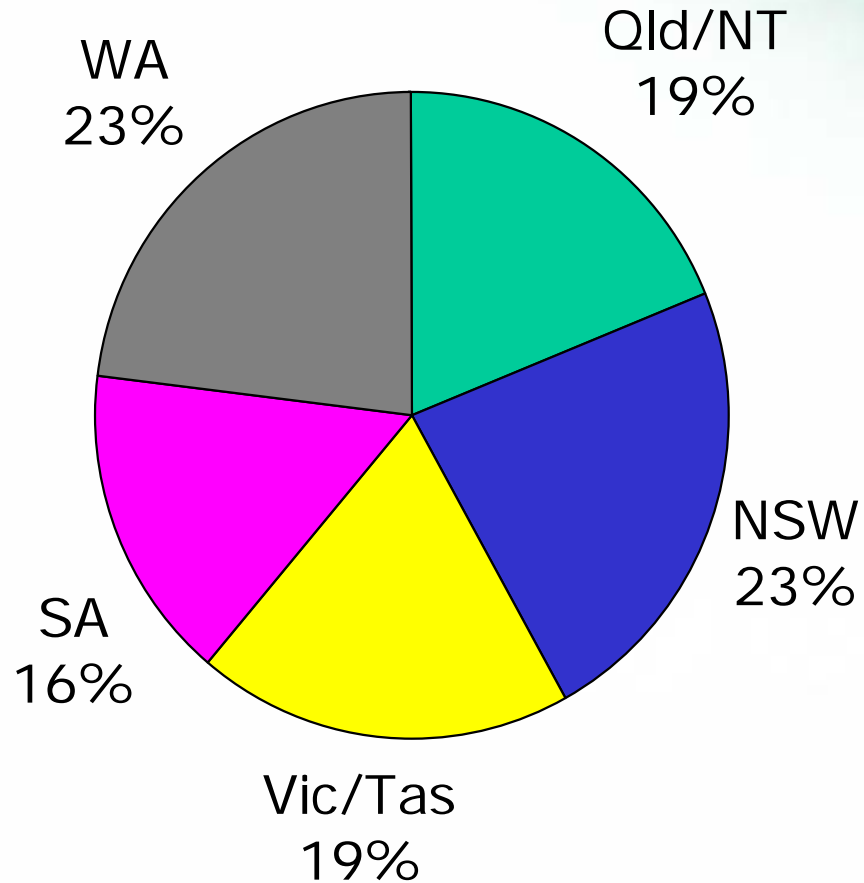
Performance Indicators

- LTIFR
- Profit Contribution
- Assets Employed
- Expense to Gross Profit Ratio
- Overdue Debtors (P2/P3 %)
- Inventory Turns
- Return on Assets

Segmentation

- Geography
- Activity
- Market

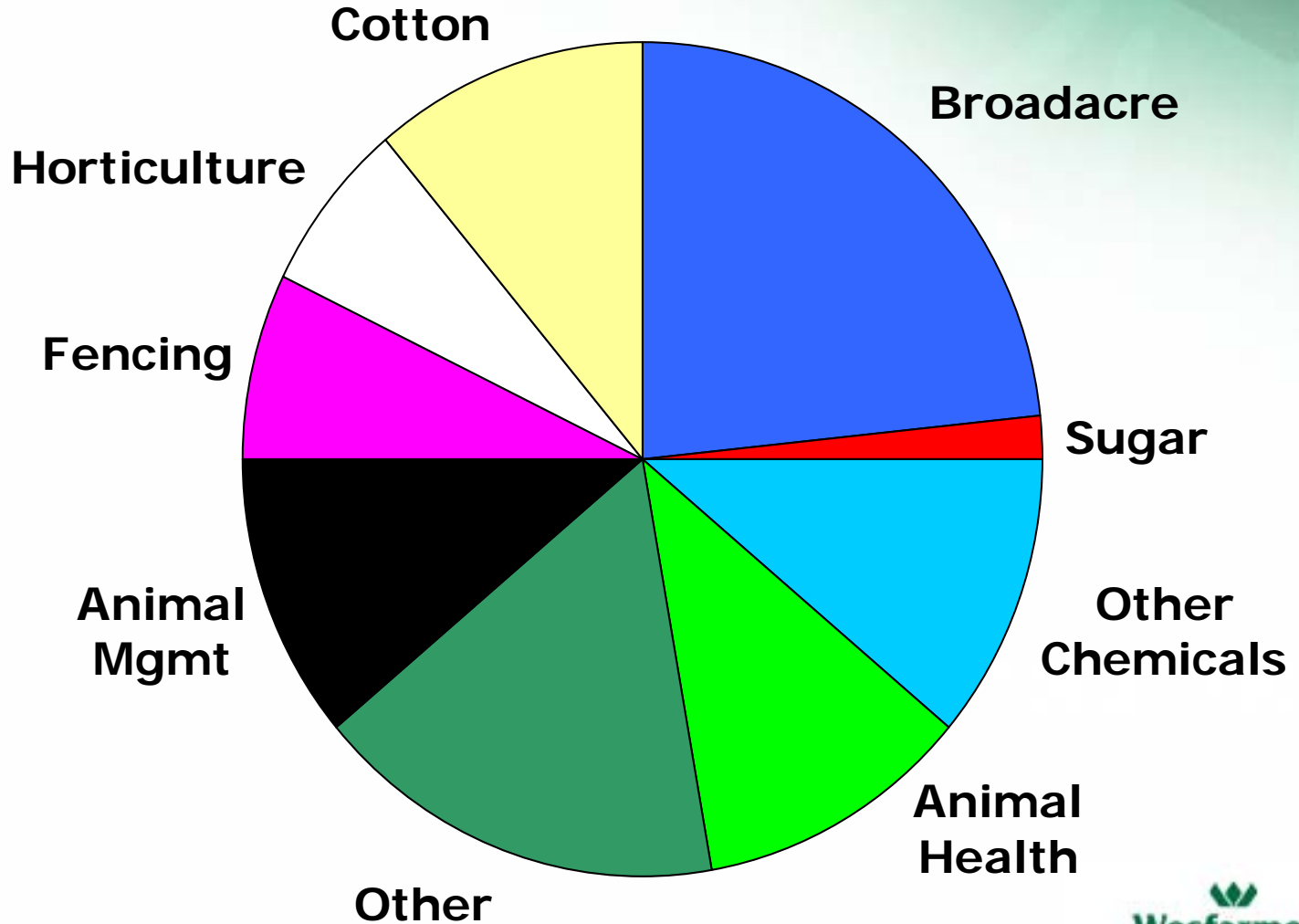
By Geography



By Major Activities

- Merchandise & fertiliser sales
- Livestock marketing
- Wool broking & handling
- Services
 - insurance
 - real estate
 - finance
- Other - JRT2 transport business

By Market Segment

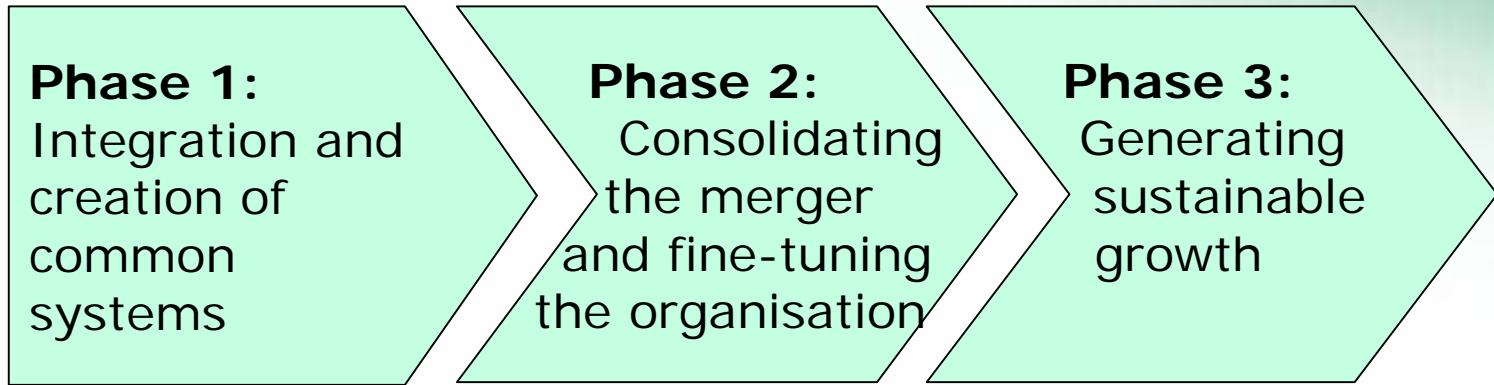


National Store Network

- 230 branches
- 47 franchises
- 120 members (150 outlets)
- Wholesale customers
- Approx. 2,000 permanent employees

Strategic Direction

- Three phases for developing Landmark:



- 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

Strategic Direction - Phase 1 & 2

- The merger of Dalgety and IAMA was the key issue facing Landmark in 2001 & 2002
 - Achieving synergy cost savings
 - Capturing merchandise and logistics opportunities
 - Maintaining revenue in the existing business
 - Establishing a new brand identity in the marketplace
 - Disposal of non-core businesses

Strategic Direction - Phase 3

- Wesfarmers Landmark growth:
 - Appropriate cost base
 - Streamlined structure
 - Merchandise recovery
 - East coast fertiliser expansion
 - Drive livestock & wool growth
 - National finance & insurance

Enabling Technology

- Bar coding
- CRM systems & tools
- Web-enabled customer information & services
- B2B initiatives
- Internal processes

Wesfarmers Rural Division

Half-Year financial results

- Operating revenue down 14%
- EBIT down 2%

Wesfarmers Landmark

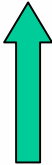
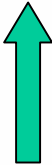
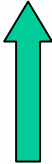
- Half-Year Performance
Operating Revenue by Activity (vs 6 mths to Dec 01)

Livestock	
Merchandise	
Fertiliser	
Wool	

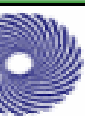
Wesfarmers Landmark

➤ Half-Year Performance

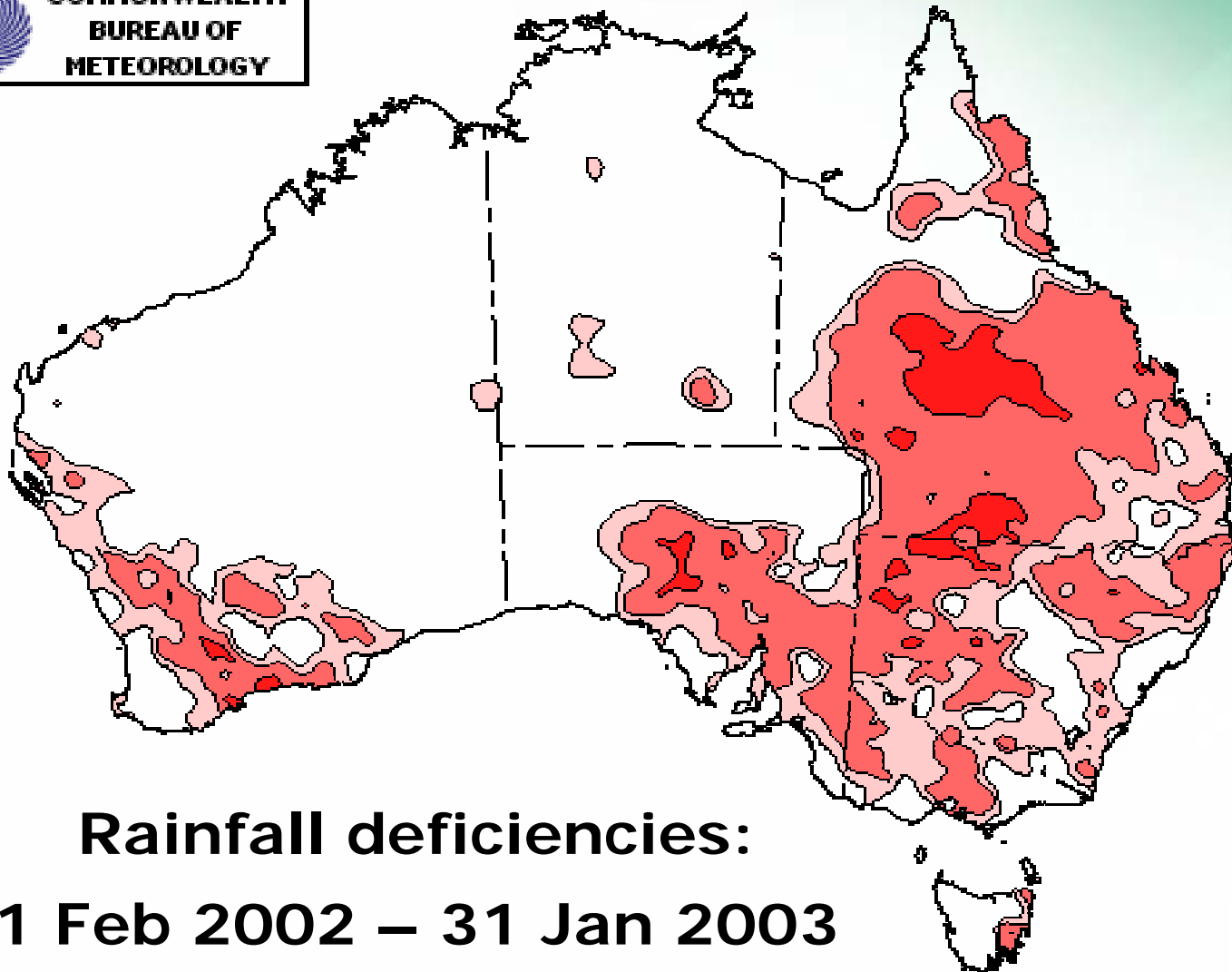
Operating Revenue by Activity (vs 6 mths to Dec 01)

Real Estate	
Insurance	
Finance	

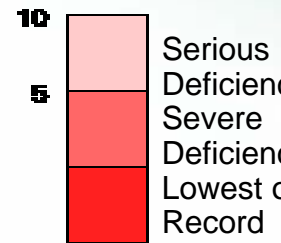
Drought areas of Australia



COMMONWEALTH
BUREAU OF
METEOROLOGY



Rainfall Percentile Ranking



Rainfall deficiencies:

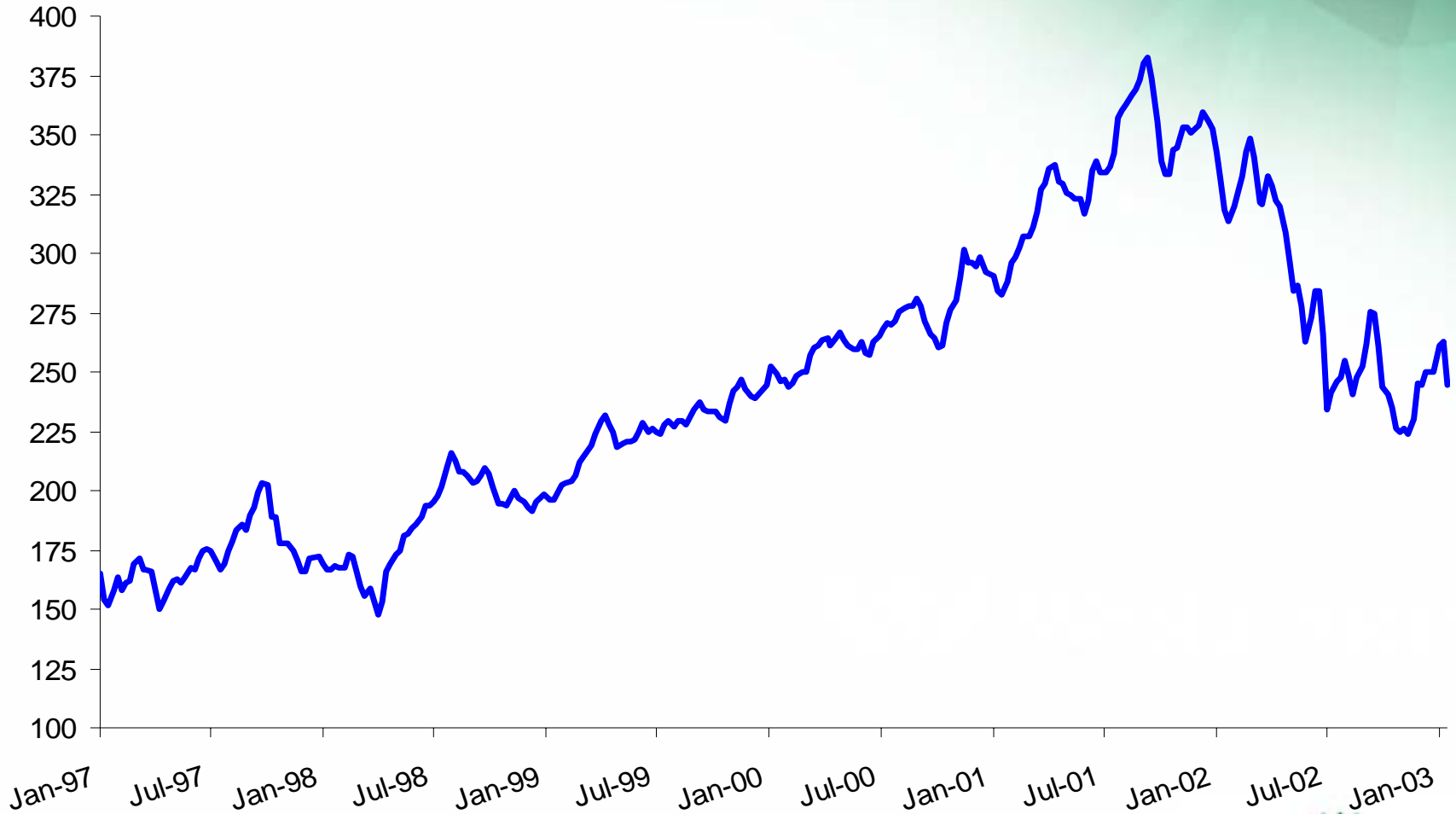
1 Feb 2002 – 31 Jan 2003

Rural Inputs

- Drought impacting on merchandise
- Cotton plantings back substantially (lack of water, prices)
- Horticulture and viticulture providing steady sales, but fungicide use down by 50%
- Lower cattle and sheep numbers did not impact on animal health sales
- Planting fertiliser impacted

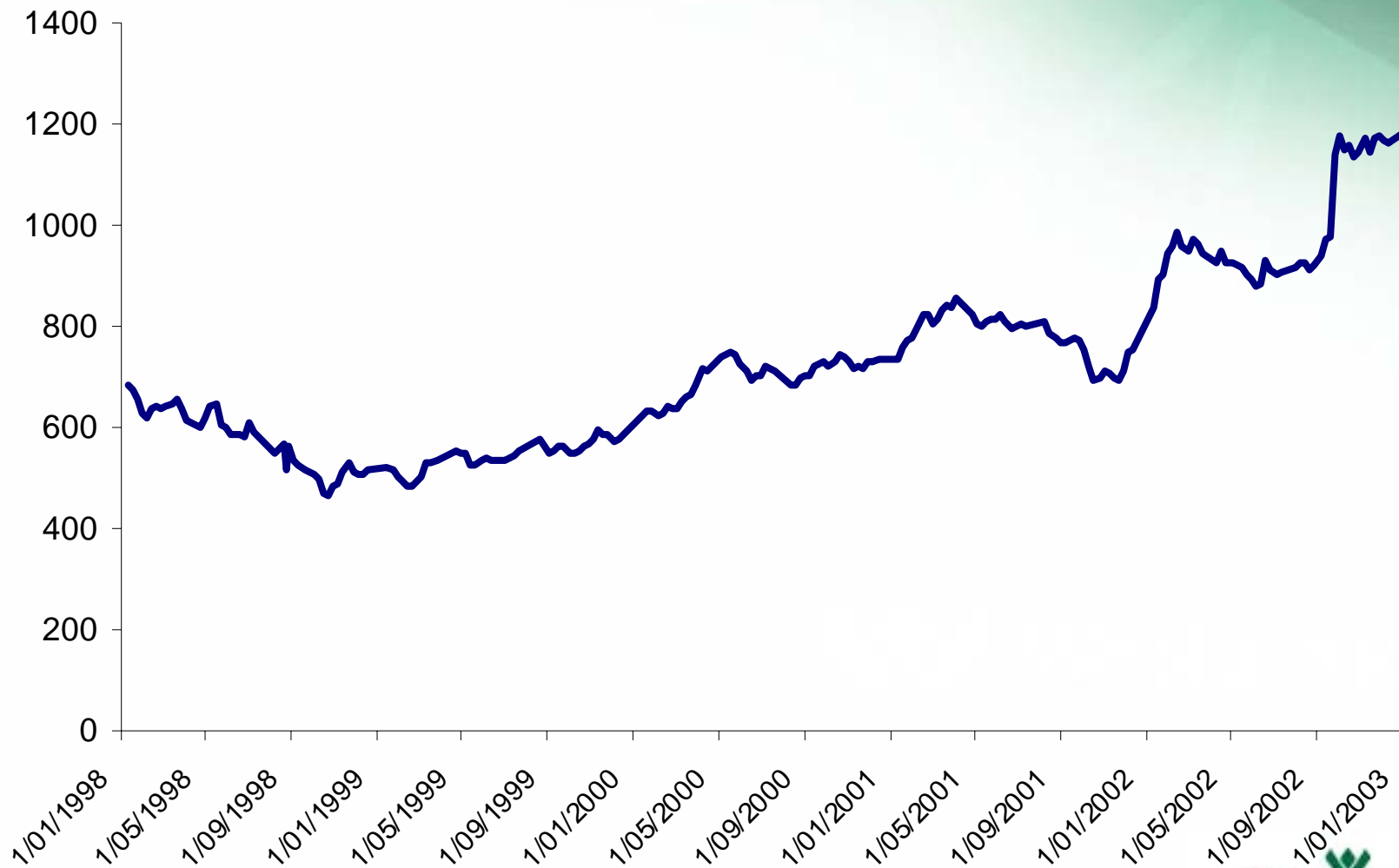
Cattle Prices

Eastern States Young Cattle Price Index



Wool Prices

Eastern Market Indicator July 98 – Jan 03



Rural Services

- Insurance: steady growth assisted by firming premiums, crop premium down
- Finance: steady growth, record loan book
- Real estate:
 - Strong demand, shortage of listings
 - A number of large sales



Wesfarmers Federation Insurance

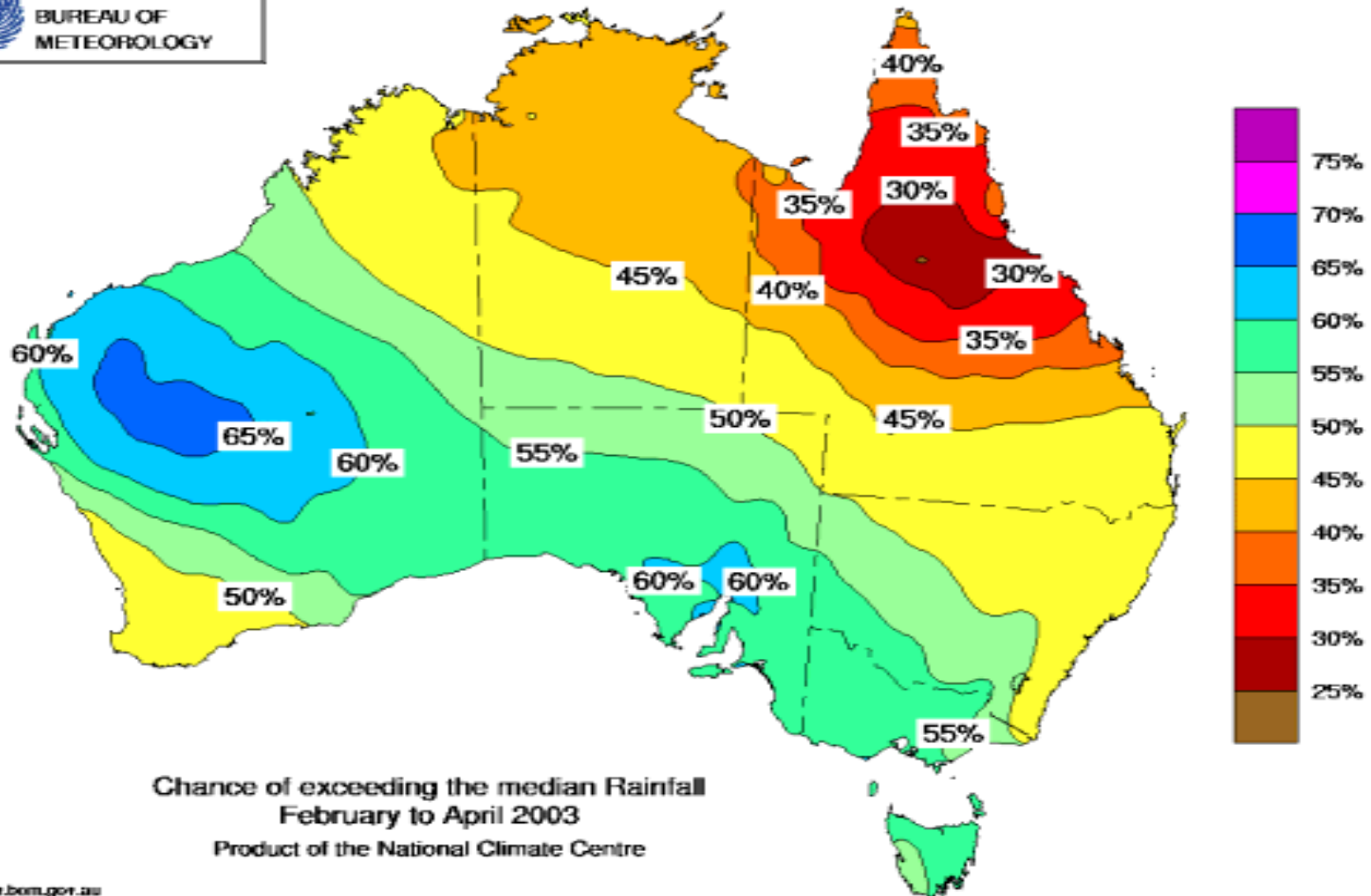
Half-Year performance

- Crop premium down
- Excluding crop, revenue is above last year
- Claims ratio better than last year
- EBIT above last year

Outlook for Rain



COMMONWEALTH
BUREAU OF
METEOROLOGY



Expenditure Cut-Backs

	Major Cut-Backs %	Moderate Cut-Backs %
Plant & machinery	48.9	22.6
Fencing, water, buildings	31.9	26.9
Fertiliser (pasture)	23.6	16.9
Fertiliser (crop)	7.1	22.0
Wages (staff/ family)	13.2	19.1

Wesfarmers Landmark

Outlook

- Autumn break necessary to restore activity
- Record crop expected to be planted if season breaks
- Livestock numbers well down – herd and flock rebuilding to take place
- Cattle prices will surge when drought breaks
- Wool prices firm with limited supply
- Continued growth in finance and insurance business
- Real estate expected to remain on budget but seasonal break important to produce listings

Wesfarmers Federation Insurance

Outlook

- Expect to achieve 2002/2003 budget
- Rural community still vulnerable to fire damage in dry conditions
- Premiums continuing slight upward trend

www.wesfarmerslandmark.com.au



Wesfarmers



LOWEST PRICES
WIDEST RANGE
BEST SERVICE



Half Year Results

February 13, 2003

WELCOME

AGENDA

Business Overview

BBC/Hardwarewarehouse Integration Update

Half Year Results

Outlook & Priorities

BUSINESS OVERVIEW

- Brand & Market Position
- Store Network
- Strong Performance Team Culture
- Warehouse Formula
- Best Merchandising Marketing Skills

BUSINESS OVERVIEW

- Property, Store Layout & Development Capabilities
- Effective Recruitment & Training Programs
- Employee Turnover
- Strong track record of growth in sales & profits
- BBC Acquisition bedded down

BUSINESS OVERVIEW

Store Closures

Fiscal Year	01/02	02/03	YTD03
	31	28	12*

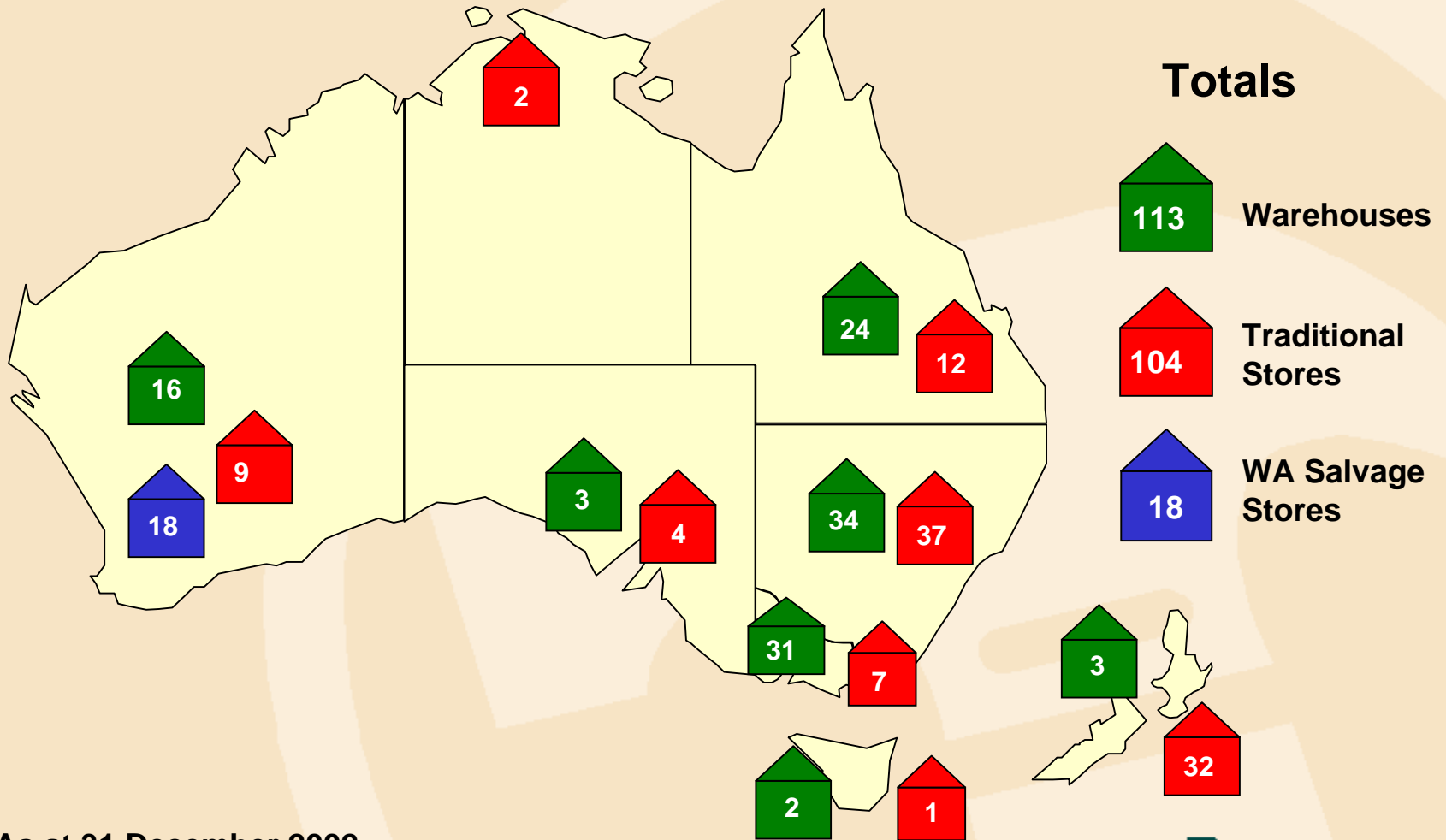
Store Openings

Fiscal Year	01/02	02/03	YTD03
	9	7	4

*closures include 2 warehouse stores

BUSINESS OVERVIEW

Store Network



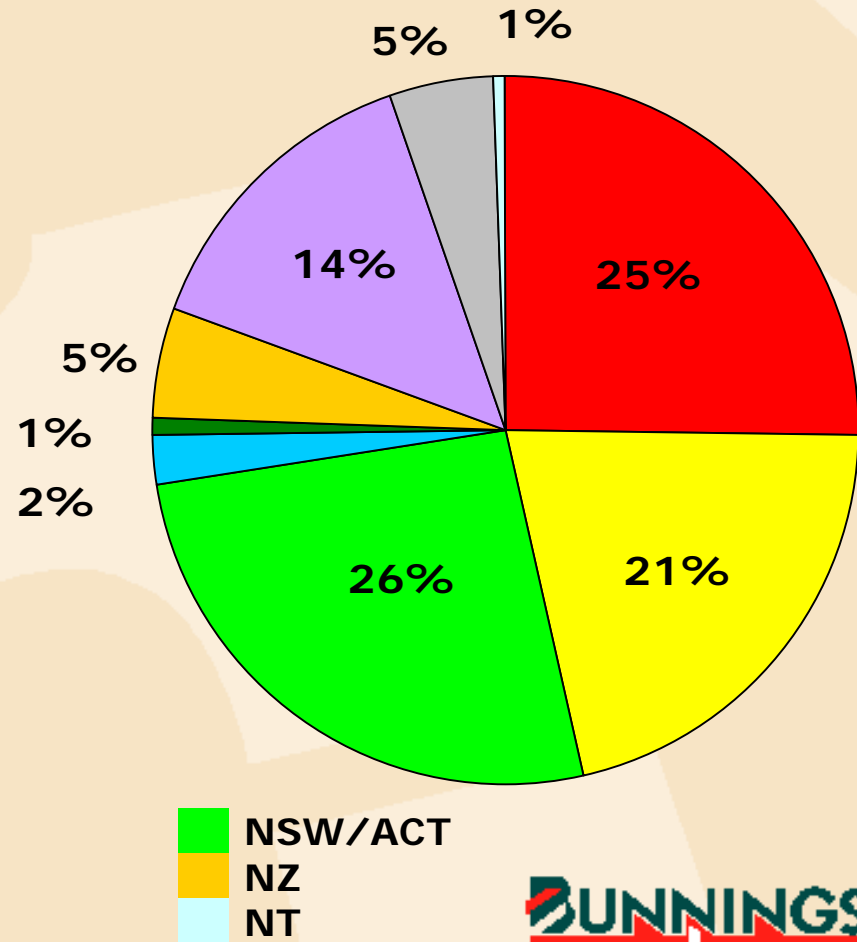
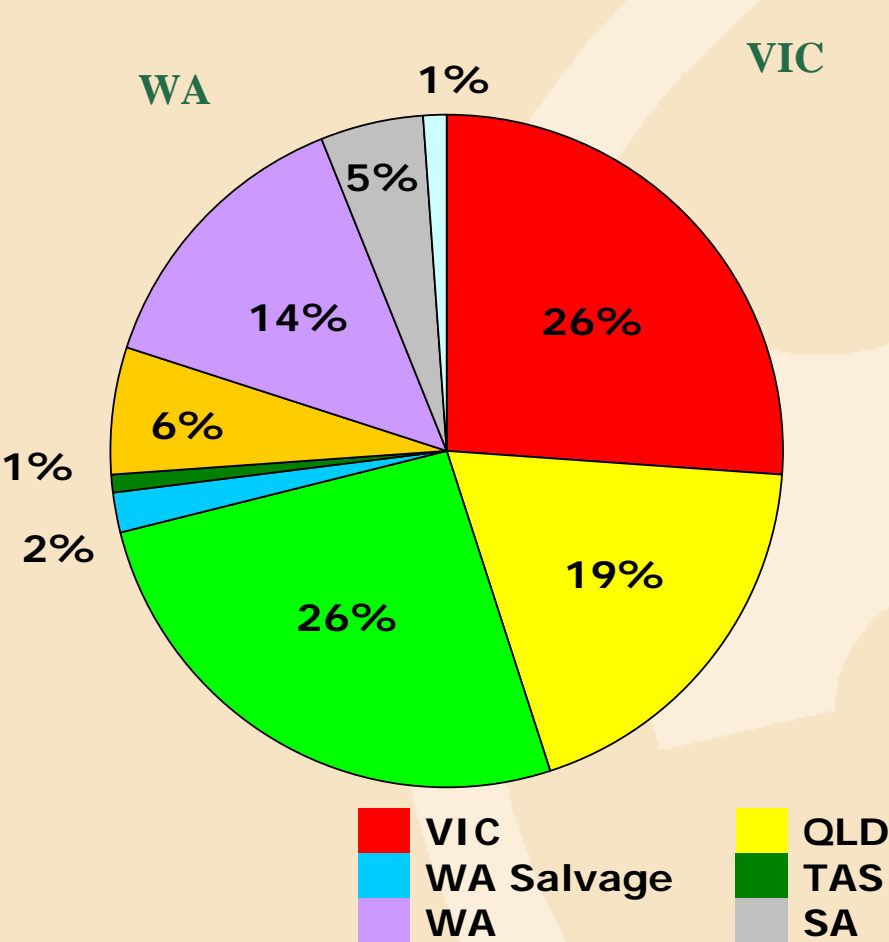
- As at 31 December 2002
 - Figures excludes DCs, F&T, MLM and State Offices

BUSINESS OVERVIEW

Sales split by region

2001/02 - \$3.1b

First Half 2002/03 - \$1.75b

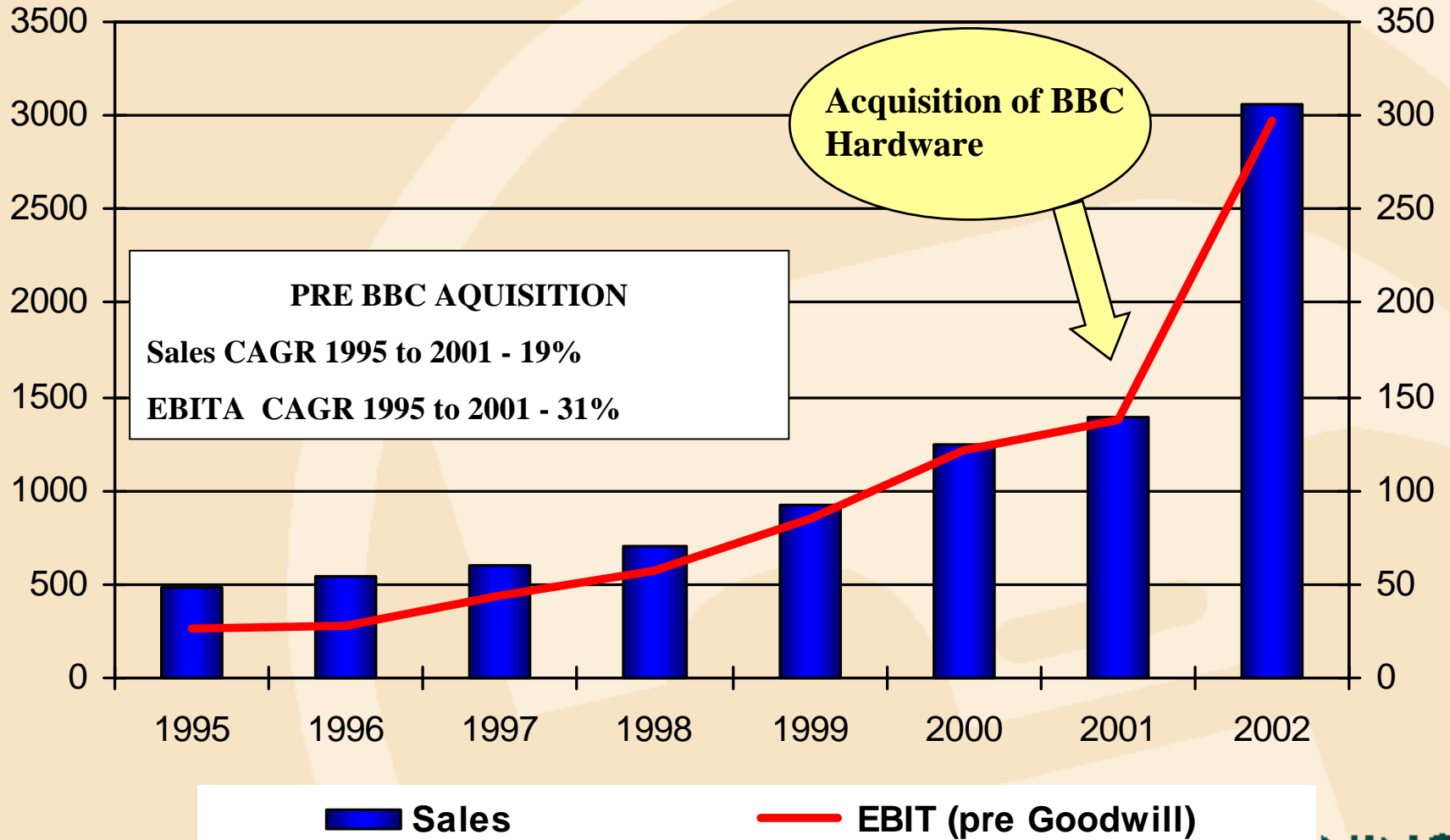


BUSINESS OVERVIEW

Sales & EBITA history

Sales (\$m)

EBITA (\$m)



BBC INTEGRATION UPDATE (16 mths)

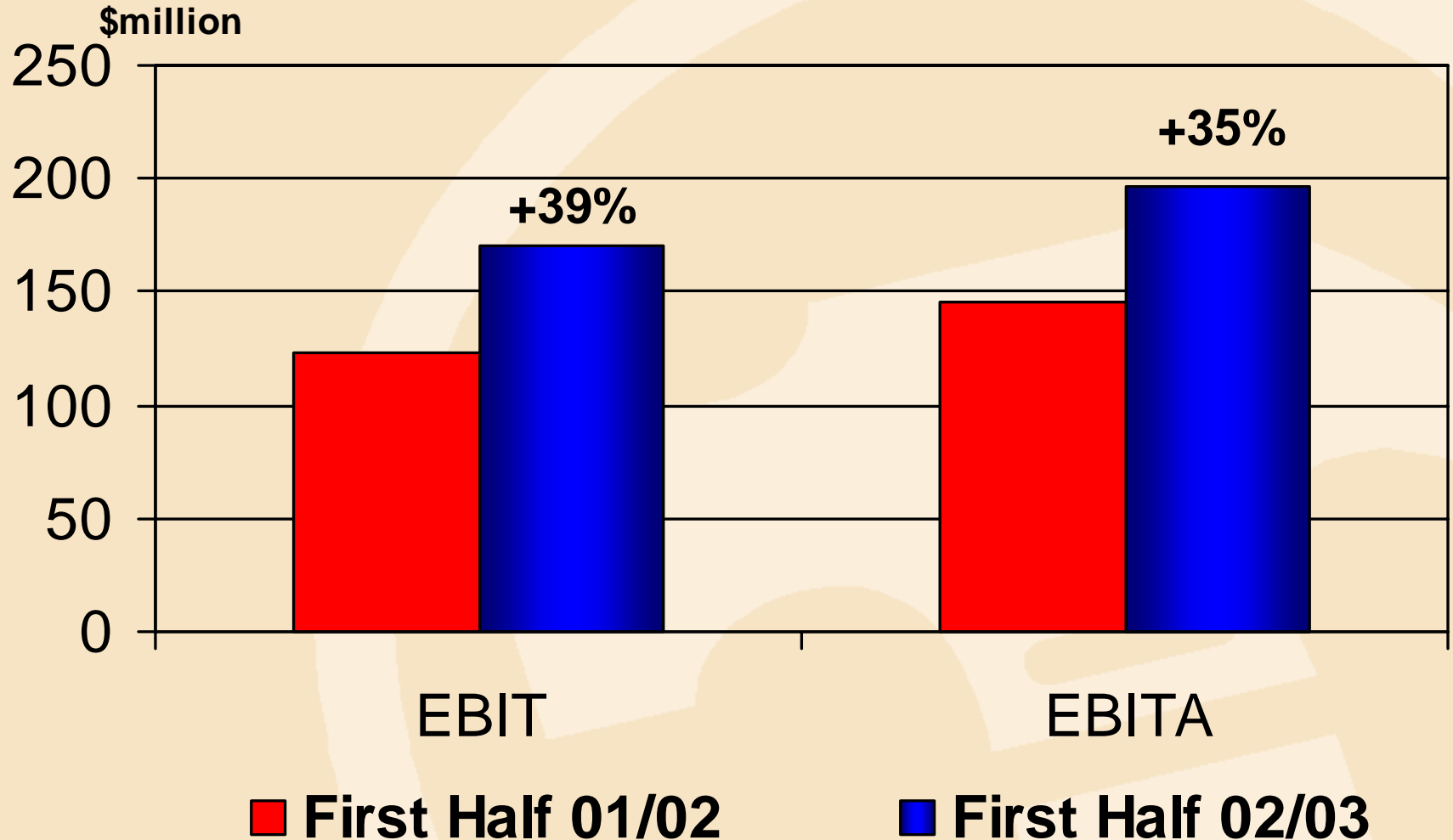
- Network Rebranding & Stage 1 Merchandising
- Induction 12,000 Team Members
- Re-structure “all” Management Teams
- Head Office Rationalisation
- 17,000m² Distribution Centre Smithfield

BBC INTEGRATION UPDATE (16 mths)

- BPOS Conversion in Australia
- Admin Processes Procedures Policies
- Low Volume Accounts Closure 42,000
- Synergy Benefits Exceeded Targets
- Significant Closures & Openings

RESULTS

(6 months to 30th December)



Note: results comparison 5mths BBC vs. 6mths

HALF YEAR RESULTS

- Sales \$1.75 billion
- 8.7% increase across combined network
- Increase from
 - mixed growth across store network
 - new store openings
 - less store closures

Note – Growth is on a full half year versus full half year basis across the whole network including BBC

HALF YEAR RESULTS

SALES

- Bunnings Australian sales grew at 9.0%
 - Retail sales up 11.0% on last year
 - Trade sales up 2.1% on last year
- WA Salvage disappointing
- New Zealand growth slower at 7.1%
- Cash sales now 76% of total (last year 74%)

Note – Growth is on a full half year versus full half year basis across the whole network including BBC

HALF YEAR RESULTS

SALES

- Store on store growth continued at around 10%
- Rebranding, remerchandising of ex BBC / Hardwarewarehouse stores encouraging growth increasing each quarter
- Some transfer of growth from Bunnings to ex BBC

HALF YEAR RESULTS

- EBIT & ROC in line with expectations
- EBIT/sales higher
- WA Salvage below budget

OUTLOOK and PRIORITIES

- Continuing growth in profit
 - Store on store sales increase
 - Closure of non performing stores
 - 8 to 12 new warehouses per annum
 - 4 openings 1st Q 03/04

OUTLOOK and PRIORITIES (cont.)

- Focus on reduction in cost
- Continued focus on technology
 - Store Administration
 - Trade support systems
 - Supply chain BITS

OUTLOOK and PRIORITIES (cont.)

- Greater focus on store network
 - Re-merchandising traditional/warehouses
- Store Development on-going
 - 9000 series
 - 5000 series

SUMMARY

- Results in line with expectations
- Demanding integration concluded
- Greater focus on continuous improvement
- Greater focus on development of store network
 - openings & re-merchandising

BUNNINGS
warehouse



**LOWEST PRICES
ARE JUST THE
BEGINNING . . .**

THANK YOU



LOWEST PRICES
WIDEST RANGE
BEST SERVICE