



**Wesfarmers Limited**

ABN 28 008 984 049

# NEWS

6 November 2000

## **Wesfarmers reports strong first quarter result**

The directors of Wesfarmers Limited today reported a strong start to the 2000/2001 financial year with a first quarter operating profit after tax of \$42.6 million. This was 48 per cent above the figure of \$28.8 million recorded in the comparative period last year and well ahead of budget.

The result was achieved on operating revenue of \$899 million which was 23 per cent higher than last year's \$729 million.

A significant factor in this growth was the inclusion, for the first time, of the result of the newly acquired Curragh coal mine in Queensland. As detailed below, most other business units reported first quarter results ahead of expectations.

The group earnings per share (before goodwill amortisation) of 16.8 cents for the three months was 47 per cent above the 11.4 cents in the corresponding period last year. Cash flow per share of 31.2 cents was also higher than last year's 22.1 cents.

### **Hardware**

Operating revenue of the Bunnings hardware merchandising business was 16 per cent above the same quarter last year. In real terms, the increase in revenue was 22 per cent, after adjusting for the change of accounting treatment of GST compared to the wholesale sales tax system.

The result was pleasing given the high retail sales that were experienced in the period immediately before the introduction of GST on 1 July 2000.

Bunnings is on target to open its planned 10 stores this financial year and the success of seven day trading in Queensland from the beginning of July has enhanced the development potential in that State.

### **Gas**

Gas sales volumes for the Kleenheat Gas national LP gas distribution business were up on last year but the profit result was well below budget due to a margin squeeze caused by the very high level of international prices.

Profits from the gas export business were markedly higher, with two (compared to one) shipments of LP gas occurring during the quarter and higher international prices prevailing. The commissioning of the LP gas extraction plant expansion at Kwinana is scheduled to be completed by early calendar 2001 and the business is on target to achieve a full-year result ahead of last year.

## **Coal**

The Queensland Curragh coal operations, acquired from Arco Coal Australia Incorporated just before the end of the last financial year, made a profit contribution in the first quarter which was above expectations. The positive variance resulted from above-budget export sales volumes and US dollar selling prices, and the decline in the AUD/USD exchange rate.

In October, the company was granted an additional mining lease known as "Curragh East". This was anticipated at the time of acquisition and the final \$47 million payment to Arco was made last week. This deferred payment was part of the total purchase price of \$200 million announced at the time of the acquisition. Securing the Curragh East permit significantly increases available coal reserves, enabling Curragh progressively to increase production from about 4.5 million tonnes to 5.5 million tonnes per annum. Work on the new lease area will commence in January 2001.

Above-budget results were also recorded by the group's Bengalla coal mine in the Hunter Valley in New South Wales and the Premier mine in Collie in Western Australia.

## **Fertilisers and chemicals**

Fertiliser sales tonnages in the first quarter were significantly above the corresponding three months last year. This was due to the late break to the season in Western Australia which resulted in a carry-over of deliveries from the last financial year. The result was higher than budget, but the absence of finishing rains in much of Western Australia's grain growing areas will result in lower product yields and will have a flow-on effect on demand for cropping fertilisers in the remainder of the 2000/2001 financial year.

Chemical sales tonnages were higher than in the corresponding quarter last year, but below budget for the three months. The new ammonia plant is again running at full capacity after repairs to a broken gas seal.

## **Rural and insurance**

Operating revenue of the rural operations was 15 per cent above the first three months of last year with higher sales in merchandise and continuing strong prices for wool and livestock. This revenue growth, coupled with a continued focus on cost control, has resulted in a satisfactory profit contribution which was above budget and above last year.

Wesfarmers Federation Insurance reported a strong result for the quarter due to higher premium income and lower claims.

## **Forest products**

The forest products business unit reported a strong first quarter profit result. Activity remained at a high level as a flow-on from the pre-GST boom. The downturn in new building approvals is expected to result in a significant fall in demand for structural timber in the second quarter. The woodchipping, plantation services and plantation assets were sold to a subsidiary of Marubeni Corporation on 3 October 2000 which will result in a decline in this unit's earnings from that date.

## **Transport**

The group's transport operations recorded a result which was ahead of the comparative three months last year, but below budget expectations. The outlook for this business is for continuing difficult trading conditions.

## **Outlook**

The directors are pleased with the reported result which has reinforced confidence about the prospects and outlook for the group.

The strong first quarter performances of the hardware, energy (gas and coal) and rural business units are expected to continue, but the remainder of 2000/2001 is likely to prove difficult for the group's fertiliser business due to the lack of finishing rains in parts of the Western Australia's agricultural region.

The full year result will also be positively affected by the recent acquisition of the Westrail Freight business in joint venture with Genesee & Wyoming.

The directors continue to expect the full year results to exceed those of 1999/2000.

For further information contact:                      Mr Michael Chaney, Managing Director  
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# Quarterly Report

for the three months to 30 September 2000

Name of entity

WESFARMERS LIMITED

ABN

28 008 984 049

Quarter ended

30 SEPTEMBER 2000

## Equity accounted results for announcement to the market

				\$A'000
Sales (or equivalent operating) revenue (item 1.1)	up	22.9%	to	879,128
Operating profit (loss) after tax attributable to members (item 1.7)	up	47.6%	to	42,552
Extraordinary items after tax attributable to members (item 1.8)				Nil
Operating profit (loss) and extraordinary items after tax attributable to members (item 1.13)	up	47.6%	to	42,552
* Consists of				
Operating profit before goodwill amortisation	up	44.9%	to	44,330
Goodwill amortisation				<u>(1,778)</u>
Operating profit	up	47.6%	to	<u>42,552</u>

Wesfarmers Limited – Quarterly report  
Consolidated profit and loss account

	Current Quarter \$A'000	Previous corresponding quarter \$A'000
1.1 Sales (or equivalent operating) revenue	879,128	715,232
1.2 Other revenue	20,145	14,185
<b>Total ordinary revenue</b>	<b>899,273</b>	<b>729,417</b>
1.3 <b>Operating profit (loss) before tax</b>	<b>66,563</b>	<b>45,894</b>
1.4 Less tax	23,752	16,876
1.5 Operating profit (loss) after tax but before outside equity interests	42,811	29,018
1.6 Less outside equity interests	259	180
1.7 <b>Operating profit (loss) after tax attributable to members*</b>	<b>42,552</b>	<b>28,838</b>
1.8 Extraordinary items after tax	-	-
1.9 Less outside equity interests	-	-
1.10 Extraordinary items after tax attributable to members	-	-
1.11 <b>Total operating profit (loss) and extraordinary items after tax (items 1.5 + 1.8)</b>	<b>42,811</b>	<b>29,018</b>
1.12 Operating profit (loss) and extraordinary items after tax attributable to outside equity interests (items 1.6 + 1.9)	259	180
1.13 Operating profit (loss) and extraordinary items after tax attributable to members (item 1.7 + 1.10)	42,552	*28,838
* Consists of:		
Operating profit before goodwill amortisation	44,330	30,589
Goodwill amortisation	(1,778)	(1,751)
Operating profit	42,552	28,838

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**Earnings per security (EPS)**

	Current quarter	Previous corresponding quarter
Calculation of basic and fully diluted, EPS in accordance with AASB 1027: Earnings per share		
(a) & (b) Basic and diluted		
(i) Before goodwill amortisation	16.8¢	11.4¢
(ii) After goodwill amortisation	16.1¢	10.8¢
(c) Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	263,687,320	267,207,848

### Supplementary information – “cashflow per share”

In accordance with general principles used by financial analysts, “cashflow per share” has been calculated by adding all forms of depreciation and amortisation to operating profit after tax and dividing by the weighted average number of ordinary shares on issue during the year.

GROUP	
Current quarter	Previous corresponding quarter
31.2¢	22.1¢

### Details of specific receipts/outlays, revenues/expenses

	Current quarter \$A'000	Previous corresponding quarter \$A'000
Interest revenue included in determining item 1.2	2,724	1,371
Interest revenue included in item 1.2 but not received (if material)	-	-
Interest expense included in item 1.3 (include all forms of interest, lease, finance charges, etc.)	14,296	4,828
Interest costs excluded from item 1.3 and capitalised in asset values (if material)	-	2,064
Outlays (except those arising from the acquisition of an existing business) capitalised in intangibles (if material)	-	-
Depreciation (excluding amortisation of intangibles)	38,006	28,530
Amortisation of intangibles	1,778	1,751

# Wesfarmers Limited – Quarterly report

## Comments by directors

Material factors affecting the revenues and expenses of the economic entity for the current period.

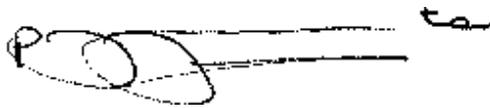
Refer to the press release dated 6 November 2000 accompanying this statement.

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible).

Nil.

## Compliance statement

- 1 This report has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law.
- 2 This report gives a true and fair view of the matters disclosed.
- 3 The entity has a formally constituted audit committee.



Sign here: .....  
(Company Secretary)

Date: 6 November 2000

Print name: P J JOHNSTON