2020 Half-year Results
Debt Investor Update

Wesfarmers

Group Performance Overview

Wesfarmers

Continued focus on sustainable value creation over the long term

Wesfarmers' primary objective is to provide a satisfactory return to shareholders

We believe it is only possible to achieve this over the long term by:

- Anticipating the needs of our customers and delivering competitive goods and services
- Looking after our team members and providing a safe, fulfilling work environment
- Engaging fairly with our suppliers and sourcing ethically and sustainably
- Supporting the communities in which we operate
- Taking care of the environment
- Acting with integrity and honesty in all of our dealings

Financial overview

Half-year ended 31 December ($m)	2019 *Post AASB 16*	2019 *Pre AASB 16*	2018 *Reported*	Variance %[2]
Revenue[1]	15,249	15,249	14,388	*6.0*
EBIT[1]	1,734	1,637	1,645	*(0.5)*
EBIT (after interest on lease liabilities)[1]	1,615	1,637	1,645	*(0.5)*
NPAT[1]	1,127	1,142	1,080	*5.7*
Basic earnings per share (cps)[1]	99.6	101.0	95.5	*5.7*
Operating cash flow	2,131	1,666	1,987	*(16.2)*
Net capital expenditure	207	207	678	*(69.5)*
Free cash flow	1,039	574	2,393	*(76.0)*
Dividend per share (cps)	75	75	100	*(25.0)*

- Result underpinned by strong performance of the Group's largest businesses, Bunnings and Kmart, and ongoing solid performance in WesCEF
- Strict working capital management and disciplined capital expenditure resulted in strong cash flow generation across operating divisions
- Pleasing revenue growth of 6.0%, reflecting strong sales growth in Bunnings, Kmart and Officeworks
- NPAT (pre AASB 16) up 5.7% to $1,142m

To facilitate a comparison to the prior corresponding period, pre AASB 16 financial information, a non-IFRS measure, has been included in this presentation and is the focus of performance commentary.

1. Continuing operations only.
2. Variance calculated on pre AASB 16 results.

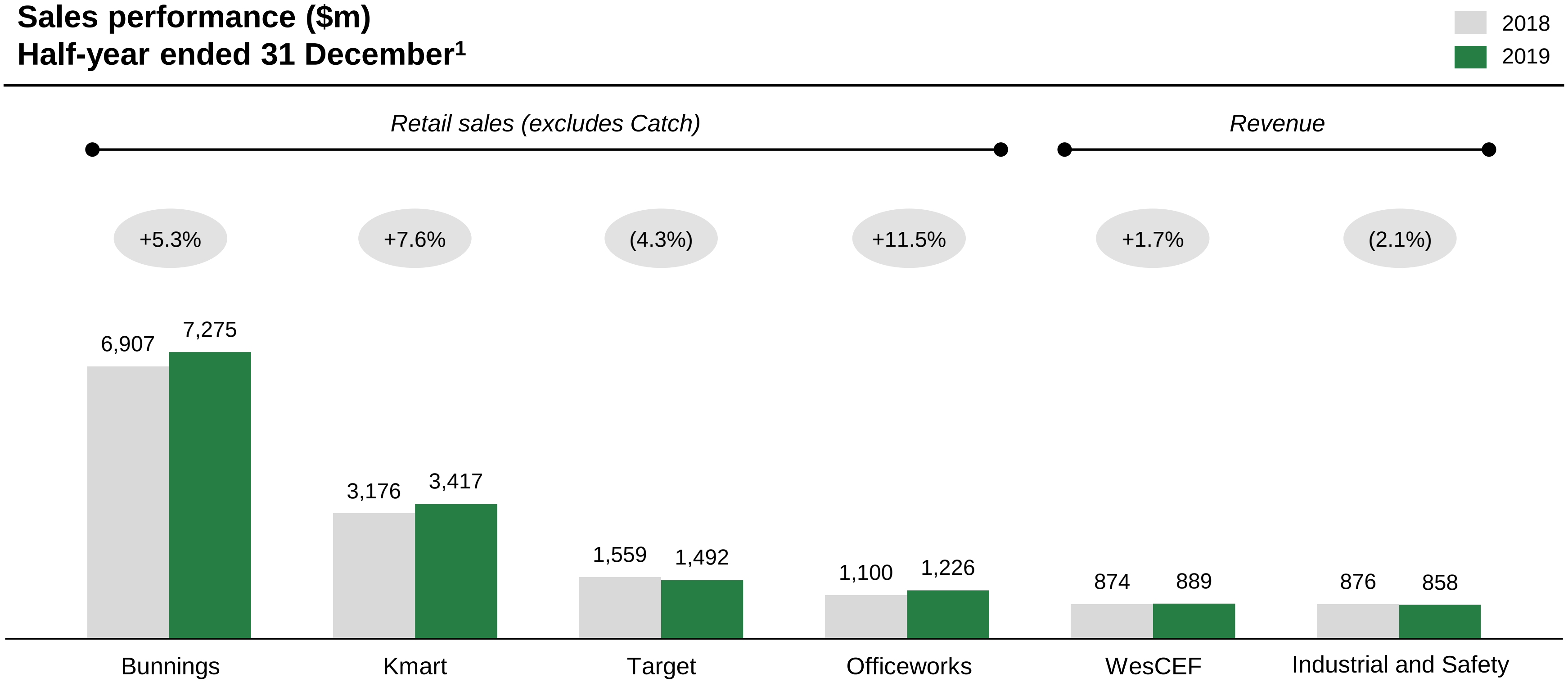
Operational highlights

- **Bunnings:** Solid earnings growth underpinned by an ongoing focus on store cost control & continued growth in consumer & commercial markets across all product categories & across all major trading regions; continued to make significant improvements to the in-store & online customer experience
- **Kmart Group**
  - **Kmart:** Strong sales growth reflected a continued focus on lowest price positioning, stronger operational execution & an enhanced product range delivering growth across all categories
  - **Target:** Earnings were below expectations & decreased significantly due to a reduction in customer transactions & poor performance in key apparel categories
  - **Catch:** Sales growth continues, with gross transaction value increasing 21.4% in the period under Wesfarmers' ownership; strengthened the digital expertise in the Kmart Group & will help drive improvements in online execution & innovation
- **Chemicals, Energy and Fertilisers: Chemicals** earnings benefited from strong demand from the iron ore & gold mining sectors for ammonium nitrate & sodium cyanide; **Energy** earnings declined due to a lower Saudi CP[1] combined with lower margins from increased competition in natural gas retailing; **Fertilisers** had strong volume growth due to late seasonal rains in WA
- **Industrial and Safety:** Earnings decline in Blackwoods was primarily driven by lower revenue as sales growth from strategic customers & the Western Australian region was offset by sales decline in other segments
- **Officeworks:** Strong revenue & earnings growth; 'Every channel' approach delivering strong sales growth in both stores & online

1. Saudi Contract Price (the international benchmark indicator for LPG).

Divisional sales performance

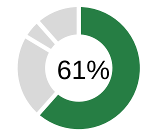
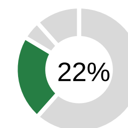
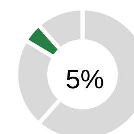
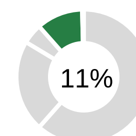
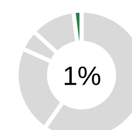
Sales performance ($m)
Half-year ended 31 December[1]



- Pleasing momentum across Bunnings, Kmart and Officeworks following strong operational execution and continued focus on customers
- Underpinned by strong growth in online sales of 35%[2] for the half and continued improvement in sales density

1. Continuing operations only.
2. Excludes Catch.

Divisional earnings performance

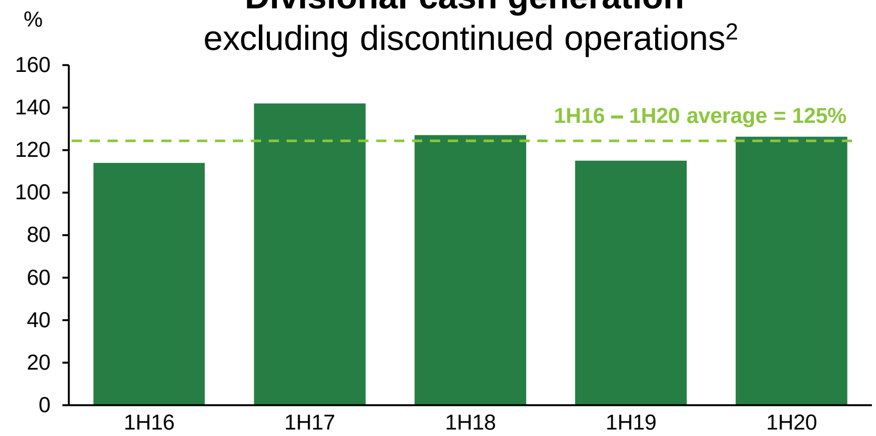
Earnings Before Tax (EBT) ($m) Half-year ended 31 December[1]	2019 *Post AASB 16*	2019 *Pre AASB 16*	2018 *Reported*	Var %[2]	% of divisional EBT[2]
Bunnings	938	961	932	*3.1*	 61%
Kmart Group[3]	343	345	383	*(9.9)*	 22%
Officeworks	82	79	76	*3.9*	 5%
WesCEF	173	174	185	*(5.9)*	 11%
Industrial and Safety[4]	7	6	42	*(85.7)*	 1%

1. Continuing operations only. Divisional EBT does not include any allocation of Group finance costs.
2. Calculated on pre AASB 16 results.
3. 2019 includes $9m of payroll remediation costs relating to Target.
4. 2019 Includes $15m of payroll remediation costs.

Operating cash flows

- Divisional cash generation[1] from continuing operations up 11 ppt to 126%
  - 1H20 operating cash flows before tax from divisions increased 4% to $2,179m
- Reported operating cash flows decreased as the prior period included operating cash flows from Coles and other discontinued operations
- Group cash realisation ratio[3] improved to 117%
  - Strong divisional cash flow performance
  - Higher dividends received from associates, including Coles

Divisional cash generation[1]
excluding discontinued operations[2]



1. Divisional operating cash flows before tax after net capital expenditure divided by divisional pre AASB 16 EBIT.
2. 1H16 to 1H18 includes contribution from KTAS and Quadrant.
3. Operating cash flows as a percentage of net profit after tax, before depreciation, amortisation and significant items.

Capital expenditure

- Gross capital expenditure from continuing operations of $455m in line with prior period
  - Higher capital expenditure in Bunnings from development of digital offer
  - Higher capital expenditure in WesCEF primarily due to Covalent Lithium

  Offset by:
  - Decrease in Kmart Group due to timing of store refurbishments
  - One-off investment in Coregas healthcare offering in prior period
- Proceeds from property disposals include Bunnings property disposals of $224m
- Modest decrease in net capital expenditure in continuing operations to $207m
- FY20 net capital expenditure of $500m to $700m expected, subject to net property investment

Half-year ended 31 December ($m)[1]	2019	2018	Var %
Bunnings	269	240	*12.1*
Kmart Group	80	119	*(32.8)*
WesCEF	50	32	*56.3*
Industrial and Safety	33	46	*(28.3)*
Officeworks	22	20	*10.0*
Other	1	2	*(50.0)*
Gross capital expenditure	**455**	**459**	***(0.9)***
Sale of PP&E	(248)	(245)	*1.2*
Net capital expenditure	**207**	**214**	***(3.3)***
Net capital expenditure in discontinued operations	-	464	*n.m.*
Group (including discontinued)			
Gross capital expenditure	455	955	*(52.4)*
Sale of PP&E	(248)	(277)	*(10.5)*
Net capital expenditure	**207**	**678**	***(69.5)***

n.m. = not meaningful

1. Capital investment provided on a cash basis.

Sale of 4.9 per cent ownership in Coles Group

- Subsequent to period end, the Group sold 4.9 per cent of the issued capital of Coles Group Limited (ASX:COL)
  - Following the sale, Wesfarmers will retain a minority interest of 10.1 per cent in Coles & its right to nominate a director on the Coles Board
- Partial sale of the Coles shareholding will crystallise a strong return for shareholders while enabling continued strategic alignment & collaboration
  - Wesfarmers expects to recognise a pre-tax profit on sale of approximately $160m
- Gross proceeds from the sale of approximately $1,050m

Managing businesses for long-term value creation

Our divisions remain focused on long-term value creation

1 A relentless focus on customers

- Maintaining price leadership
- Investing in data and digital to better meet the evolving needs of customers
- Ensuring reliable and high quality supply through operational excellence
- Engaging deeply in the communities where we operate

2 Investing for the long term

- Constant product innovation
- Improving back-end systems and processes
- Disciplined pursuit of value-accretive opportunities to add capabilities, channels or new technology

3 Building on unique capabilities and platforms

- Leading market positions
- Scalable platforms
- Expanding addressable markets by developing new channels, products or services
- People with extensive operating experience and knowledge

Outlook

Wesfarmers

Outlook

Operational

- **Bunnings:** Well-positioned for continued growth with a focus on broadening commercial markets, investment in digital platforms, increased use of data analytics, price investment & network expansion
- **Kmart Group**
  - **Kmart**: Well-positioned in the market & is expected to continue to offset the cost impacts from lower exchange rates & higher team member wages through operational & productivity improvements
  - **Target:** Continue to focus on reducing costs by further leveraging the Kmart Group, improving the offer in destination categories & accelerating the optimisation of the property portfolio to reduce lease commitments
  - **Catch**: Investment continues to focus on growing gross transaction value
- **Chemicals, Energy and Fertilisers:** Production volumes & demand for Chemicals products is expected to remain stable, with iron ore & gold market demand remaining robust; however earnings are expected to be impacted by an oversupply of EGAN in WA in the short to medium term as the competing Burrup plant comes online in the second half
- **Industrial and Safety:** Blackwoods is focused on improving the customer experience through the implementation of a new regional sales structure, as well as continued investment in data, digital & the ERP[1] system; Workwear Group continues to invest in its digital offer & operating efficiencies to meet competitive challenges
- **Officeworks:** Continue to focus on execution of strategic agenda; earnings growth to be moderated by ongoing investment in price, team & technology

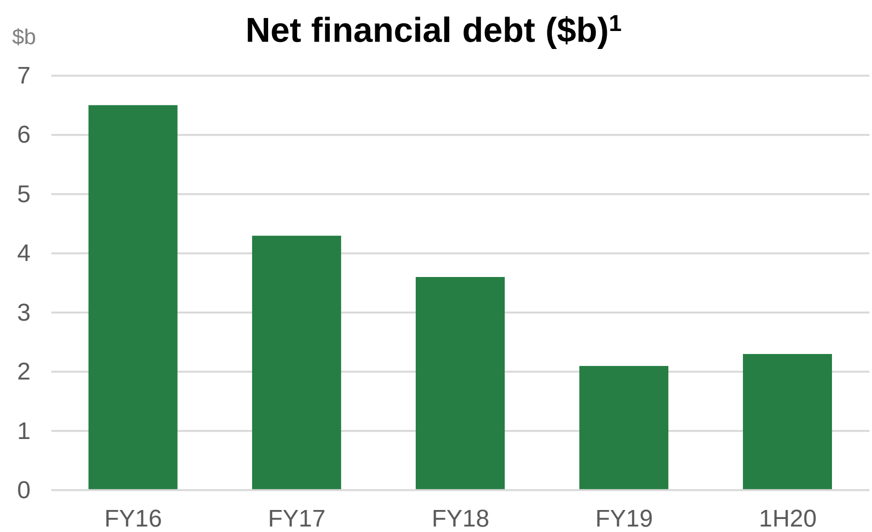
1. Enterprise Resource Planning.

Debt Management

Wesfarmers

Maintaining strong credit ratings & balance sheet

- Strong credit metrics & stable credit ratings
  - Moody's A3 (stable outlook)
  - Standard & Poor's A- (stable outlook)
- Maintaining prudent capital structure & strong credit rating is important to Wesfarmers
- Continued strength in Group's debt position
  - Strong liquidity position, supported by $3.1b of undrawn committed bank facilities as at 31 December 2019
  - Net financial debt[1] of $2.3b as at 31 December 2019

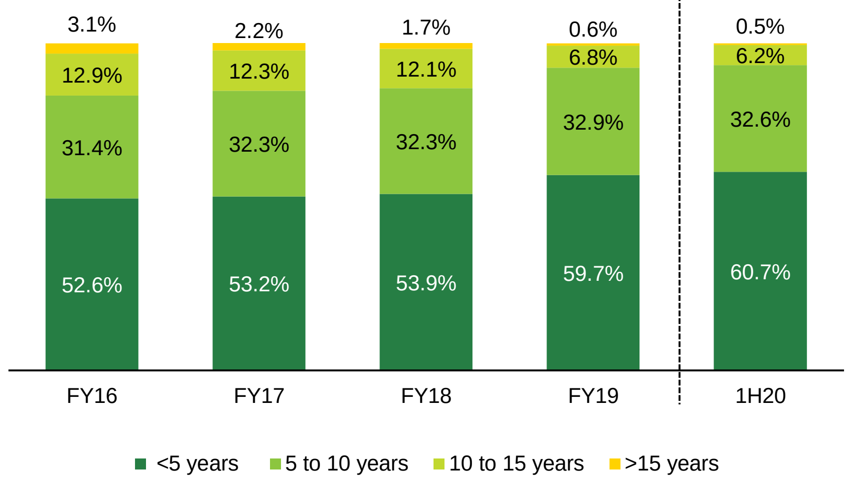


1. Interest bearing liabilities less cash at bank & on deposit, net of cross-currency interest rate swaps & interest rate swap contracts. Excludes lease liabilities.

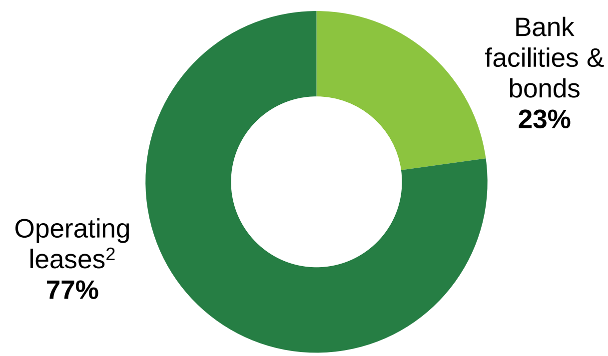
Management of lease portfolio

- Undiscounted lease commitments totalled $8.7b and represent 77% of Group fixed financial obligations as at 31 December 2019
- Shorter average remaining lease tenure of 5.0 years[1] (FY19: 5.1 years), complemented by extension options to maintain security of tenure
  - Reflects disciplined management of leases in retail businesses
- Continued focus on lease-adjusted return on capital as a key hurdle for property leasing divisions

Weighted average lease terms (%)[1]



Fixed financial obligations

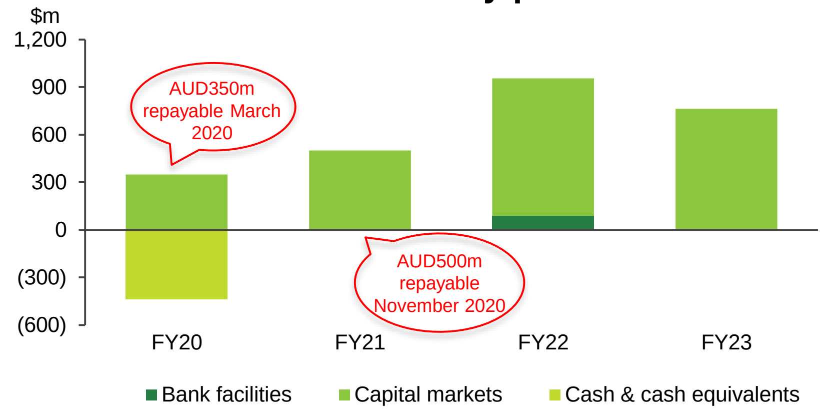


1. Average lease tenure calculated as weighted average of dollar commitments by year. Excludes discontinued operations.
2. Represents future undiscounted minimum rentals payable under non-cancellable operating leases.

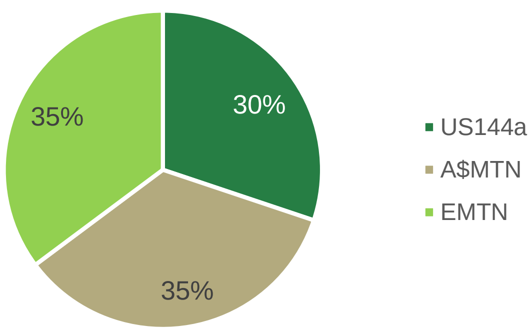
Pro-active debt management

- Continued focus on maturity profile & maintaining liquidity headroom in revolving bank facilities
- Commitment to ensure diversity of funding sources, including the domestic & international debt capital markets
- Standard terms across all DCM programmes

Debt maturity profile[1]



DCM funding issuance since 2008[1]

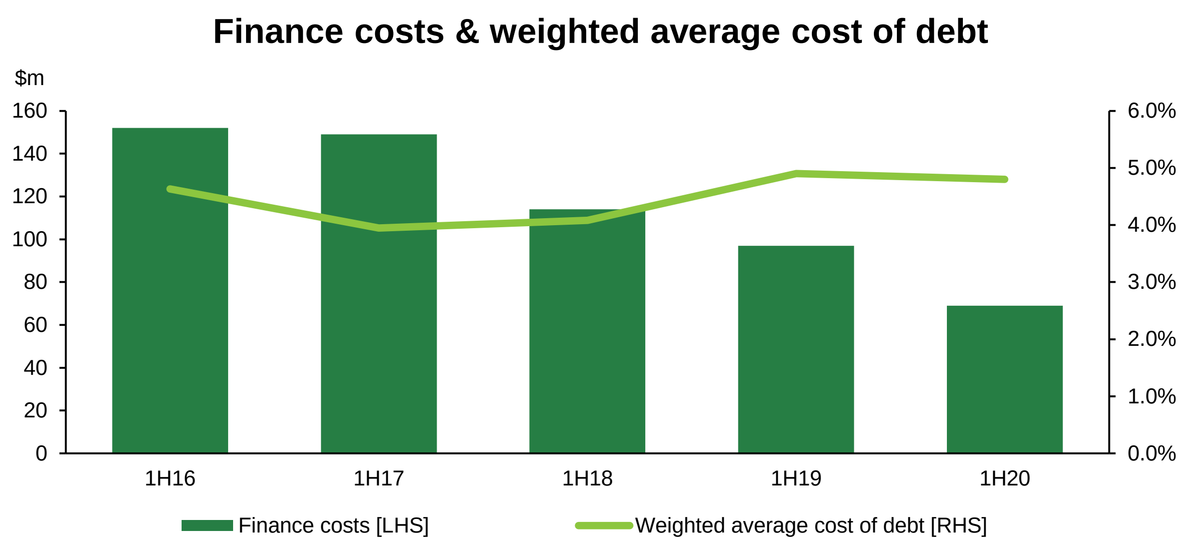


DCM funding sources[1]

1. As at 31 December 2019.

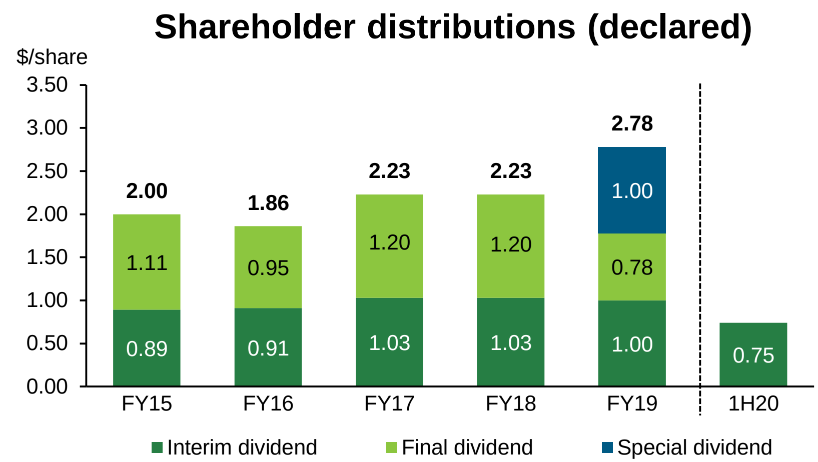
Reduced funding costs

- Finance costs decreased by 29 per cent to $69m in 1H20 (1H19: $97m) reflecting lower average debt levels
- All-in effective weighted average cost of debt decreased to 4.78 per cent (1H19: 4.90%)
  - All-in borrowing cost expected to reduce further following maturity of $350m medium term note (coupon of 4.750%) in March 2020



Dividends & capital management

- Dividend distributions subject to franking credit availability, earnings, credit metrics & cash flow
  - Maximising value of franking credits for shareholders
- Fully-franked half-year ordinary dividend of $0.75 per share
- Dividend investment plan: not underwritten
  - Dividend investment plan shares expected to be purchased on market
- Focus on maintaining strong credit metrics
- Subsequent to period end, the Group sold a 4.9% interest in Coles
  - Maintains a 10.1% interest in Coles and the right to nominate a director
  - Gross proceeds of approximately $1b



Appendix A:
ESG Standards

Long-term value creation through strong ESG standards

Wesfarmers was awarded the leading retailer in the 2019 Dow Jones Sustainability Index (DJSI) World – retail index

Key focus areas include[1]:

People	**Safety, development & diversity**	• Continue relentless focus on providing safe workplaces • Provide team members with development opportunities • Recognise the importance of a diverse team: - Progress made on gender balance with 45 per cent of Group Leadership Team female; opportunity to improve representation in other senior management roles - At 30 June 2019 had just over 1,700 Indigenous team members; target to reach employment parity (three per cent) by 2022
Suppliers	**Ethical sourcing & human rights**	• Kmart Group to reinforce its market-leading ethical sourcing program • Updated ethical sourcing & modern slavery policy to introduce minimum standards relating to modern slavery; embed updated policy into processes, including reporting, procurement & M&A due diligence • Extended ethical sourcing focus to goods not for re-sale & services • Published 4th Modern Slavery Statement in December 2019
Environment	**Climate change resilience**	• Continue implementation of recommendations of Taskforce on Climate-related Financial Disclosures (TCFD) • FY19 Annual Report includes additional disclosure • Significant work undertaken to consider impact of climate change under different scenarios & identify risks & opportunities • Developing proactive strategies to improve our resilience to climate change

1. For more details see Wesfarmers FY19 Annual Report & Sustainability website.

Appendix B: 2020 Half-year Results Briefing Presentation (Operational Extract)

Wesfarmers

Bunnings Australia and New Zealand

Bunnings performance summary

Half-year ended 31 December ($m)	**2019** *Post AASB 16*	**2019** *Pre AASB 16*	**2018** *Reported*	**Var** %[1]
Revenue	**7,276**	**7,276**	**6,909**	***5.3***
EBITDA	1,316	1,059	1,027	*3.1*
Depreciation and amortisation	(321)	(98)	(95)	*(3.2)*
EBIT	**995**	**961**	**932**	***3.1***
Interest on lease liabilities	(57)	-	-	*n.m.*
EBT	**938**	**961**	**932**	***3.1***
Net property contribution[2]	22	42	51	*(17.6)*
EBT (excluding net property contribution)	**916**	**919**	**881**	***4.3***
EBT margin excluding property (%)	12.6	12.6	12.8	
RoC[3] (R12, %)	51.5	52.2	50.2	
Safety (R12, TRIFR)	10.4	10.4	12.0	
Total store sales growth[4]	5.8	5.8	5.5	
Store-on-store sales growth[4]	4.7	4.7	4.0	

n.m. = not meaningful

1. Variance calculated on pre AASB 16 results.
2. Due to the adoption of AASB 16, the 2019 net property contribution is $20 million lower due to a change in the recognition of gains on sale and leaseback transactions. The lower gain on sale will be offset through lower depreciation over the life of the relevant lease.
3. Pre AASB 16 RoC is calculated as EBIT / capital employed. Post AASB 16 RoC is calculated as EBT / capital employed, where capital employed excludes right-of-use assets and lease liabilities.
4. Refer to slide 55, 2020 Half-Year Results Briefing Presentation for relevant retail calendars.

Bunnings performance summary

- Revenue growth of 5.3% to $7,276m
  - Total store sales growth of 5.8%
  - Store-on-store growth of 4.7%
  - Growth across all major trading regions
- Earnings increased 3.1% to $961m
  - Lower net property contribution
- Earnings excluding property contribution increased 4.3%
  - Additional operating costs of $10m associated with digital investment
  - Ongoing focus on operating model efficiencies and store cost control
- RoC (R12) increased 2.0 ppt to 52.2%
  - Property recycling program
  - Strong working capital focus

Bunnings progress on strategic agenda

- **Even Stronger Offer**
  - 8 new trading locations opened
  - 8 store upgrades and expansions
  - Continued range expansion and innovation
  - Ongoing investment in customer value
  - Assembly and installation offer expanded to 35 services
  - Product training delivered to more than 1,400 new category experts
- **Accelerate Trade Growth**
  - Growing engagement – over 700,000 active customers currently on PowerPass
  - Expansion of product range and improved service
  - Acquisition of Adelaide Tools (subject to regulatory approval)
- **Fuelled by Data and Digital**
  - Click and collect now available across Australia; click and deliver available in over 100 stores
  - Bunnings MarketLink launched in November 2019
  - Productivity and inventory optimisation enhanced by use of analytics

Bunnings outlook

- Moderated trading conditions expected to continue
  - Customers remain cautious while significant weather events and bushfires continue to impact communities around Australia
- Further investment in data and digital capabilities
  - Focus on building click and collect offer in New Zealand
  - Establishing Bunnings technology centre in Bangalore
- Well-positioned for continued growth
  - Broader commercial market focus
  - Ongoing investment in customer value
- Continued network investment and expansion
  - 13 new stores under construction
  - 5 upgrades and expansions to be completed
- Ongoing support for local communities

Kmart Group

Kmart Group performance summary

Half-year ended 31 December ($m)[1]		2019 *Post AASB 16*	2019 *Pre AASB 16*	2018 *Reported*	Var %[2]
Revenue		**4,990**	**4,990**	**4,639**	***7.6***
EBITDA		687	453	480	*(5.6)*
Depreciation and amortisation		(292)	(108)	(97)	*(11.3)*
EBIT		**395**	**345**	**383**	***(9.9)***
Interest on lease liabilities		(52)	-	-	*n.m.*
EBT		**343**	**345**	**383**	***(9.9)***
Payroll remediation costs[3]		(9)	(9)	-	*n.m.*
EBT excluding payroll remediation costs[3]		**352**	**354**	**383**	***(7.6)***
EBT margin excluding payroll remediation costs[3] (%)		7.1	7.1	8.3	
RoC[4] (R12, %)		25.1	25.2	33.9	
Safety (R12, TRIFR)		16.0	16.0	21.0	
Kmart:	Total sales growth[5] (%)	7.6	7.6	1.0	
	Comparable sales growth[5] (%)	5.5	5.5	(0.6)	
Target:	Total sales growth[5] (%)	(4.3)	(4.3)	0.3	
	Comparable sales growth[5] (%)	(2.3)	(2.3)	0.5	

n.m. = not meaningful

1. 2019 includes Catch from 12 August 2019. 2018 excludes KTAS trading performance and gain on disposal of KTAS.
2. Variance calculated on pre AASB 16 results.
3. 2019 payroll remediation costs relate to Target.
4. Pre AASB 16 RoC is calculated as EBIT / capital employed. Post AASB 16 RoC is calculated as EBT / capital employed, where capital employed excludes right-of-use assets and lease liabilities.
5. Excludes Catch. Refer to slide 55, 2020 Half-year Results Briefing Presentation for relevant retail calendars.

Kmart Group sales overview

- Revenue increased by 7.6% to $4,990m
  - Kmart sales increased $241m, more than offsetting a $67m decline in Target
- **Kmart** total sales growth of 7.6% reflected a continued focus on lowest price positioning, stronger operational execution and enhancements to the product range
  - Growth achieved across all categories, particularly in womenswear and home
- **Target** sales decline driven by reduction in customer transactions with key categories in apparel performing poorly
  - Total sales decline impacted by store closures
- **Catch** growth continues, with gross transaction value increasing 21.4% in the period under Wesfarmers' ownership
  - Enhanced Club Catch offer
  - Offering click and collect for Catch products in some Target stores

Kmart Group earnings overview

- Earnings decreased by 9.9% to $345m
  - Excluding a one-off provision for payroll remediation in Target, earnings decreased 7.6%
- **Kmart** earnings growth driven by strong sales growth and improved execution
  - Despite unfavourable foreign exchange rate impacts and higher team member wages following the implementation of the new enterprise agreement
- **Target** earnings were below expectations and declined significantly due to weaker sales performance
- Earnings reflect investment of approximately $15m to develop retail technology and digital capabilities, including Anko
- Disciplined capital management
  - Ongoing focus on inventory health
  - Disciplined and integrated management of the store network:
    - **Kmart** – opened five new stores[1] and completed 10 store refurbishments
    - **Target** – closed four stores as it continued to reposition its store network

1. Including one replacement store.

Kmart Group outlook

- **Kmart** remains well-positioned in the market
  - Expected to continue to offset the cost impacts from lower exchange rates and higher team member wages
- **Target** performance is unlikely to improve materially in the near term
  - Continue to focus on reducing costs by further leveraging the Kmart Group, accelerating the optimisation of the store network and improving the offer in destination categories
- Investment in digital capability, including through Catch, to meet evolving customer expectations and shopping behaviour
  - Continued focus on growing gross transaction value in Catch
- Kmart Group is closely monitoring the coronavirus outbreak and its impact on product availability
  - While current impact is minor, it remains a dynamic situation that is progressing daily

Industrials

Wesfarmers Chemicals, Energy & Fertilisers

CSBP
Australian Vinyls
AGA
QNP
EVOL LNG
Kleenheat
MODWOOD
covalent LITHIUM

Wesfarmers Industrial and Safety

Blackwoods
NZ Safety Blackwoods
WORKWEAR GROUP
coregas
GREENCAP

Chemicals, Energy and Fertilisers performance summary

Half-year ended 31 December ($m)[1]		2019 Post AASB 16	2019 Pre AASB 16	2018 Reported	Var %[2]
Revenue[3]	Chemicals	510	510	502	*1.6*
	Energy	219	219	233	*(6.0)*
	Fertilisers	160	160	139	*15.1*
	Total	**889**	**889**	**874**	***1.7***
EBITDA		214	212	221	*(4.1)*
Depreciation and amortisation		(41)	(38)	(36)	*(5.6)*
EBIT		**173**	**174**	**185**	***(5.9)***
Interest on lease liabilities		-	-	-	*n.m.*
EBT		**173**	**174**	**185**	***(5.9)***
External sales volumes[4] ('000 tonnes)	Chemicals	568	568	546	*4.0*
	LPG	75	75	75	-
	Fertilisers	324	324	301	*7.6*
RoC[5] (R12, %)		26.7	26.7	29.4	
Safety (R12, TRIFR)		3.1	3.1	5.3	

n.m. = not meaningful

1. 2019 includes Australian Light Minerals, the holding company for WesCEF's 50% interest in the Covalent Lithium joint venture, from 23 September 2019. 2018 excludes Quadrant Energy.
2. Variance calculated on pre AASB 16 results.
3. Excludes intra-division sales.
4. External sales exclude AN volumes transferred between Chemicals and Fertilisers business segments.
5. Pre AASB 16 RoC is calculated as EBIT / capital employed. Post AASB 16 RoC is calculated as EBT / capital employed, where capital employed excludes right-of-use assets and lease liabilities.

Chemicals, Energy and Fertilisers overview

- Revenue of $889m up 1.7% on pcp, reflecting volume growth in Chemicals and Fertilisers, offset by lower energy prices (including Saudi CP[1]) and flat LPG volumes
- Earnings of $174m, down 5.9% on prior period impacted by competitive pressures in Energy
- **Chemicals:** Earnings broadly in line with prior period
  - Strong performance from sodium cyanide driven by increased plant production, meeting continued robust demand in the gold sector
  - Strong WA EGAN demand due to continued disruption at competing Burrup plant and strength in iron ore sector with mine replacements and increased strip ratios
  - EGAN earnings impacted by commencement of new contract terms to secure longer-term customer offtake and work to refine the emulsion product offering
  - Ammonia earnings increased, despite a planned maintenance shutdown of a key customer facility
- **Energy:** Earnings down on prior period
  - Lower Saudi CP[1] price impacted LPG earnings combined with lower margins from increased competition in natural gas retailing
- **Fertilisers:** Earnings broadly in line with prior period
  - Strong volume growth due to late seasonal rains in WA
  - Continued investment in customer service and focus on differentiated offering
- Results include costs associated with ongoing management of lithium investment and exploration

1. Saudi Contract Price (the international benchmark indicator for LPG).

Chemicals, Energy and Fertilisers outlook

- Product demand and plant production volumes are expected to remain stable, with iron ore and gold market demand remaining robust
- Earnings are expected to moderate
  - Lower EGAN sales volumes as competing Burrup plant comes online in second half
  - Continued price competition in natural gas retailing
  - Grower caution due to lower harvest outcome in CY19 than previous years
- Earnings will continue to be impacted by international commodity prices, exchange rates, competitive factors and seasonal outcomes

Industrial and Safety performance summary

Half-year ended 31 December ($m)	2019 *Post AASB 16*	2019 *Pre AASB 16*	2018 *Reported*	Var %[1]
Revenue	**858**	**858**	**876**	***(2.1)***
EBITDA	46	25	61	*(59.0)*
Depreciation and amortisation	(36)	(19)	(19)	-
EBIT	**10**	**6**	**42**	***(85.7)***
Interest on lease liabilities	(3)	-	-	*n.m.*
EBT	**7**	**6**	**42**	***(85.7)***
Payroll remediation costs	(15)	(15)	-	*n.m.*
EBT excluding payroll remediation costs	**22**	**21**	**42**	***(50.0)***
EBT margin excluding payroll remediation costs (%)	2.6	2.4	4.8	
RoC[2] (R12, %)	3.4	3.4	7.5	
Safety (R12, TRIFR)	4.1	4.1	7.3	

n.m. = not meaningful

1. Variance results to pre AASB16 results.
2. Pre AASB 16 RoC is calculated as EBIT / capital employed. Post AASB 16 RoC is calculated as EBT / capital employed, where capital employed excludes right-of-use assets and lease liabilities.

Industrial and Safety overview

- The performance of Industrial and Safety business was disappointing, principally due to continued underperformance of Blackwoods
- Revenue of $858m, down 2.1% on prior period
  - Blackwoods revenue declined as sales growth from strategic customers and the Western Australian region was offset by declines in other segments
- During the period, a new regional leadership structure was implemented in Blackwoods
  - Supports customer-facing teams to deliver an improved end-to-end customer experience
  - Merchandising, supply chain and support functions remain national functions
  - Service metrics have shown improvement since implementation of new regional leadership structure
- Earnings of $21m (excluding $15m of payroll remediation costs), down significantly on prior period
  - Blackwoods earnings impacted by lower sales, in addition to the impact of ongoing investment in customer service, ERP and improving the digital offer
  - Workwear Group earnings declined due to lower revenue and the impact of foreign exchange, with the prior year benefitting from one-off insurance proceeds
  - Coregas earnings declined despite revenue growth, due primarily to higher raw material and freight costs

Industrial and Safety outlook

- Blackwoods is implementing a number of turnaround initiatives to improve the operating model
  - Implementation of new regional sales structure
  - Continued investments in ERP and other digital capabilities
- Some positive customer feedback and improvement in service metrics recorded to date, but a material improvement in Blackwoods' performance is not expected until the initiatives are complete
- Workwear Group continues to invest in its digital offer and operating efficiencies to meet competitive challenges
- Coregas earnings are expected to be impacted by competitive pressure as well as higher input and distribution costs

Officeworks

Officeworks performance summary

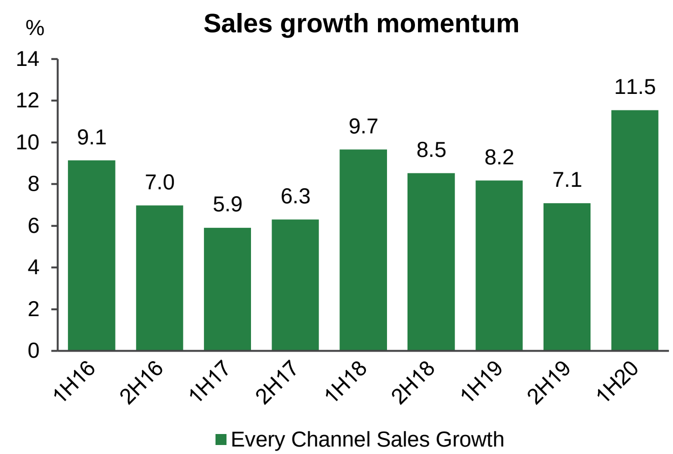
Half-year ended 31 December ($m)	2019 *Post AASB 16*	2019 *Pre AASB 16*	2018 *Reported*	Var %[1]
Revenue	**1,231**	**1,231**	**1,100**	***11.9***
EBITDA	137	94	90	*4.4*
Depreciation and amortisation	(48)	(15)	(14)	*(7.1)*
EBIT	**89**	**79**	**76**	***3.9***
Interest on lease liabilities	(7)	-	-	*n.m.*
EBT	**82**	**79**	**76**	***3.9***
EBT margin (%)	6.7	6.4	6.9	
RoC[2] (R12, %)	17.2	16.9	17.2	
Safety (R12, TRIFR)	7.1	7.1	11.0	
Total sales growth[3] (%)	11.5	11.5	8.2	

n.m. = not meaningful

1. Variance calculated on pre AASB16 results.
2. Pre AASB 16 RoC is calculated as EBIT / capital employed. Post AASB 16 RoC is calculated as EBT / capital employed, where capital employed excludes right-of-use assets and lease liabilities.
3. Refer to slide 55, 2020 Half-year Results Briefing Presentation for relevant retail calendars.

Officeworks sales overview

- Strong headline sales results
  - Sales growth of 11.5%
    - Strong sales growth in stores and online
    - Robust transaction growth as offer continues to resonate with customers
- Continued focus on improving customer offer
  - Early launch of back-to-school program
  - New and expanded product ranges
  - Ongoing focus on price, range and service
- Continued investment in ‘every-channel’ strategy
  - Ongoing enhancements to improve the online experience
- Momentum maintained in B2B segment

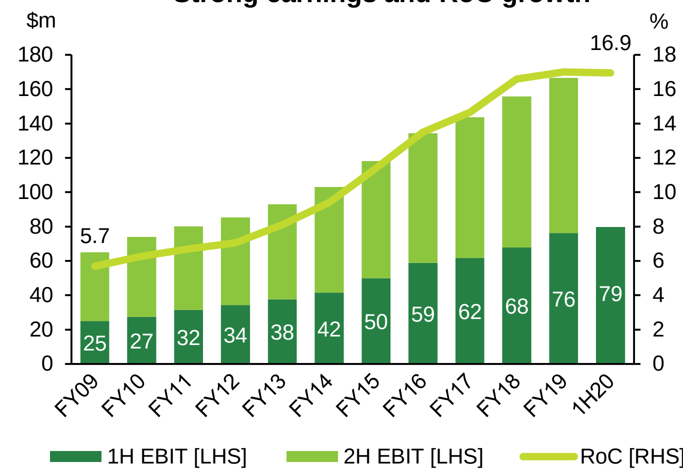


Officeworks earnings overview

- Earnings growth of 3.9% to $79m
  - Continued investment in price to maintain customer trust
    - Competitive environment remains intense
  - Change in sales mix impacting gross margin
  - CODB increases due to higher team member wages partially offset by productivity improvements

- ROC (R12) down 0.3 ppts to 16.9%
  - Continued investment in new and expanded product ranges
  - Early investment in back-to-school offer
  - Investment in long-term growth initiatives e.g. Geeks2U

Strong earnings and RoC growth



Officeworks progress on strategic agenda

- Our team
  - New Enterprise Agreement for store teams implemented
- Customer experience
  - Improvement in customer satisfaction levels
- Connecting with our communities
  - $800k contributed to the Australian Literacy and Numeracy Foundation
  - 84% operational waste recycled
- Operational excellence
  - Productivity improvements mitigating short-term CODB pressure and facilitating investment in long-term growth
- Growing our business
  - Townsville store expansion
  - Geeks2U rollout in stores and online

Officeworks outlook

- Continued focus on strategic agenda to drive long-term growth
  - Our team
  - Customer experience
  - Connecting with our communities
  - Operational excellence
  - Growing our business
- Earnings growth to be moderated by ongoing investment in price, team and technology

Questions