



# Half Year Results Presentation

8 February 2005



# Presentation Outline



|                      |                                    |                |
|----------------------|------------------------------------|----------------|
| Opening Comments     |                                    | Michael Chaney |
| Group Performance    |                                    | Richard Goyder |
| Divisional Comments: | <i>Energy</i>                      | David Robb     |
|                      | <i>Hardware</i>                    | John Gillam    |
|                      | <i>Insurance</i>                   | Bob Buckley    |
|                      | <i>Industrial &amp; Safety</i>     | Bob Denby      |
|                      | <i>Chemicals &amp; Fertilisers</i> | Keith Gordon   |
|                      | <i>Other Businesses</i>            | Gene Tilbrook  |
| Outlook              |                                    | Michael Chaney |

**Richard Goyder**  
**Deputy Managing Director, Wesfarmers Limited**



# Performance Summary



| Half Year Ended 31 December (\$m)                          | 2003    | 2004    |  % |
|--|---------|---------|---|
| Operating Revenue (ex. sale of Landmark)                   | 3,786.2 | 4,064.8 | 7.4   |
| Net Profit (before g/will ex. sale of Landmark)            | 338.5   | 335.4   | (0.9)   |
| Goodwill Amortisation                                      | (41.7)  | (44.2)  | 6.0   |
| Net Profit (after g/will ex. sale of Landmark)             | 296.8   | 291.2   | (1.9)   |
| Net profit on sale of Landmark                             | 304.3   | -       | -   |
| Net profit (after goodwill)                                | 601.1   | 291.2   | (51.6)  |
| Earnings Per Share (before g/will ex. Landmark)<br>(cents) | 90.2    | 89.1    | (1.2)   |

# Divisional EBITA

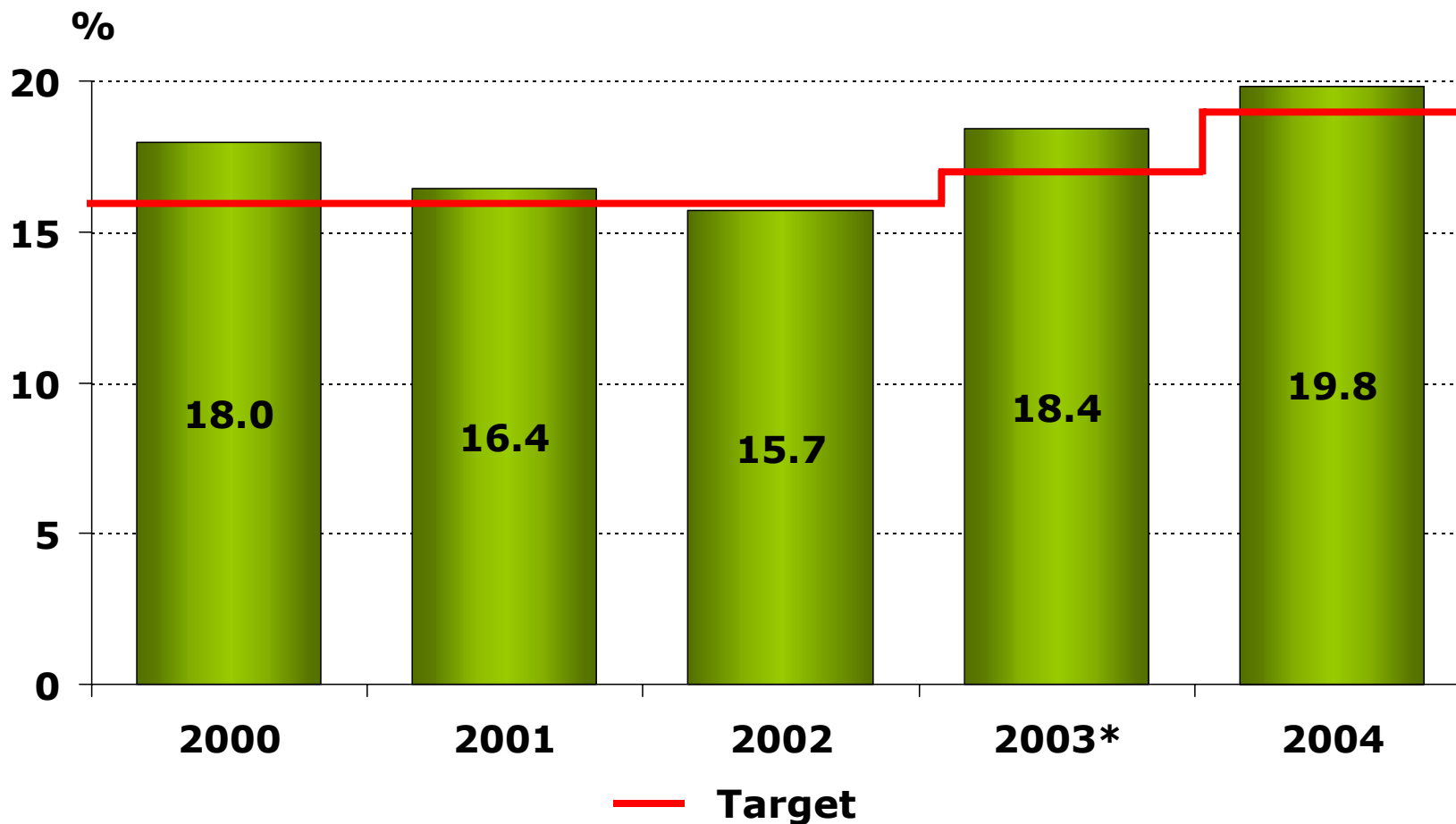


| Half Year ended 31 December (\$m) | 2003*        | 2004         | ↑ %        |
|-----------------------------------|--------------|--------------|------------|
| Hardware                          | 208.7        | 230.4        | 10.4       |
| Energy                            | 115.1        | 126.7        | 10.1       |
| Rural Operations                  | 8.4          | -            | -          |
| Insurance                         | 35.8         | 69.1         | 93.0       |
| Industrial & Safety               | 53.0         | 51.4         | (3.0)      |
| Chemicals & Fertilisers           | 20.6         | 29.1         | 41.3       |
| Other                             | 87.4         | 35.5         | (59.4)     |
| <b>Total</b>                      | <b>529.0</b> | <b>542.2</b> | <b>2.5</b> |

\*Excludes earnings from sale of Landmark

# Return on Shareholders' Funds

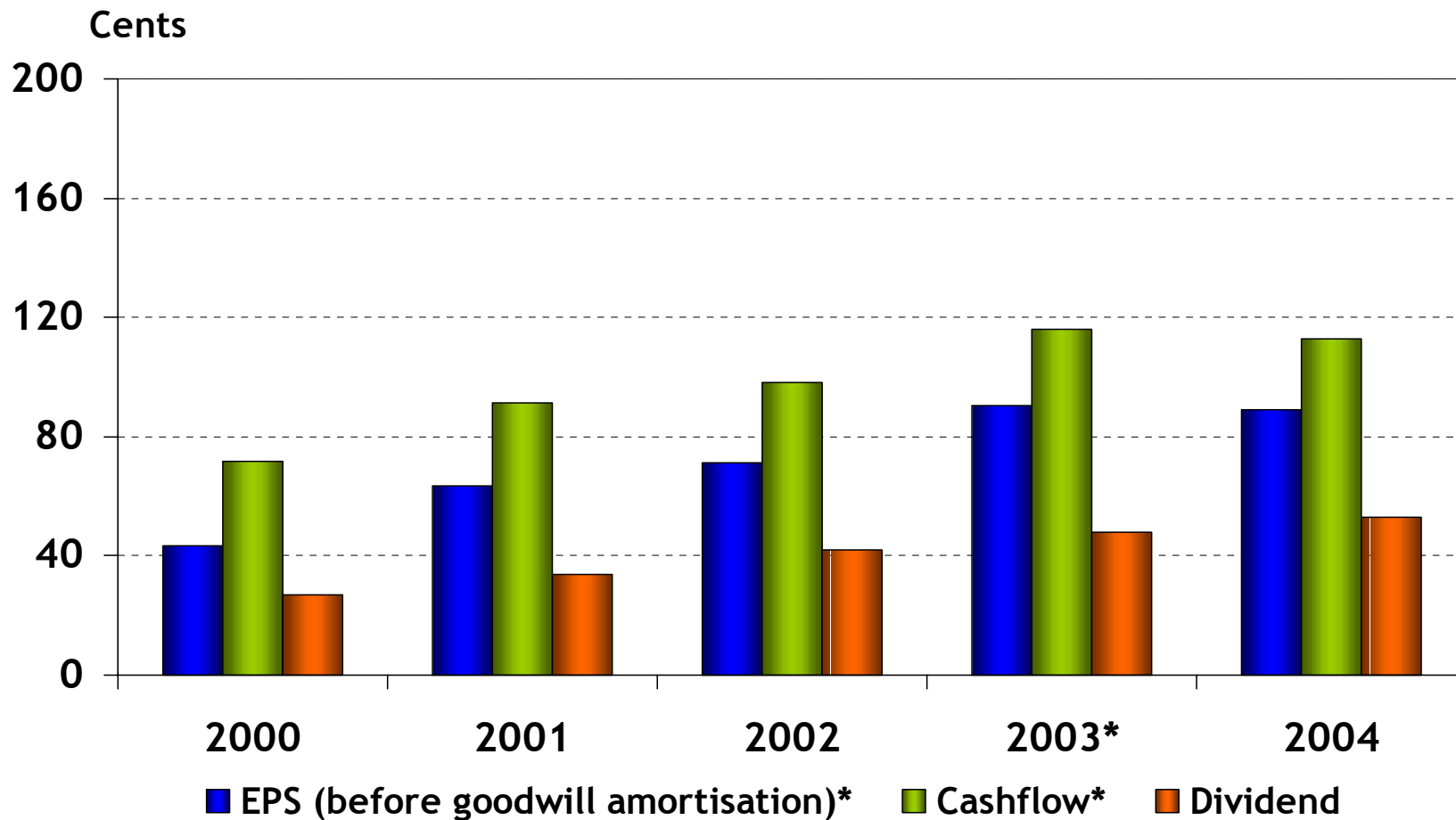
(pre goodwill) - rolling 12 months to 31 December



\* Excludes sale of Landmark

# EPS, Cashflow & Dividend (Half Year)

(earnings, cashflow and dividend per share)



\* Excludes sale of Landmark

# Capital Management



- Net Debt /Equity of 47.9% at 31 December 2004
- Capital return of \$378m announced in December
- Post capital return gearing within target range



# Wesfarmers Energy

David Robb  
Managing Director



# Energy Performance Summary



| Half Year Ended 31 December (\$m) | 2003  | 2004  |  % |
|-----------------------------------|-------|-------|---|
| Revenue                           | 478.6 | 520.2 | 8.7   |
| EBITA                             | 115.1 | 126.7 | 10.1  |

# Energy Highlights



- Higher export coal prices
- Higher international LPG prices
- Continued development of Curragh North
- Commissioning of Cooper Pedy Power Station
- Purchase of the Mobil LPG business in Tasmania

# Energy Outlook



- Coal exports in 2004/05 constrained by logistics
- Curragh North development on track
- Record coking coal prices
- Premier market development activities
- Commissioning of Hismelt air supply project
- W LPG post 2005 negotiations in final phase

# Hardware

John Gillam  
Managing Director



# Hardware Performance Summary



| Half Year Ended 31 December (\$m) | 2003    | 2004    | ↑ %  |
|-----------------------------------|---------|---------|------|
| Revenue                           | 1,993.1 | 2,135.5 | 7.1  |
| EBITA                             | 208.7   | 230.4   | 10.4 |
| Trading Revenue*                  | 1,965.0 | 2,120.7 | 7.9  |
| Trading EBITA*                    | 205.9   | 228.0   | 10.7 |
| Trading EBITA/Sales Ratio (%)     | 10.5    | 10.8    | 2.9  |

\*Excludes property and other non-trading items

# Hardware Highlights



- 11% cash sales growth
  - Cash store on store growth around 7%
- Flat trade sales in tight market conditions
- Four new warehouses opened
- Solid progress on major strategies

# Hardware Outlook



- Continued cash sales growth
  - Strong focus on retail drivers
- Tight and competitive trade market
- Busy network development agenda
- Ongoing improvements in business infrastructure



# Wesfarmers Insurance Division

Bob Buckley  
Chief Executive Officer



# Financial Summary



| Half Year Ended 31 December (\$m) | 2003    | 2004    | ↑ %  |
|-----------------------------------|---------|---------|------|
| Net Earned Premium                | 187.7   | 343.2   | 82.8 |
| Net Claims                        | (108.6) | (205.7) | 89.4 |
| Net Commission and Expenses       | (50.3)  | (86.2)  | 71.4 |
| Underwriting Result               | 28.8    | 51.3    | 78.1 |
| Investment Income on TR           | 6.2     | 12.3    | 98.4 |
| Insurance Margin                  | 35.0    | 63.6    | 81.7 |
| EBITA                             | 35.8    | 69.1    | 93.0 |

*LGA/LGNZ included from 14 October 2003 when acquired by Wesfarmers*

## Divisional - KPIs



| Half Year Ended 31 December (%) | 2003 | 2004 | ↑     |
|---------------------------------|------|------|-------|
| Gross Earned Loss Ratio         | 53.4 | 55.9 | (2.5) |
| Net Earned Loss Ratio           | 58.4 | 60.0 | (1.6) |
| Total Expenses (% GEP)          | 24.8 | 28.1 | (3.3) |
| Combined Operating Ratio        | 85.3 | 85.1 | 0.2   |
| Insurance Margin                | 18.2 | 18.5 | 0.3   |

*2003 includes a full six months contribution from Lumley companies*

# Insurance Highlights



- Strong underwriting results from all businesses
- Claims environment remains favourable
- Top line growth is under pressure
- Integration largely complete

# Insurance Outlook



- Modest top line growth
- Competitive environment
- Premium rates are moderating
- Gradual return to long term claim patterns

# Wesfarmers Industrial and Safety

Bob Denby  
Managing Director



# Industrial & Safety Performance Summary



| Half Year Ended 31 December (\$m) | 2003  | 2004  | ↑ %   |
|-----------------------------------|-------|-------|-------|
| Revenue                           | 574.9 | 587.5 | 2.2   |
| EBITA                             | 53.0  | 51.4  | (3.0) |
| EBITA/Sales Ratio (%)             | 9.2   | 8.7   | (5.4) |

# Industrial & Safety Highlights



- New distribution model largely implemented
- Continued roll-out of new and re-modelled trade centres
- Good sales growth in Blackwoods (northern and western regions)
- Protector Alsafe - operationally showing positive signs
- Good sales growth in NZ safety businesses and Packaging House
- Business improvement project underway at Blackwoods Paykels



# Industrial & Safety Outlook



- Continued sales growth in the second half
- Improved profit margins following implementation of improvement initiatives
- Continued rollout of new trade centres


# Chemicals and Fertilisers

Keith Gordon  
Managing Director



## Chemicals & Fertilisers Performance Summary



| Half Year Ended 31 December (\$m) | 2003  | 2004  |  % |
|-----------------------------------|-------|-------|---|
| Revenue                           | 171.5 | 217.9 | 27.1  |
| EBITA                             | 20.6  | 29.1  | 41.3  |

# Chemicals & Fertilisers Highlights



- Ammonium Nitrate contribution 24% higher than pcp
- Sodium cyanide volumes growing in line with expectations
- Fertiliser volumes 53% higher than pcp
- Capacity expansion projects on track

# Chemicals & Fertilisers Outlook



- Continued buoyancy in demand from domestic resource sector
- Export market development for sodium cyanide
- Good start to fertiliser sales programme with autumn break the next critical period
- Ammonium nitrate shutdown in second half

# Other Businesses

Gene Tilbrook  
Executive Director, Business Development





- Improved earnings through
  - grain tonnage; and
  - new iron ore contract
- Partly offset by
  - increased fuel costs; and
  - labour costs to meet peak demand

# Gresham Private Equity Highlights



- GPEF 1:
  - divestments likely to be post June 2005
  - some dividends and final payments in 04/05
  - portfolio on plan
- GPEF 2 (plus Co-invest Fund):
  - current commitment \$241m
  - further closing expected March
  - Noel Leeming performing to plan



**Michael Chaney**  
**Chief Executive Officer, Wesfarmers Limited**



# Outlook



- Full year profit expected to exceed 2003/04 (excluding profit on sale of Landmark)
- Strong global resources demand to support coal, gas and mining chemicals earnings
- Domestic economy tightening

# Questions



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