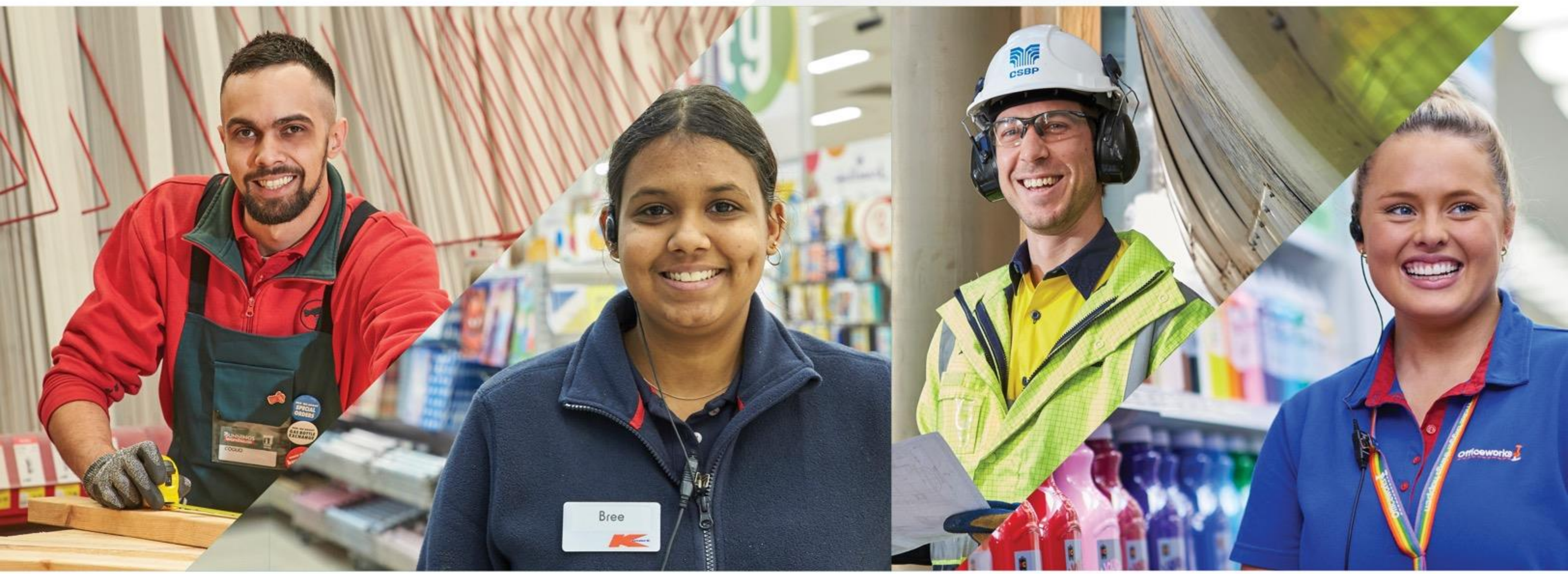
2022 Half-year results debt investor update

Wesfarmers



Group performance overview

Wesfarmers

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

Group purpose and long-term focus continue to inform our strategies

Good progress on sustainability agenda and additional investment supporting the wellbeing of team members and the community through lockdowns

$37m
in team member COVID-related support

70%
of operational waste diverted from landfill

>2,600
calls by team members and family to our EAP[1] service

140GWh
new agreements for annual renewable electricity supply

$2.5b
in online sales across our retailers

>140,000
vaccinations delivered at Bunnings sites

14.3%
reduction in Scope 1 and Scope 2 emissions[2]

3.4%
Indigenous employment parity re-gained

$28m
in support of community organisations

€600m
sustainability-linked bond after AUD SLB[3] issue in FY21

1. Employee assistance program.
2. Includes the impact of the scheduled ammonia plan shutdown. Excluding this impact, the Group's scope 1 and Scope 2 emissions reduced 9.5%.
3. Sustainability-linked bond.

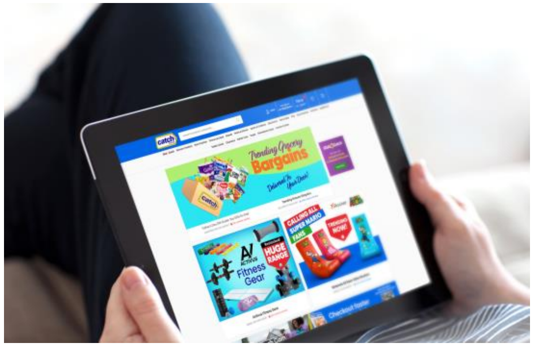
Financial overview

Half-year ended 31 December ($m)	2021	2020	Var %
Results excluding significant items[1]			
Revenue	17,758	17,774	*(0.1)*
EBIT	1,905	2,171	*(12.3)*
NPAT	1,213	1,414	*(14.2)*
Basic earnings per share (cps)	107.3	125.0	*(14.2)*
Results including significant items[1]			
NPAT	1,213	1,390	*(12.7)*
Basic earnings per share (cps)	107.3	122.9	*(12.7)*
Operating cash flows	1,556	2,216	*(29.8)*
Net capital expenditure	405	243	*66.7*
Free cash flows	949	1,964	*(51.7)*
Net financial debt / (cash)[2]	2,615	(871)	*n.m.*
Interim ordinary dividend (fully-franked, cps)	80	88	*(9.1)*

- Solid financial result, despite the most significant disruptions to operating conditions since the onset of COVID
  - Highlights strength of the portfolio, and capacity of teams to rapidly adjust to meet customer demand
- Pleasing results from Bunnings and WesCEF, and continued improvement in Industrial and Safety
- Kmart Group and Officeworks results significantly impacted by COVID-related disruptions
- Around 34,000 store trading days, almost 20% of total store days, impacted by trading restrictions or closures; COVID related costs of c. $80m during the period, around half of which related to team member payments

1. There were no significant items in 2021. Significant items in 2020 of $34 million pre-tax ($24 million post-tax) relate to Target store closures and conversions in Kmart Group.
2. Interest-bearing liabilities less cash at bank and on deposit, net of cross-currency interest rate swaps and interest rate swap contracts. Excludes lease liabilities.

Progress on priorities to support long-term growth



New market-leading data and digital ecosystem

- New data and digital division led by Nicole Sheffield
- Good progress to establish foundations in the shared data asset, AAC[1] and data governance
- Continued investment in capabilities and talent
- New subscription program, OnePass
- Flybuys extended to Bunnings and Officeworks, and operating model updated

Invest in platforms for long-term growth

- Continue to direct capital to areas with strong growth prospects
- Ramp-up in development of Mt Holland lithium project
- Expansion of Bunnings' commercial offer with rollout of Tool Kit Depot and completion of Beaumont Tiles acquisition
- Proposed acquisition of API[2], forming the basis of a new Health division

Accelerate the pace of continuous improvement

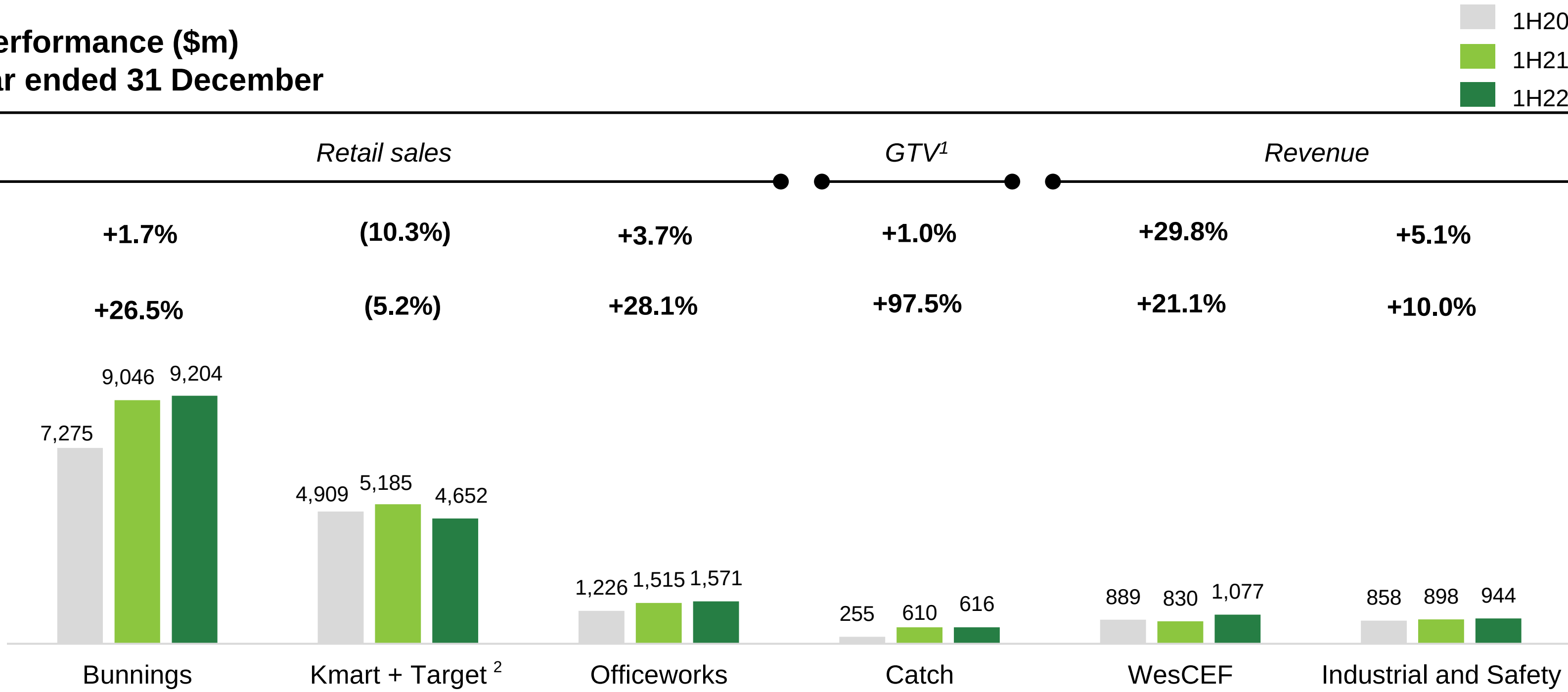
- Integrated sustainability further into divisional strategies
- Increased focus on circular economy, Scope 3 emissions and WesCEF's net zero roadmap
- Reinforced price leadership on everyday items
- Strengthened divisional e-commerce capabilities and expanded online ranges
- Invested in technology and supply chain initiatives

1. Advanced Analytics Centre.
2. Australian Pharmaceutical Industries Limited.

Divisional sales performance

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

	Retail sales			*GTV[1]*	*Revenue*	
	Bunnings	Kmart + Target[2]	Officeworks	Catch	WesCEF	Industrial and Safety
1-year growth	**+1.7%**	**(10.3%)**	**+3.7%**	**+1.0%**	**+29.8%**	**+5.1%**
2-year growth	**+26.5%**	**(5.2%)**	**+28.1%**	**+97.5%**	**+21.1%**	**+10.0%**
Online penetration	**4.3%**	**K: 14.3%** **T: 26.9%**	**46.0%**			

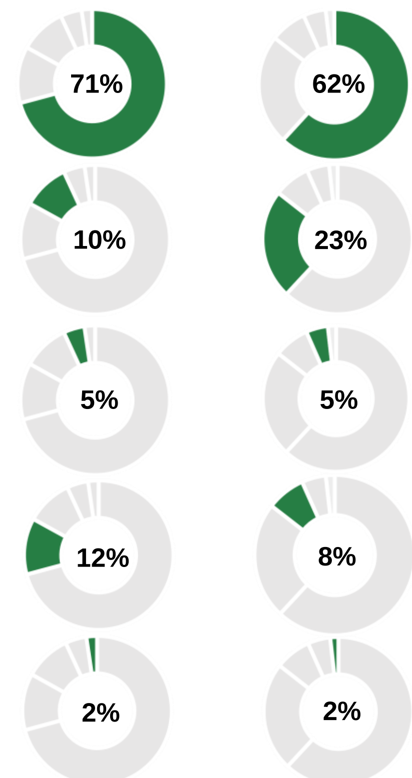


- Pleasing sales growth in Bunnings and Officeworks, cycling strong growth in prior period
- Kmart and Target sales growth significantly impacted by COVID-19 restrictions, and also includes the impact of permanent Target store closures as part of the planned network changes completed during FY21
- Solid sales in WesCEF supported by higher global commodity prices, particularly for LPG and ammonia
- Growth in online sales of 37.5% for the half to $1.9b, or $2.5b including Catch[3]

1. Gross transaction value 2-year growth reflects the periods 1 July 2021 to 31 December 2021 and 1 July 2019 to 31 December 2019. 1H20 gross transaction value of $255m reflects the period 12 August 2019 to 31 December 2019.
2. Excludes Catch and includes intercompany eliminations.
3. Includes Catch GTV.

Divisional earnings performance

Half-year ended 31 December	EBT[1] ($m) 2021	EBT[1] ($m) 2020	EBT[1] ($m) 2019	2021 Var (%) vs 2020	2021 Var (%) vs 2019	% of divisional EBT[1] 2021	% of divisional EBT[1] 2020
Bunnings	1,259	1,274	938	*(1.2)*	*34.2*	71%	62%
Kmart Group	178	487	352	*(63.4)*	*(49.4)*	10%	23%
Officeworks	82	100	82	*(18.0)*	-	5%	5%
WesCEF	218	160	173	*36.3*	*26.0*	12%	8%
Industrial and Safety	41	37	22	*10.8*	*86.4*	2%	2%



1. Excludes significant items in 2020 of $34 million in Kmart Group, and payroll remediation costs in 2019 of $9m for Target and $15m for Industrial and Safety.

Operational highlights

Bunnings

- Pleasing sales growth in the context of significant disruptions to trading conditions during the half and the very strong growth in the prior corresponding period
- Good progress continued on the growth of Bunnings' commercial offer, including through the expansion of Tool Kit Depot into Western Australia and the Beaumont Tiles acquisition

Kmart, Target, Catch

- Kmart and Target's earnings decline reflected the significant impact of government-mandated store closures, and higher costs and lower stock availability as a result of domestic supply chain disruptions
- Performance of Target stores converted to Kmart formats continues to be pleasing
- Continued growth in Catch GTV[1], while earnings reflect the continued investment in team, technology, marketing and capabilities to support long-term growth

Officeworks

- Sales growth was supported by continued strong demand in technology and furniture, partially offset by a decline in sales in higher-margin office supplies and print & copy categories
- Earnings were impacted by higher CODB[2] as a result of accelerated investment in digital capabilities and additional costs associated with managing COVID-related disruptions

Wesfarmers Chemicals, Energy & Fertilisers

- Strong operating performance across Chemicals, Energy and Fertilisers, supported by higher global commodity prices, particularly for LPG, ammonia and ammonia-related products
- Ammonia earnings impacted by a planned five-yearly plant maintenance shutdown
- Construction commenced on the Kwinana refinery and mine and concentrator at Mt Holland

Wesfarmers Industrial and Safety

- Blackwoods earnings in line with prior corresponding period, supported by growth in strategic customers, demand in New Zealand, and from customers across mining and manufacturing
- Workwear Group earnings increased with strength in uniforms and industrial workwear brands
- Coregas's earnings increased with strong demand from industrial and healthcare customers

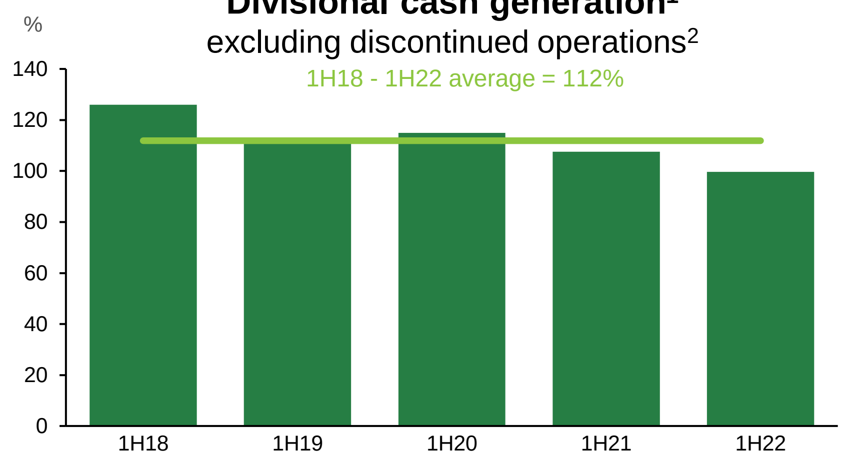
1. Gross transaction value.
2. Costs of doing business.

Working capital and cash flow

- Divisional operating cash flows declined 16.1%, with divisional cash generation of 100%[1]
  - Lower earnings growth
  - Higher inventories due to targeted investment, domestic supply chain disruptions and higher commodity prices, offset by higher payables
  - Payment of team member incentives relating to FY21 and increased use of annual leave
  - Maintain working capital discipline, with inventory position expected to normalise
- Group operating cash flows declined 29.8%, including impact of higher tax instalments
- Free cash flows declined 51.7% to $949m
  - Lower operating cash flow
  - Higher net capital expenditure, including development of Mt Holland lithium project
  - Purchase of 19.3% stake in API during October 2021 and completion of Beaumont Tiles acquisition in November 2021
- Group cash realisation ratio of 79%[3]

Half-year ended 31 December ($m)	2021	2020
Working capital cash movement		
Receivables and prepayments	189	176
Inventory	(1,071)	(671)
Payables	910	604
Total	**28**	**109**
Retail businesses	168	167
Industrial businesses and Other	(140)	(58)
Total	**28**	**109**

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



1. Divisional operating cash flows before tax and interest divided by divisional EBITDA excluding significant items.
2. 1H18 and 1H19 include contributions from KTAS and Quadrant.
3. Operating cash flows as a percentage of net profit after tax, before depreciation and amortisation.

Capital expenditure

- Gross capital expenditure of $583m, up $173m on the prior corresponding period
  - WesCEF includes $139m associated with development of the Mt Holland lithium project
  - Continued investment in data and digital capabilities both within divisions and corporate
  - Lower new store capex in Bunnings partially offset by increased refurbishment capex
- Expected FY22 net capital expenditure of $900m to $1,100m, subject to net property investment
  - Includes approximately $350m relating to WesCEF's share of capex associated with the development of the Mt Holland lithium project
  - Ongoing data and digital investment, including OnePass establishment costs

Half-year ended 31 December[1] ($m)	2021	2020	Var %
Bunnings	196	219	*(10.5)*
Kmart Group	81	81	-
Officeworks	28	26	*7.7*
WesCEF	238	53	*349.1*
Industrial and Safety	25	30	*(16.7)*
Other	15	1	*n.m.*
Gross capital expenditure	**583**	**410**	***42.2***
Sale of PP&E	(178)	(167)	*6.6*
Net capital expenditure	**405**	**243**	***66.7***

n.m. = not meaningful

1. Capital investment provided on a cash basis.

Outlook

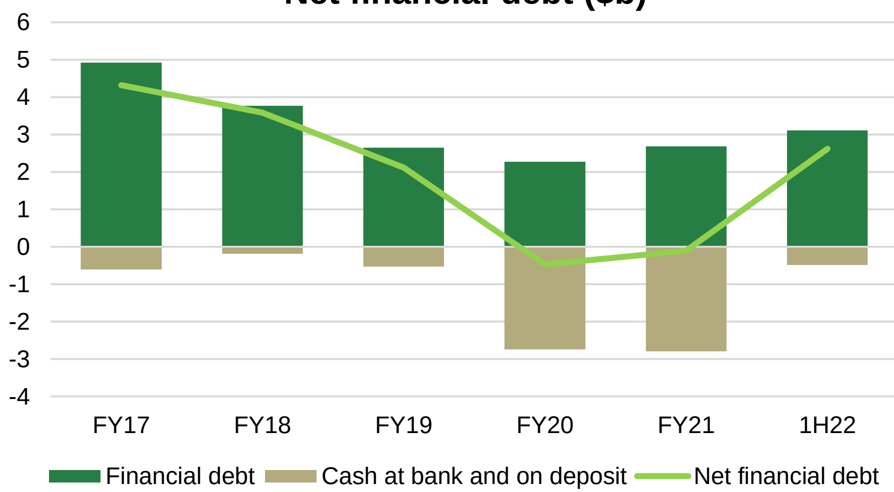
- Through COVID-19, Wesfarmers and its businesses have focused on supporting team members, building deeper customer relationships and community trust, while continuing to invest for long-term growth
  - This ongoing focus, combined with a strong balance sheet and portfolio of cash-generative businesses, make Wesfarmers well positioned to deliver satisfactory returns to shareholders over the long term
- Economic conditions in Australia are favourable, with strong employment and high levels of accumulated household savings, but the Group continues to actively monitor increasing inflationary pressures
- Retail trading conditions were subdued in January, as rising cases of the COVID-19 Omicron variant impacted both customer traffic and labour availability, but trading momentum has improved in recent weeks
- The retail businesses will maintain their focus on meeting changing customer needs and delivering even greater value, quality and convenience for customers
  - The retail businesses are well positioned to support customers in a more inflationary environment, and will increase their focus on providing price leadership on everyday products
- The performance of the Group's industrial businesses will continue to be subject to international commodity prices, foreign exchange rates, competitive factors and seasonal outcomes
- The Group will continue to build platforms for growth, and progress will accelerate on the development of the Group's data and digital ecosystem, including the progressive expansion of the OnePass subscription program
- Global supply chain disruptions, and constraints in domestic supply chains are expected to lead to additional costs and impact availability in some categories
- Wesfarmers will continue to actively consider climate change risk in the context of key business decisions and manage the portfolio with deep carbon awareness

Debt management

Strong balance sheet and credit ratings

Key principles

- Maintaining prudent capital structure and strong credit rating is important to Wesfarmers
- Strong credit ratings
  - Moody's A3 (stable outlook)
  - Standard and Poor's A- (stable outlook)



Half-year update

- Continued to reposition the balance sheet to optimise cost of funds and debt maturity profile
  - Distributed $2.3b capital return
  - Extended weighted average debt term to maturity to 6.5 years (1H21: 1.2 years)
  - Reduced average cost of funds[1] to 3.15% (1H21: 5.27%)
- Net financial debt[2] position of $2.6b as at 31 December 2021, compared to net cash of $0.1b as at 30 June 2021
- Strong liquidity position, supported by $4.7b of undrawn bank facilities

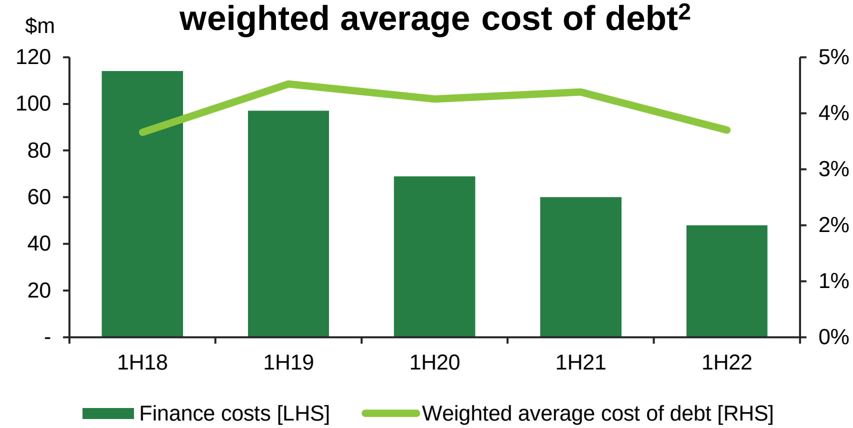
1. Average cost of funds as at period end, based on total gross debt before hedging costs, undrawn facility fees and amortisation of debt establishment costs.
2. Interest bearing liabilities less cash at bank and on deposit, net of cross-currency interest rate swaps and interest rate swap contracts. Excludes lease liabilities.

Pro-active debt management

- Continued focus on optimising debt maturity profile and maintaining liquidity headroom provided by bilateral bank facilities
  - Repaid €600m (A$866m) seven-year Euro bonds at 4.7%, which matured in October 2021
  - Ongoing extension of bank facilities in advance of maturities
  - New €600m (A$938m) twelve-year Euro bonds at 3.0%, which extended weighted average debt term to maturity to 6.5 years (1H21: 1.2 years)
- Actively managing the balance of exposure to fixed and floating interest rates
- Other finance costs decreased 20.0% to $48m in 1H22 (1H21: $60m)

Debt maturity profile[1]

Other finance costs and weighted average cost of debt[2]

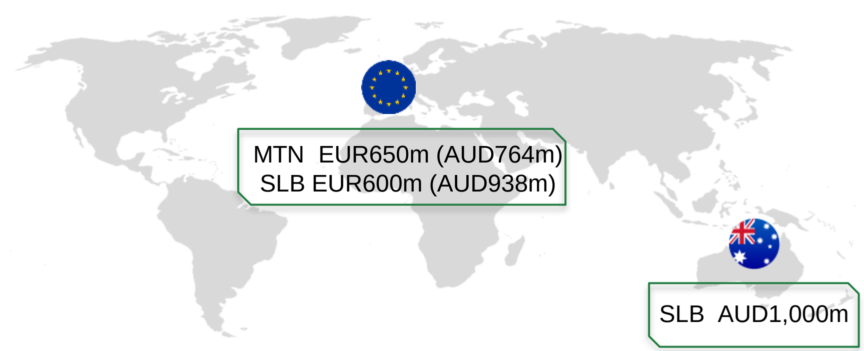


1. As at 31 December 2021. Excludes $1,950m in additional undrawn COVID-19 related bank debt facilities maturing in FY22.
2. Weighted average cost of debt based on total gross debt before hedging costs, undrawn facility fees and amortisation of debt establishment costs.

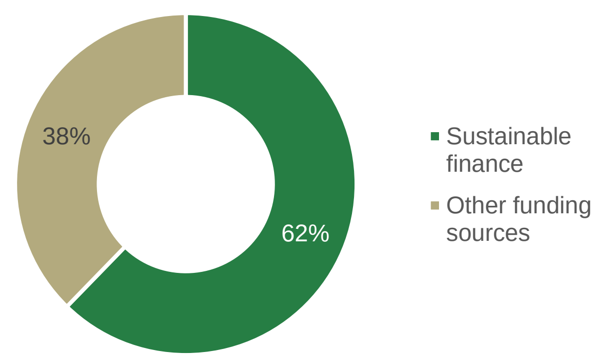
Debt capital markets diversity

- Issued €600m (A$938m) in sustainability-linked twelve-year Euro bonds in October 2021
  - The interest rates on the bonds are linked to progress against specific renewable energy and emissions performance targets (consistent with the domestic issuance in June 2021)
  - The bonds were swapped to Australian dollars at a fixed interest rate of 3.0%
- Ongoing commitment to diversify funding sources, including the domestic and international debt capital markets
  - €650m ten-year bond matures in August 2022, with strategy being actively considered
- Australian and European debt capital market programme documentation updated on an ongoing basis to ensure continued and ready access to markets

DCM geographical sources[1]



DCM funding sources[1]



1. As at 31 December 2021.

A leading Australian issuer of sustainable finance

March 2020
A$ sustainability-linked loan

- Achieving proportional representation for Aboriginal and Torres Strait Islander people in the Group's Australian work force
- Reducing the emissions intensity of the Group's chemicals business

Quick facts

- $400m, three-year
- Margin discount with step-up for non-compliance
- First SLL in Australia linked specifically to achieving better social outcomes

June 2021
A$ sustainability-linked bond

- Increasing the use of renewable electricity in the Group's retail divisions
- Reducing the emissions intensity of ammonium nitrate production in the Group's chemicals business

KANGANEWS AWARDS 2021

- Australian Sustainability Issuer
- Australian Innovative Deal (A$650 & A$350m)
- Australian Sustainability Bond Deal (A$650m & A$350m)
- Australian Dollar Corporate Bond Deal (A$650m & A$350m)
- Australian-Origin Offshore Corporate Bond Deal (€600m)

- Finance Asia – Best Issuer - Sustainability

Quick facts

- $650m, seven-year
- $350m, ten-year
- Step-up for non-compliance
- First SLB in Australia
- First sustainability-linked finance transaction linked to industrial gas emissions

October 2021
€ sustainability-linked bond

Quick facts

- €600m, twelve-year
- High participation from Dark Green[1] Investors (~64% of final allocations)
- Step-up for non-compliance consistent with the A$ SLB

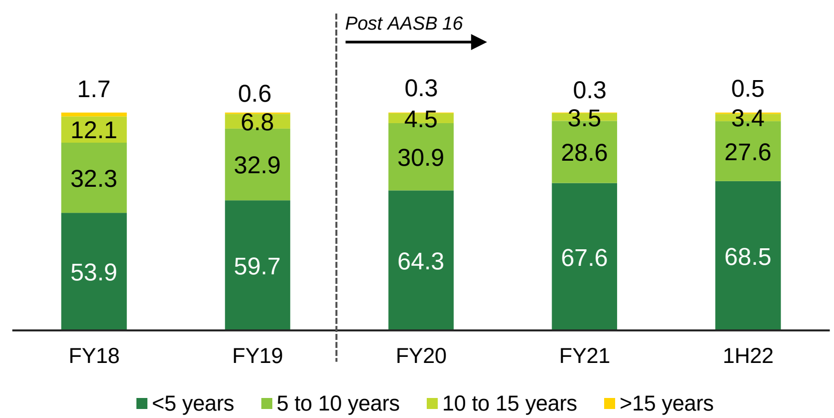
1. Reflect investors having dedicated ESG fixed income funds.

Management of lease portfolio

- Lease liabilities totalled $7.2b and represented 70% of Group fixed financial obligations as at 31 December 2021
- The planned network changes within the Kmart and Target store network completed this half with Target's lease liabilities reduced by approximately one-third since June 2020
- Average remaining committed lease term of 4.5[1] years (1H21: 4.7 years)
- Approach to lease portfolio management unchanged by AASB 16
  - Continued focus on lease-adjusted return on capital as a key hurdle for divisions

($m)	1H22	FY21	1H21
Bunnings	3,854	3,738	3,822
Kmart Group	2,794	2,817	2,875
Officeworks	354	334	342
WesCEF	50	23	27
Industrial and Safety	155	160	160
Other	31	33	34
Total lease liabilities	**7,238**	**7,105**	**7,260**

Weighted average lease term (%)[1]



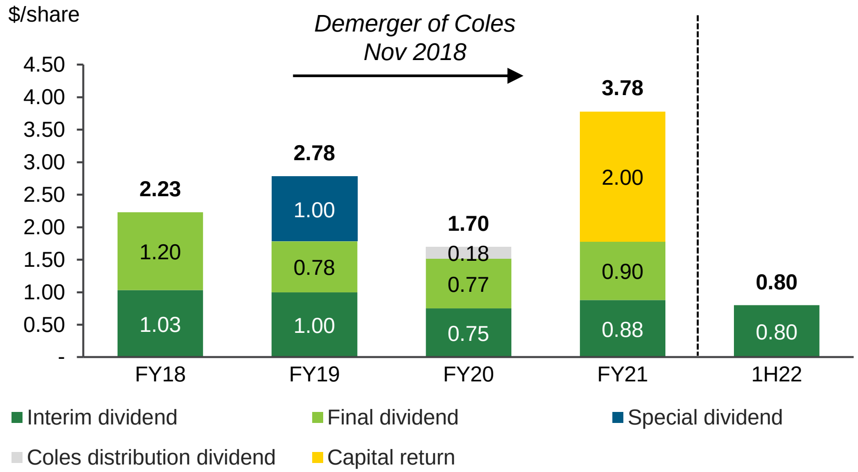
1. Post-AASB 16 lease tenure calculated as weighted average of undiscounted dollar commitments by year including non-property leases and reasonably certain extension options. Pre-AASB 16 lease tenure calculated as weighted average of undiscounted dollar commitments by year.

Dividends & capital management

Key principles

- Dividend distributions determined based on franking credit availability, earnings, credit metrics and cash flow
- Dividends are not progressive, and vary year-to-year with earnings

Shareholder distributions[1]



Half-year update

- Fully-franked half-year ordinary dividend of $0.80 per share
- Dividend record date: 23 February 2022
- Dividend payment date: 30 March 2022
- Dividend investment plan: not underwritten; last day for application 24 February 2022
  - – Dividend investment plan shares expected to be purchased on market

1. Represents dividends resolved to pay in each period.

Questions

Wesfarmers