Wesfarmers

2015 Half-Year Results
Debt Investor Update

February 2015

Group Performance Highlights

Group performance summary

Half-Year ended 31 December ($m)	2014	2013	↕ %
Revenue from continuing operations	31,970	30,743	*4.0*
Revenue from discontinued operations	-	1,110	-
Total revenue	**31,970**	**31,853**	***0.4***
Finance costs	(158)	(170)	*7.1*
EBIT from continuing operations	2,076	1,960	*5.9*
EBIT from discontinued operations	-	194	-
Total EBIT	**2,076**	**2,154**	***(3.6)***
NPAT from continuing operations	1,376	1,271	*8.3*
NPAT from discontinued operations	-	158	-
Total NPAT	**1,376**	**1,429**	***(3.7)***
Operating cash flow	2,281	1,757	*29.8*
Fixed Charges Cover (R12) – times	3.1	3.0	*3.3*
Cash Interest Cover (R12) – times	18.1	13.8	*31.2*

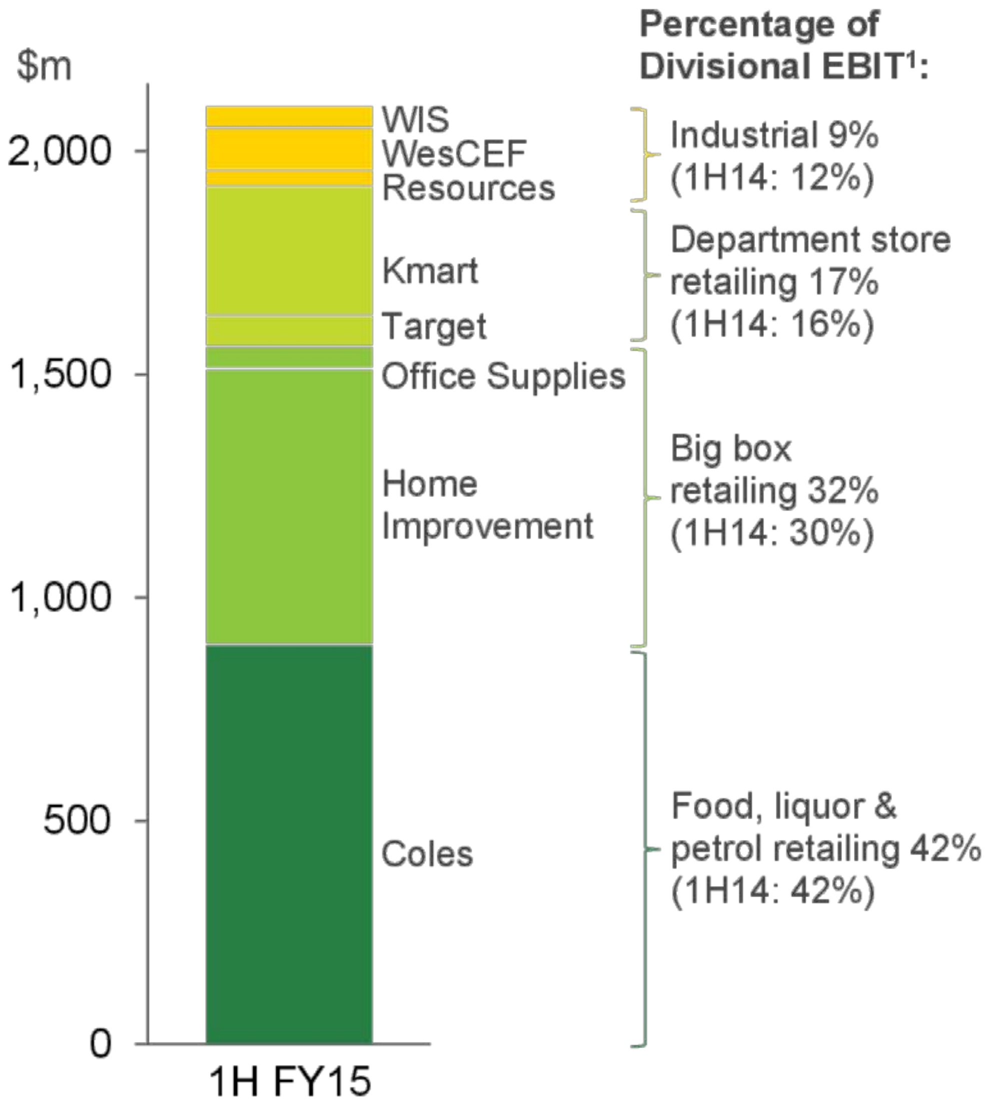
- Solid underlying earnings growth driven by:
  - A strong performance in the Group's retail portfolio; partly offset by
  - Reduced earnings from the industrial portfolio where lower commodity prices resulted in challenging market conditions

Note: The Insurance division (classified as a discontinued operation) contributed $99 million and $63 million of pre-tax and post-tax earnings respectively in the first half of the 2014 financial year. Discontinued operations for the 2014 half-year also include the $95 million gain (pre and post-tax) on disposal of WesCEF's interest in Air Liquide WA (ALWA).

Strength through diversified earnings

Wesfarmers

Divisional EBIT



[1] Excluding discontinued operations.
[2] Discontinued operations for 1H14 included Insurance EBIT of $99m and the $95 million gain on disposal of WesCEF's interest in ALWA.

Half-Year ended 31 December ($m)	2014	2013	%
Coles	895	836	*7.1*
Home Improvement	618	562	*10.0*
Office Supplies	50	42	*19.0*
Kmart	289	260	*11.2*
Target	70	70	-
WesCEF	95	110	*(13.6)*
Resources	35	59	*(40.7)*
Industrial & Safety	50	73	*(31.5)*
Divisional EBIT from continuing operations	**2,102**	**2,012**	***4.5***
Other	(26)	(52)	*50.0*
Group EBIT from continuing operations	**2,076**	**1,960**	***5.9***
Discontinued operations[2]	-	194	*n.m.*
Group EBIT	**2,076**	**2,154**	***(3.6)***

Divisional performance highlights

Coles

- Good supermarket result
- Ongoing improvements in productivity & operational efficiencies funded greater investment in lower prices
- Increased customer transactions, volumes, average basket size & sales density

Bunnings

- Earnings growth supported by strong trading performance, productivity improvements & good cost management
- Sales uplifts achieved in consumer & commercial areas & across all product categories & all trading regions

Officeworks

- Continued execution of the ‘every channel’ strategy
- Sales growth achieved in store & online
- Strong growth in earnings & return on capital

Kmart

- Earnings growth driven by continued focus on investment of business efficiencies in lower prices, improved product ranges & strong inventory management
- Sales growth supported by accelerated new store roll out & refurbishments

Divisional performance highlights (continued)

Target

- Earnings reflected a challenging first quarter with markdowns undertaken to clear excess winter inventory
- Improved sales momentum in the second quarter
- Progress made on transformation plan

WesCEF

- Lower earnings with an improved result from fertilisers more than offset by a sharp decline in Kleenheat Gas earnings
- Chemicals earnings affected by phasing in of new gas supply arrangements & loss of carbon abatement income, which offset improved ammonium nitrate (AN) contribution

Resources

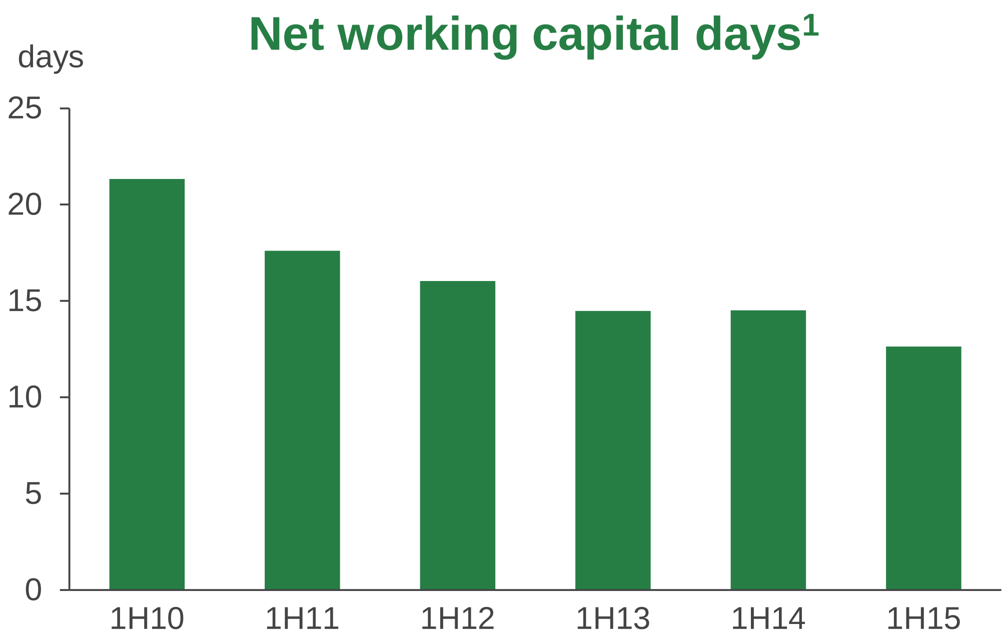
- Significant decline in export metallurgical & steaming coal prices affected revenues
- Increased sales volumes & a lower A$:US$ exchange rate partly offset lower prices
- Continued strong cost control

Industrial and Safety

- Earnings adversely affected by customers' continued focus on cost reduction & reduced business activity across most industrial sectors, impacting margins
- Acquisition of Pacific Brands' Workwear business completed in December 2014

Working capital management

- Further reduction in net working capital days supported by business growth (1.9 days or 13.1% reduction on prior corresponding period)



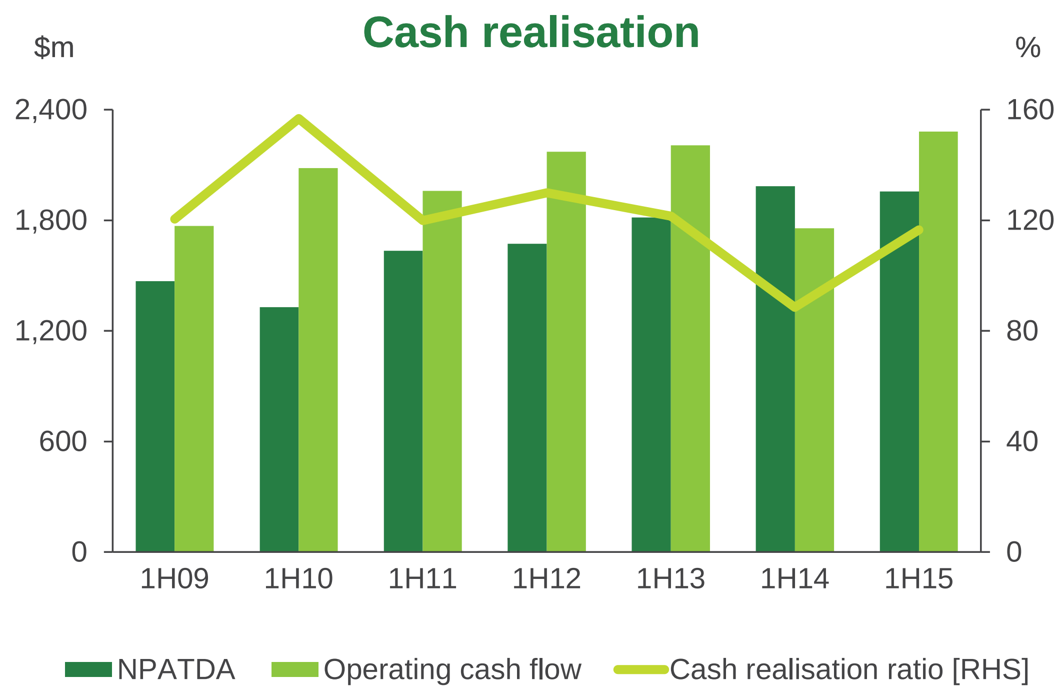
- Increased working capital cash inflows from retail portfolio:
  - Higher creditors at period end due to business growth
  - Year-end timing differences (additional creditor payment run for Coles in 1H14)
  - Strong inventory focus including greater rate of seasonal sell-through

Half-Year ended 31 December ($m)	2014	2013
Cash movement inflow/(outflow)[2]:		
Receivables & prepayments	47	91
Inventory	(660)	(715)
Payables	941	451
Total	330	(173)
Working capital cash movement:		
Retail	635	37
Other	(305)	(210)
Total	330	(173)

[1] Calculated as average net working capital balance divided by R12 revenue multiplied by 365.
[2] Cash movement relating to inventories, trade & other receivables, prepayments & trade & other payables.

Operating cash flow generation

- Improved cash realisation of 116.6% in 1H15:
  - Higher working capital cash inflows from retail portfolio (timing of creditor payments at Coles in prior corresponding period & strong inventory focus)
- Group remains highly cash generative, albeit historic cash realisation levels expected to moderate

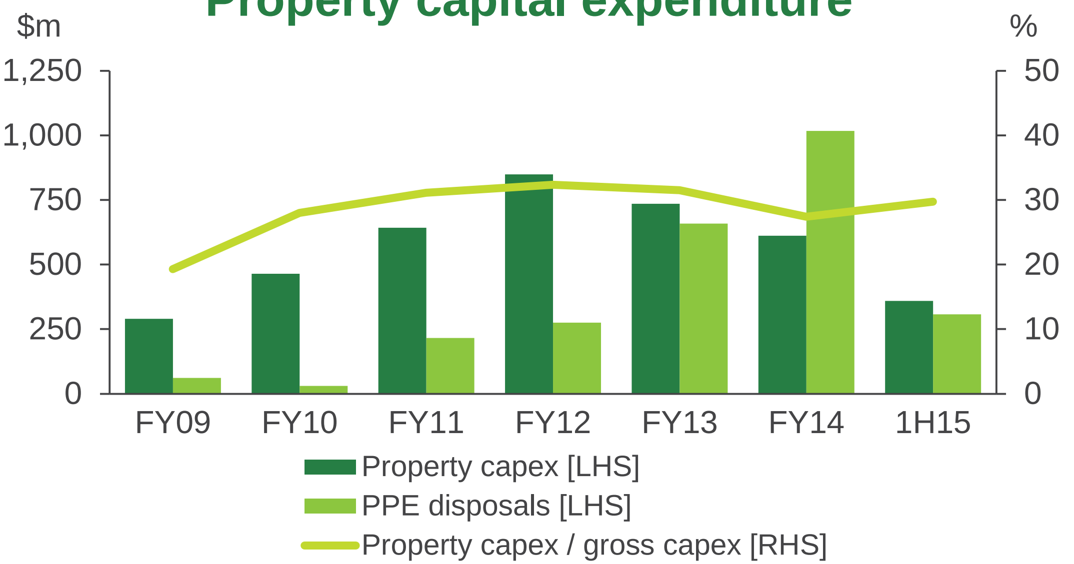


Capital investment & property recycling

- Effective deployment of capital to capture highest growth & return opportunities
  - Coles & HIOS comprise 75% of 1H15 capital expenditure
  - Capital investment evaluations include operating lease commitments
- Continued proactive management of property portfolio
- FY15 net capital expenditure estimate of $1.5 to $1.9 billion
  - Subject to net property investment

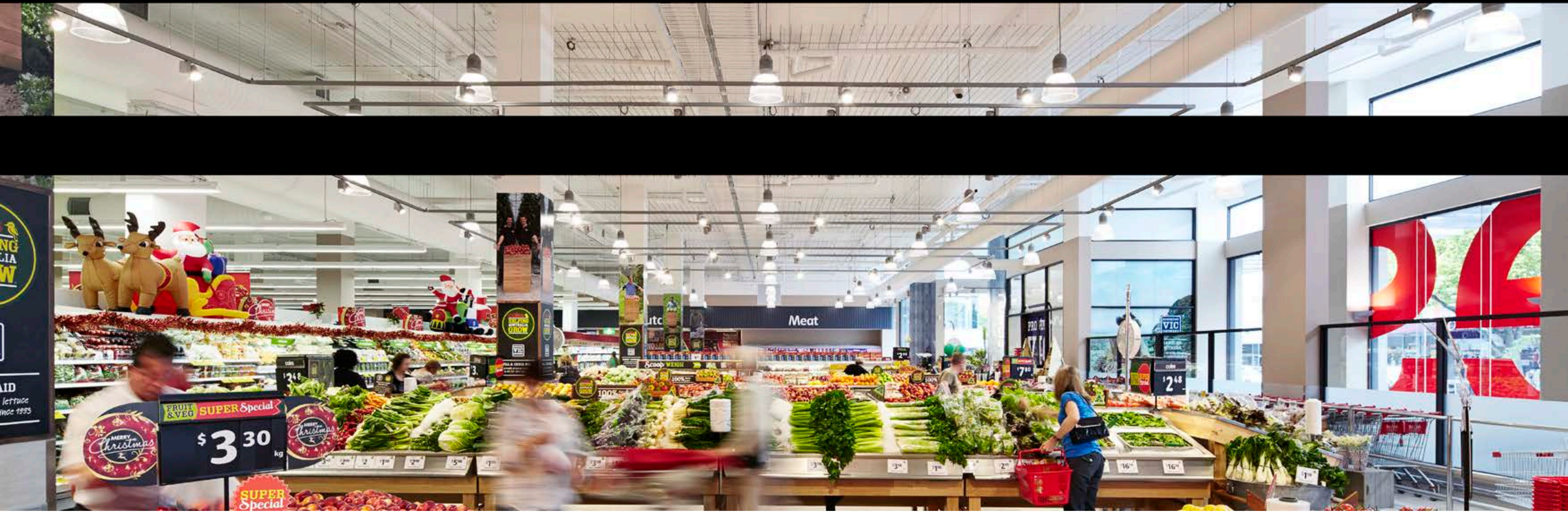
Half-Year ended 31 December ($m)[1]	2014	2013	%
Coles	537	554	*(3.1)*
HIOS	370	280	*32.1*
Target	78	46	*69.6*
Kmart	93	89	*4.5*
Resources	65	33	*97.0*
Industrial & Safety	25	17	*47.1*
WesCEF	39	126	*(69.0)*
Other[2]	-	15	*n.m.*
Total capital expenditure	1,207	1,160	*4.1*
Sale of PP&E	(308)	(603)	*(48.9)*
Net capital expenditure	899	557	*61.4*

Property capital expenditure



[1] Capital investment provided on a cash basis.
[2] Includes discontinued operations.

Coles



coles coles.com.au coles express VINTAGE CELLARS first CHOICE liquor BI-LO LIQUORLAND spirit HOTELS

Coles performance summary

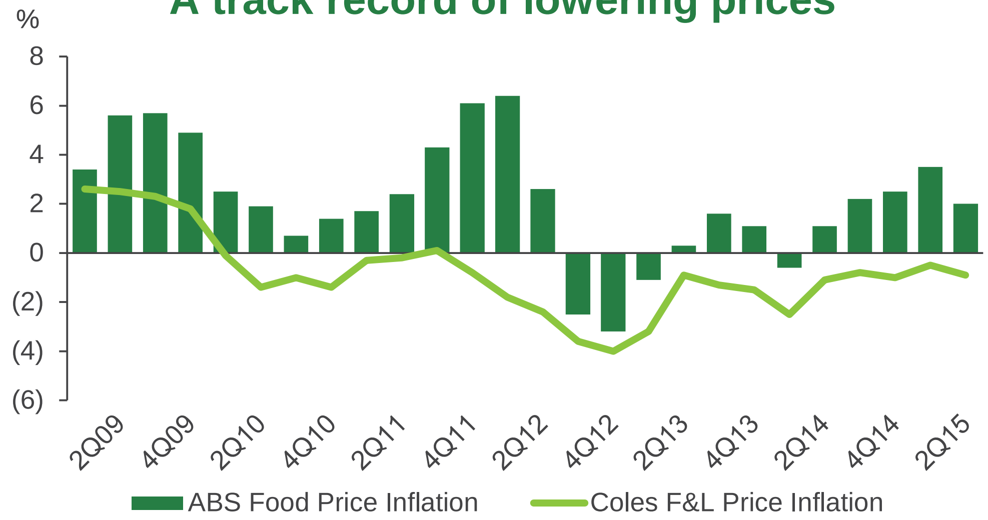
Half-Year ended 31 December ($m)		2014	2013	↕ %
Coles Division	Revenue	19,483	18,946	*2.8*
	EBITDA	1,171	1,076	*8.8*
	Depreciation & amortisation	(276)	(240)	*(15.0)*
	EBIT	895	836	*7.1*
Food & Liquor	Revenue[1]	15,559	14,770	*5.3*
	Headline sales growth (%)[2,3]	5.3	4.7	
	Comparative sales growth (%)[2,3]	4.2	3.6	
	Trading EBIT[4]	821	755	*8.7*
	EBIT margin (%)	5.3	5.1	
Convenience	Revenue	3,924	4,176	*(6.0)*
	Total store sales growth (%)[2]	11.5	2.6	
	Comp fuel volume growth (%)[2]	(6.9)	(0.7)	
	Trading EBIT	74	81	*(8.6)*

[1] Includes property revenue for the half-year ended 31 December 2014 of $15 million and for the half-year ended 31 December 2013 of $13 million.
[2] 2015 growth reflects the 27 week period 30 June 2014 to 4 January 2015 and the 27 week period 1 July 2013 to 5 January 2014. 2014 growth reflects the 27 week period 1 July 2013 to 5 January 2014 and the 27 week period 2 July 2012 to 6 January 2013.
[3] Includes hotels, excludes gaming revenue and property.
[4] Includes property EBIT for the half-year ended 31 December 2014 of $8 million and for the half-year ended 31 December 2013 of $10 million.

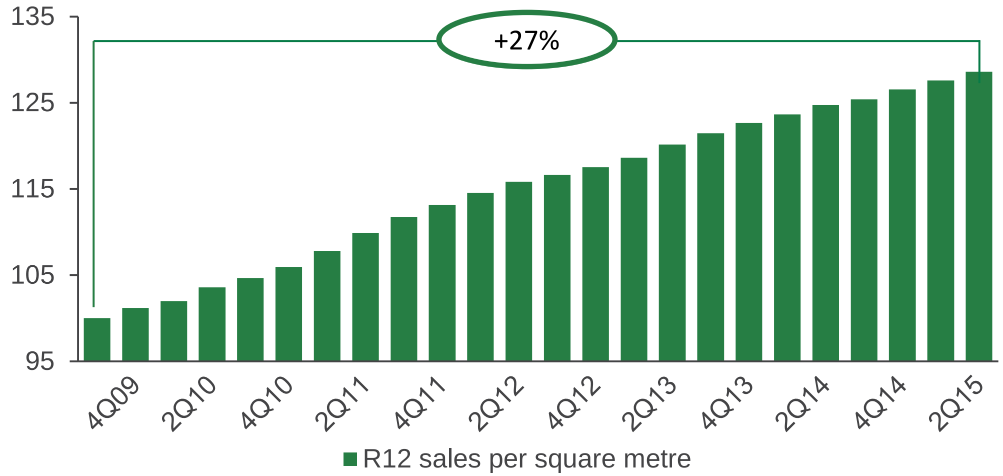
Food & Liquor highlights
Extending value leadership & focus on freshness

- Reduced the cost of the weekly shopping basket
  - Continued long-term process of greater investment in trusted low prices
  - Compelling weekly specials
  - Coles brand providing a high quality low price alternative
  - Relevant & personalised flybuys offers
- Focussed on fresh food
  - Double digit growth in fresh produce
  - Deeper & more collaborative relationships with Australian suppliers
  - More long-term contracts, e.g. 10 year contract with Sundrop Farms for truss tomatoes
- Continued sales density improvements
  - 3.0% net selling area growth for 12 months to 31 December 2014
  - 492 stores now in renewal format, representing 64% of the fleet

A track record of lowering prices



Continued sales density improvements

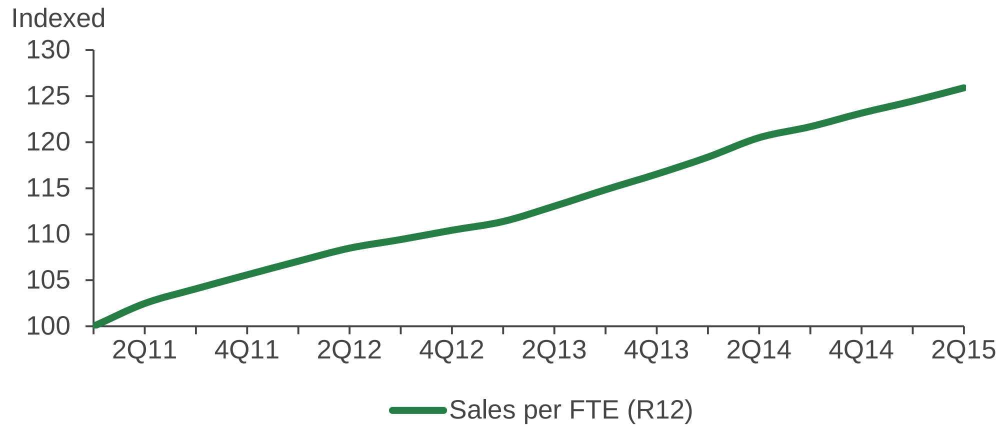


Food & Liquor highlights
Project Unity delivering greater simplicity

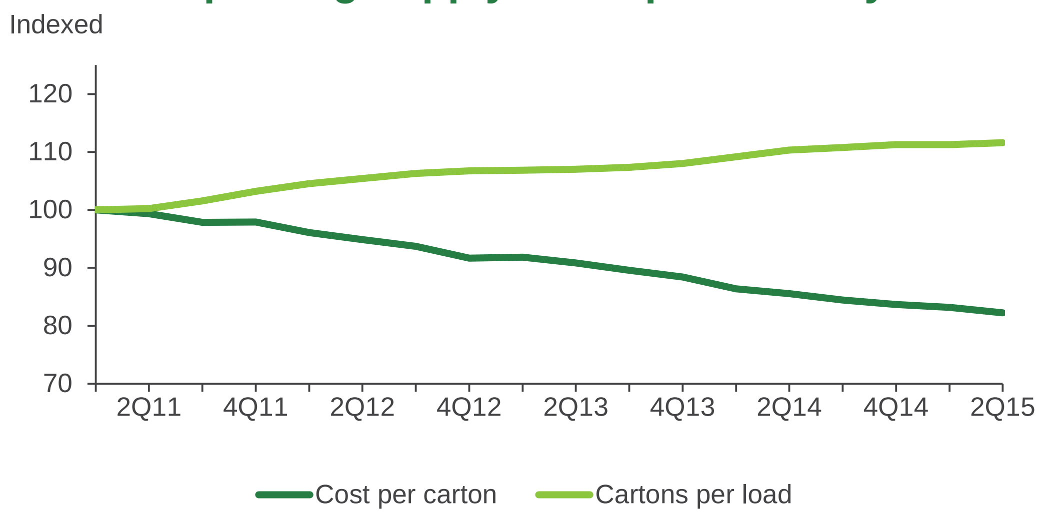
- Simplified in-store operations
  - "Easy" or "Assisted Ordering" completed for meat, bakery & fresh produce
  - Greater efficiency through more assisted check-outs, customer facing scanners & better training
  - Reduced paperwork & complexity

- More productive supply chain
  - Continued to right-size the DC network
  - Investment in better processes & systems to improve DC productivity
  - Trailer roll-out completed in VIC & QLD
  - Progressed introduction of transport planning & tracking systems progressed (Ortec & Isotrak)

Simpler store operations for greater efficiency



Improving supply chain productivity



Food & Liquor highlights
Extending into new services & channel

- Strong growth in Coles Online
  - Accelerated sales growth
  - Better value with “Every Day” prices now available
  - More convenient with over 100 “click & collect” sites in total & expanding
  - Improved picking productivity

- Delivering greater value through flybuys
  - Over 7.1 million active members & growing
  - More flybuys partners with the launch of ‘eShops’

- Expanding financial services
  - Better value through product innovation (e.g. extended, no interest period on credit card balance transfers)

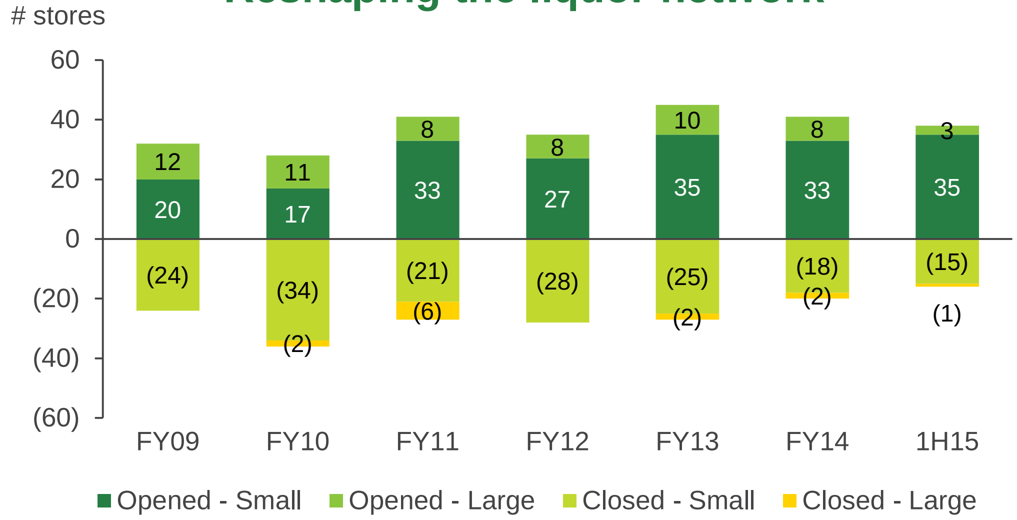
Refrigerated “click & collect” lockers

Market leading financial services initiatives

Food & Liquor highlights
Transforming liquor

- Liquor performance remained challenging
- Long-term transformation
  - Progressed clearance of excess & inactive stock
  - Initiated first stage of price reductions e.g. ‘Low Prices’ campaign in Liquorland
  - Commenced Liquorland range reset
  - Early steps in improving operational efficiencies with better planning across all three brands
  - Continued reshaping the store network, closing 16 underperforming stores & opening 38 stores (29 opened stores co-located with supermarkets)
  - Further work required to improve the customer offer & experience

Reshaping the liquor network



Lower prices at Liquorland

Home Improvement & Office Supplies

Wesfarmers

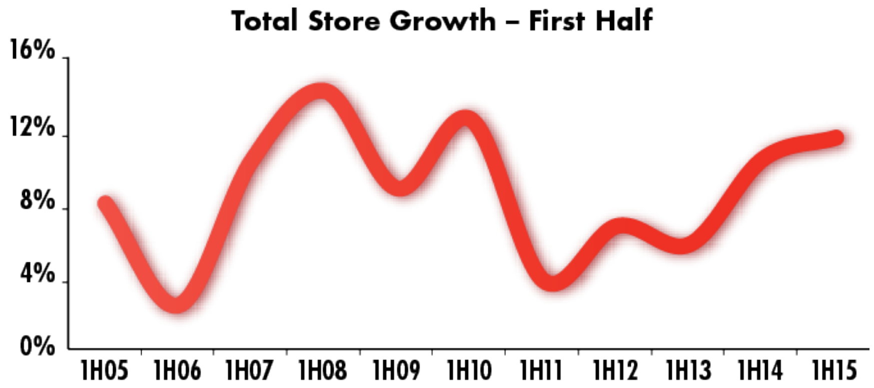
BUNNINGS warehouse BUNNINGS BUNNINGS TRADE Officeworks

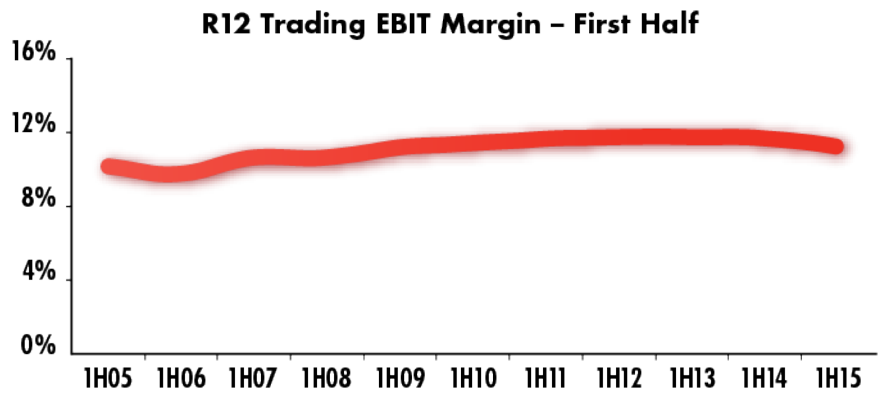
HIOS performance summary

Half-Year ended 31 December ($m)		2014	2013	↕ %
Revenue	Home Improvement	4,959	4,434	*11.8*
	Office Supplies	802	745	*7.7*
	Total	5,761	5,179	*11.2*
EBITDA	Home Improvement	686	625	*9.8*
	Office Supplies	61	53	*15.1*
	Total	747	678	*10.2*
EBIT	Home Improvement	618	562	*10.0*
	Office Supplies	50	42	*19.0*
	Total	668	604	*10.6*

Home Improvement highlights

- Strong revenue growth of 11.8%
  - Total store 11.7%; store-on-store 9.1%
  - Positive in all regions & all categories
  - Good momentum in consumer & commercial
  - Absolute growth of $525m (on 1H14)
- EBIT increase of 10.0%
  - Strong underlying trading
  - Productivity gains & good cost discipline
  - Absorbing value creation & network development costs

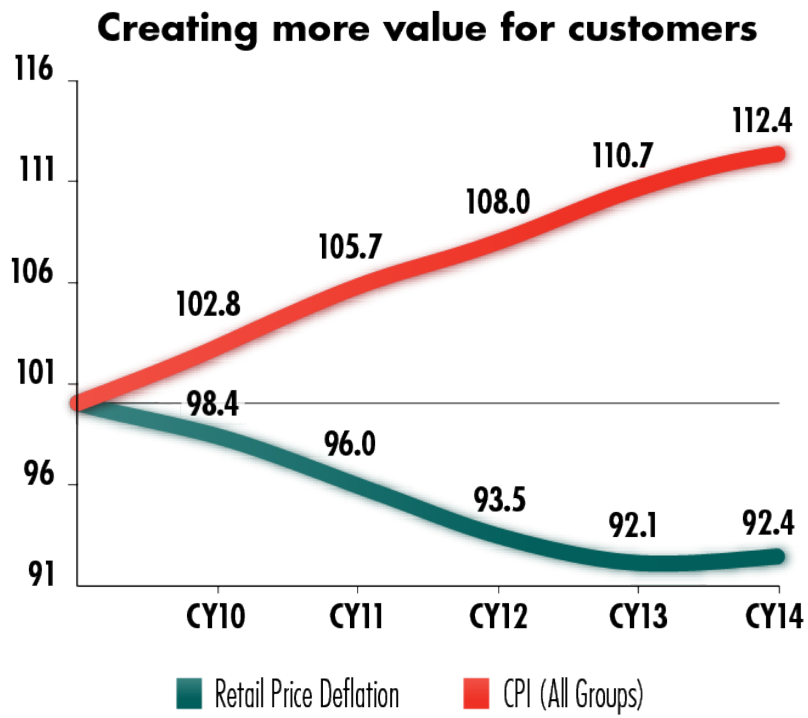


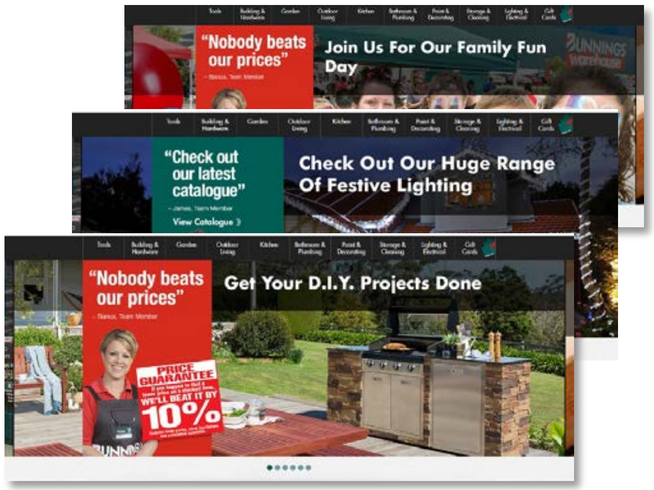


Home Improvement highlights

- Contributions from all growth drivers
  - Creating more value
  - Better customer experiences
  - Accelerating brand reach
    - » Wider & deeper digital ecosystem
    - » Increasing physical network
  - Expanding commercial presence
  - More merchandise innovation

- Investments strengthening core business
  - Team, stock flow, productivity, community



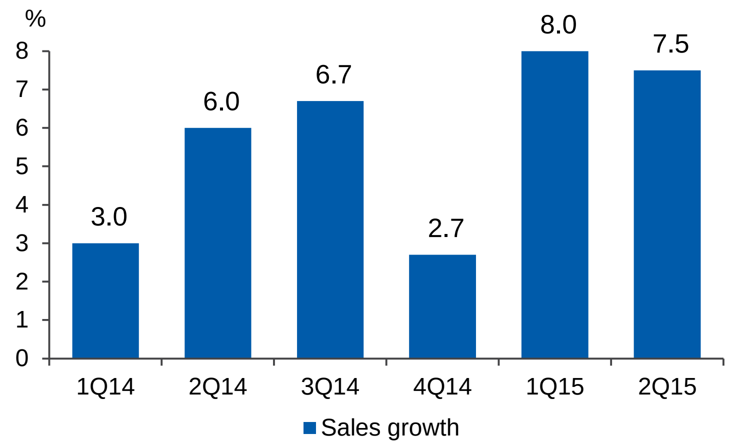


BUNNINGS warehouse BUNNINGS BUNNINGS TRADE

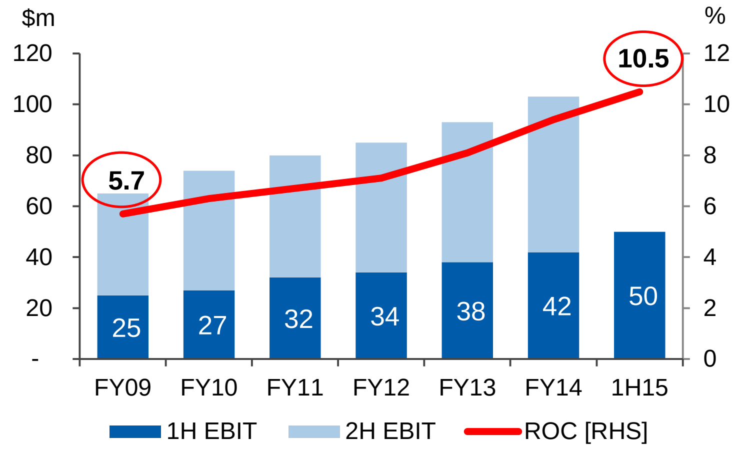
Office Supplies highlights

- Continuing cycle of strong earnings & ROC growth
- Revenue growth of 7.7%
  - Strong store sales growth
  - 14 consecutive halves of store transaction growth
  - Six year 1H online sales CAGR of 17.9%
    - » Annualised online sales c. $200 million
- 1H EBIT up 19.0%, ROC (R12) up 20.7%
  - Six year 1H EBIT CAGR of 12.2%
  - New categories & store layout investment driving sales growth
  - Online investment received favourably by customers
  - Ongoing focus on profitable sales growth

Sales growth momentum



Strong earnings & ROC growth



Officeworks

Office Supplies highlights

- In-store merchandising investment
  - Improved layouts & expanded ranges
  - Delivering sales & margin uplift
- Strong & continuous growth in SME market
  - Multi-dimensional service investment
    - Stores, online, call centre, mobile, face-to-face
  - Significant opportunity for further profitable sales growth
- Ongoing 'every channel' investment
  - Continued online sales growth & improved experience
  - Network enhancement & expansion (including three new stores in 1H15)

Kmart

Tyre & Auto Service

Kmart performance summary

Half-Year ended 31 December ($m)	2014	2013	↕%
Revenue	2,442	2,321	*5.2*
EBITDA	333	299	*11.4*
Depreciation & amortisation	(44)	(39)	*(12.8)*
EBIT	289	260	*11.2*
EBIT margin (%)	11.8	11.2	
Total sales growth[1] (%)	5.3	1.7	
Comparative store sales growth[1] (%)	2.4	0.3	

[1] 2014 growth reflects the 27 week period 30 June 2014 to 4 January 2015 and the 27 week period 1 July 2013 to 5 January 2014. 2013 growth reflects the 27 week period 1 July 2013 to 5 January 2014 and the 27 week period 2 July 2012 to 6 January 2013.

Kmart highlights

Wesfarmers

- Growth in revenue
  - Sustained focus on lowering prices
  - Continued growth in customer transactions
  - Strong trading over the second quarter & Christmas period
- Increase in EBIT & return on capital
  - Improvement in product ranges
  - Effective working capital management
  - Increased efficiency across the store network & supply chain
  - Effective management of foreign exchange impact
- Investment in store network
  - Opened eight new Kmart stores, including two replacement stores
  - Completed 15 major Kmart store refurbishments
  - Opened five new Kmart Tyre & Auto stores
- Continued improvement in team member safety

Target


EAT QUALITY
v prices
ERY DAY
Pick up a bag
that changes lives
Target proudly supports
The Alannah and Madeline Foundation
Target
$4.99
$2.50

Target performance summary

Wesfarmers

Half-Year ended 31 December ($m)	2014	2013	%
Revenue	1,935	1,965	*(1.5)*
EBITDA	112	113	*(0.9)*
Depreciation & amortisation	(42)	(43)	*2.3*
EBIT	70	70	-
EBIT margin (%)	3.6	3.6	
Total sales growth[1] (%)	(1.8)	(4.4)	
Comparative store sales growth[1] (%)	(1.0)	(4.2)	

[1] 2014 growth reflects the 27 week period 29 June 2014 to 3 January 2015 and the 27 week period 30 June 2013 to 4 January 2014. 2013 growth reflects the 27 week period 30 June 2013 to 4 January 2014 and the 27 week period 1 July 2012 to 5 January 2013.

Target highlights

- Year-on-year earnings growth in Q2 offset by clearance in Q1, as previously indicated
- Customer & volume growth supported by investment in lower prices
- First Christmas in 3 years with comparable store sales growth

Outstanding customer experience

Better customer experience, supported by the delivery of new store formats

Profitable online sales growth

Right product choices

Edited ranges leading to option reduction & lower markdown spend

Fashion & style backed by good quality

New products helping to re-establish fashion, style & quality credentials as well as delineate 'good, better, best' range architecture

Low prices

Average selling prices reduced further, with direct sourcing increasing & supplier rationalisation ongoing

Better, simpler, cheaper

Opened 3 new regional replenishment centres, while continuing to right size CODB

Team with personality & pride

Safety performance improved, with LTIFR of 4.9

Resources

Resources performance summary

Half-Year ended 31 December ($m)	2014	2013	↕ %
Revenue	689	764	*(9.8)*
Royalties[1]	(80)	(121)	*33.9*
Mining & other costs	(501)	(508)	*1.4*
EBITDA	108	135	*(20.0)*
Depreciation & amortisation	(73)	(76)	*3.9*
EBIT	35	59	*(40.7)*
Coal production (‘000 tonnes)	7,781	7,454	*4.4*

[1] Includes Stanwell rebate expense for half-year ended 31 December 2014 of $34 million & for half-year ended 31 December 2013 of $62 million.

Resources highlights

- Continued strong safety performance
- Record Curragh coal production & sales volumes during calendar year 2014
- Lower export coal prices partly offset by higher sales volumes
- Continued strong cost performance
  - Recorded unit mine cash costs for the half 32% below 1H12 peak; less favourable geological conditions experienced compared to 2H14
  - Unit mine cash costs ~6% lower than 1H14
- Rio Tinto announcement (November 2014) of a significant increase to Bengalla coal reserves[1]
- MDL 162 feasibility study progressed

[1] Refer slide 35 (Coal Reserves & Resources Notes) in the 2015 Half-Year Results Supplementary Information also dated 19 February 2015.

Chemicals, Energy & Fertilisers

Wesfarmers

Industrial & Safety

Other businesses performance summary

Half-Year ended 31 December ($m)		2014	2013	%
Revenue	Chemicals, Energy & Fertilisers [1]	**810**	772	*4.9*
	Industrial & Safety	**835**	804	*3.9*
EBIT	Chemicals, Energy & Fertilisers [2]	**95**	110	*(13.6)*
	Industrial & Safety	**50**	73	*(31.5)*

[1] Includes Kleenheat Gas and ALWA (prior to the sale of the 40 per cent interest in ALWA in December 2013).
[2] Excludes a $95 million gain on sale of the 40 per cent interest in ALWA, reported as a NTI, but includes ALWA earnings for the period prior to divestment in December 2013.

Chemicals, Energy & Fertilisers highlights

- In chemicals, higher contribution from ammonium nitrate (AN) following the recent capacity expansion offset by:
  - Increased gas input costs in ammonia business & loss of carbon abatement income ($20m in 1H15)
  - Ongoing challenging economic conditions for Australian Vinyls (AV)
  - Planned ammonia maintenance shutdown
- Lower divisional EBIT driven by a sharp decline in Kleenheat Gas earnings, partially offset by a strong contribution from fertilisers:
  - Significantly lower Kleenheat Gas earnings reflecting reduced LPG selling prices due to a marked decline in Saudi CP (the international benchmark pricing indicator for LPG) & lower LPG content in the DBNGP
  - Higher fertiliser earnings due to increased sales volumes following good seasonal rainfalls & early 2015 season purchasing by farmers

Industrial & Safety highlights

- Earnings impacted by volume & margin pressures
- Continued very subdued customer & project activity across most sectors
  - Margins remained under pressure from intense competition & rising cost of imports
- Resetting cost base & investing in customer value in response to ongoing weak market conditions
  - Maintained strong service & cost to serve focus while investing in value to retain/grow share
  - Restructured several specialist businesses (total WIS FTEs[1] down 11% over past 18 months)
  - Conducted in-depth review with key suppliers (wave 1); expanded own brand penetration
  - Launched new automated Blackwoods DC in Greystanes (NSW) & restructured supply chain to increase capabilities & improve efficiency through better planning
  - Expanded safety, consulting & integrated services offer & Coregas distribution channels
  - Advanced new ERP (JD Edwards) business transformation program
- Acquired Workwear division of Pacific Brands (December 2014) & NSCA[2] (August 2014)

[1] Excluding acquisitions
[2] National Safety Council of Australia

Outlook

Outlook

Retail

- Group's portfolio of retail businesses positioned well
- Continued reinvestment of productivity gains & cost savings expected to support ongoing improvements to value & range propositions
- Ongoing optimisation & expansion of store networks
- Continued advancement of digital capabilities & online offers

Industrial

- Continued strong focus on operational productivity & cost control
- External trading environment expected to remain challenging for remainder of financial year

Outlook (continued)

Group

- Generally optimistic as domestic economy transitions
- Maintain a strong balance sheet
- Secure growth opportunities through entrepreneurial initiative
- Ensure sustainability through responsible long-term management
- Leverage & build human resource capability
- Continue safety improvement focus

Debt Management

Financial discipline is core to Wesfarmers' strategy

Maintaining prudent capital structure and strong credit rating is important to Wesfarmers

Ability to raise capital and maintain balance sheet strength

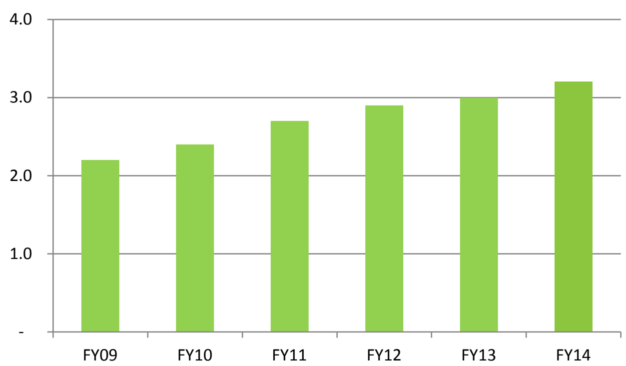
- Recent activity
  - Jun 14: Sold Insurance underwriting and broking business; received proceeds of A$2.9 billion
  - Aug 14: Cancelled A$1.25 billion syndicated facility maturing in December 2014
  - Sep 14: A$500 million 5 year domestic bonds matured
  - Oct 14: €650 million (A$865 million) 7 year Euro bonds issued
  - Dec 14: A$1.1 billion capital management distribution with no impact on credit ratings
- Future activities
  - Pre fund maturing debt with 'opportunistic' DCM issues
  - Continuing retail property recycling programme, including potential for second securitised lease transaction for Bunnings properties
- Future maturities
  - Jul 15: €500 million (A$756 million) 5 year Euro bond
  - May 16: US$650 million (A$604 million) 5 year US144A bond
  - Ongoing refinancing of short term bank facilities

Maintaining strong credit metrics

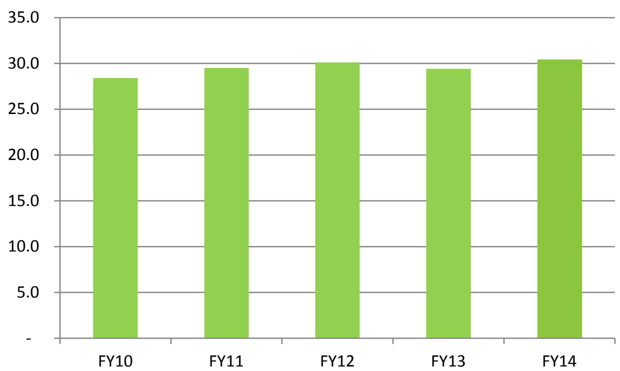
Solid credit metrics

- Strong credit ratings: Moody's A3 (stable); Standard & Poor's A- (stable)
  - Favourable revision of credit metric targets
- Continued strength in Group's debt service position
  - Gross debt of $6.1 billion, net debt of $5.1 billion
  - Strong liquidity position, supported by $2.9 billion of committed undrawn facilities
  - Continuing strength in key debt service ratios

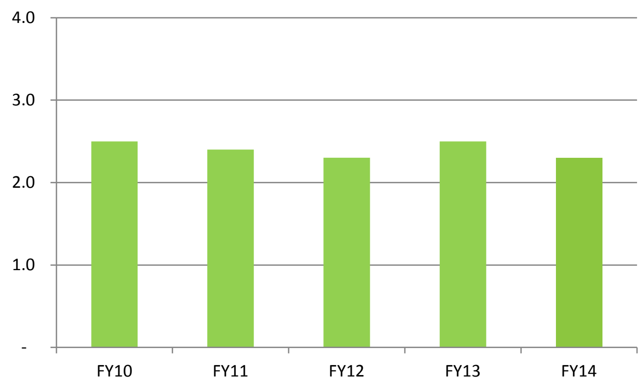
Fixed charges cover ratio (times)



S&P FFO / Debt - lease adj. (%)



S&P Debt / EBITDA – lease adj. (times)

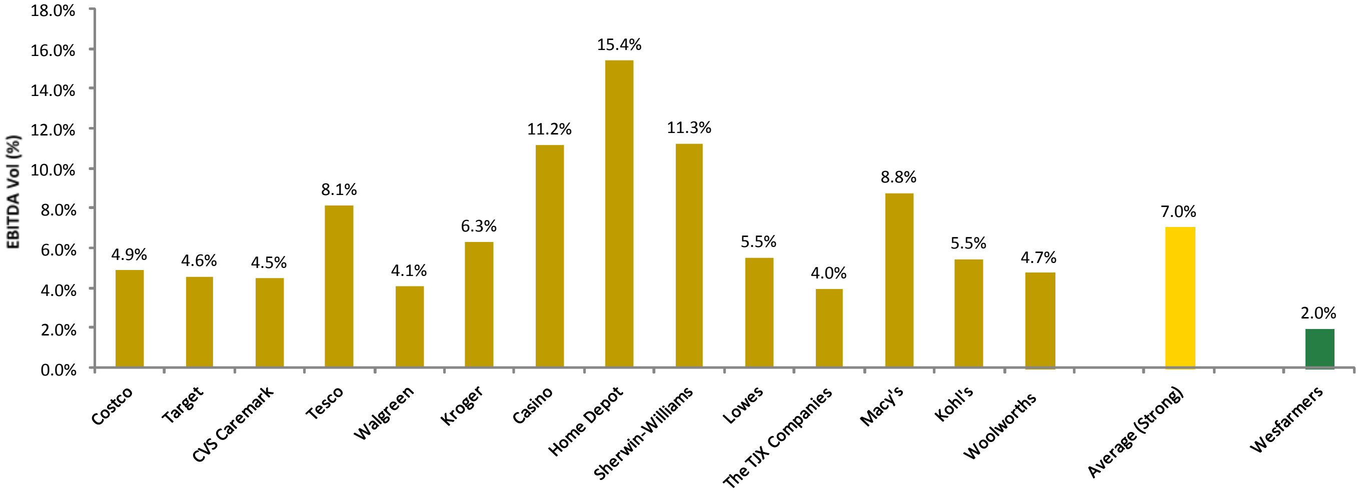


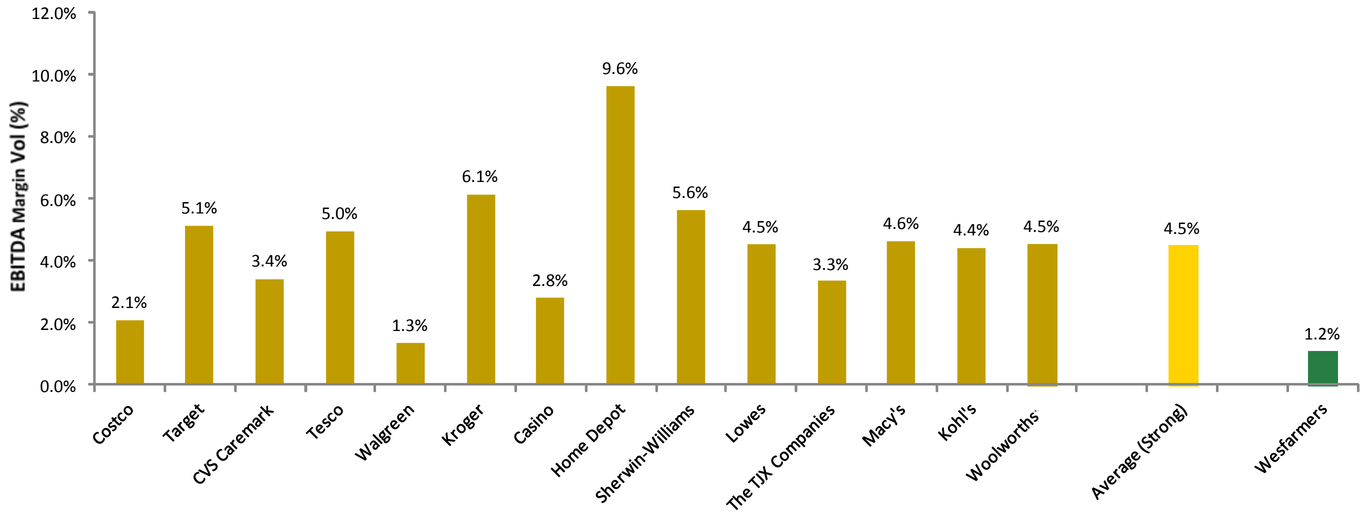
Strong business risk profile

- Business risk
  - Strong market position in food and liquor retail in Australia
  - Home Improvement business has a leading market position and demonstrates strong and stable earnings growth
  - Officeworks: ‘every channel’ approach leading to strong market position in all categories
  - General merchandise and apparel retail businesses well positioned at low end of discretionary spending
  - Other businesses well placed in respective markets; Industrial businesses all in low cost positions
  - Sale of cyclical Insurance business June 2014
- Financial risk
  - Continued earnings growth in businesses
  - Strong operating cash flow generation sufficient to meet capital expenditure requirements and dividends
  - Maintenance of strong credit metrics
  - Low refinancing risk
  - Low earnings volatility

Strong business risk profile

- Low EBITDA and margin volatility v's 'strong' peers - data spans the past 7 financial years

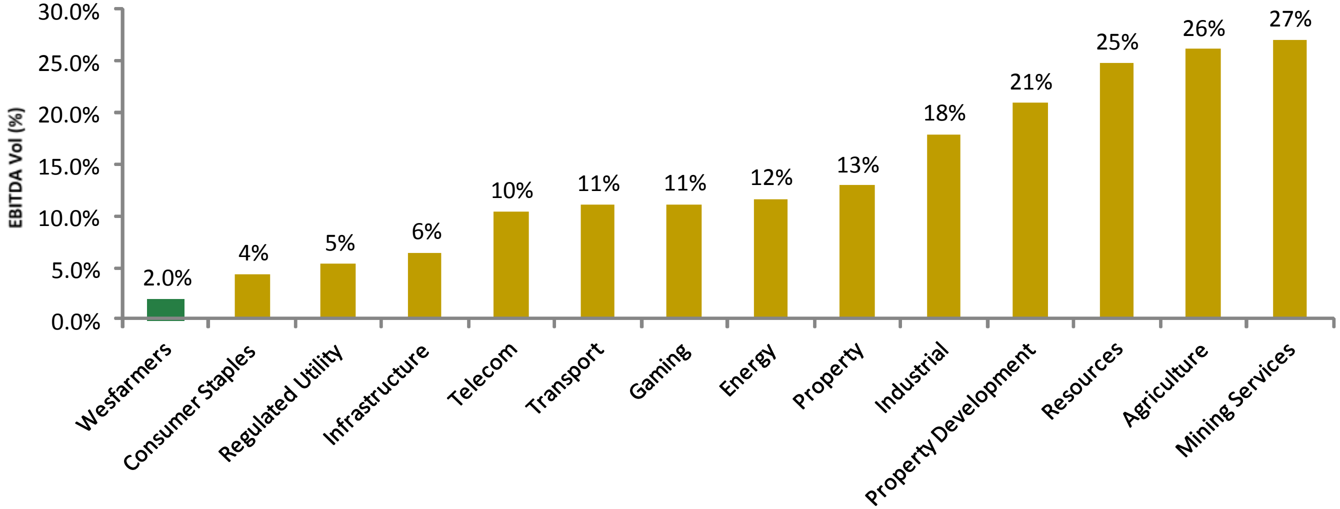


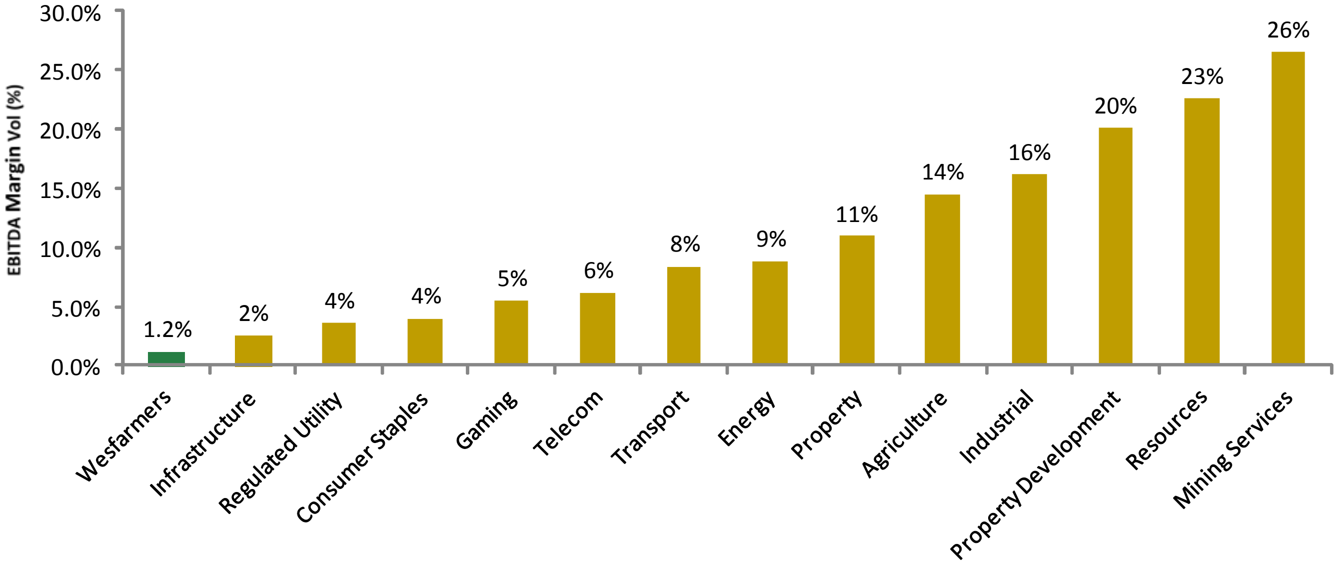


Source: Results based on a pro-forma adjustment for a full year earnings from Coles acquisition (23 Nov 2007); Peer results based on S&P calculated lease adjusted data (7 Years)

Strong business risk profile

- Low EBITDA and margin volatility v's ASX rated companies - data spans the past 7 financial years

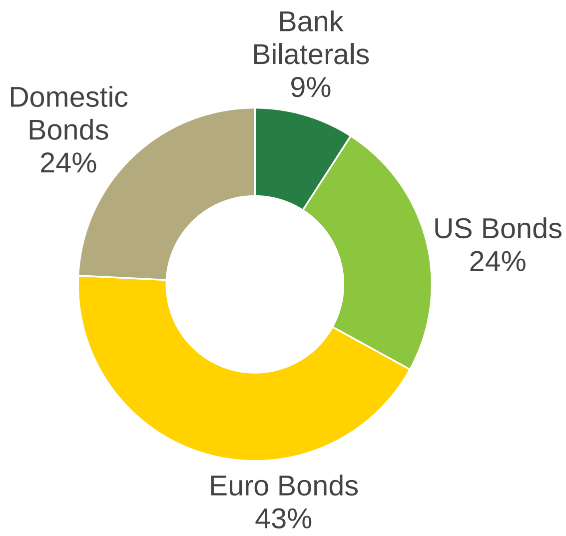




Source: Results based on a pro-forma adjustment for a full year earnings from Coles acquisition (23 Nov 2007); Peer results based on S&P calculated lease adjusted data (7 Years)

Pro-active debt management

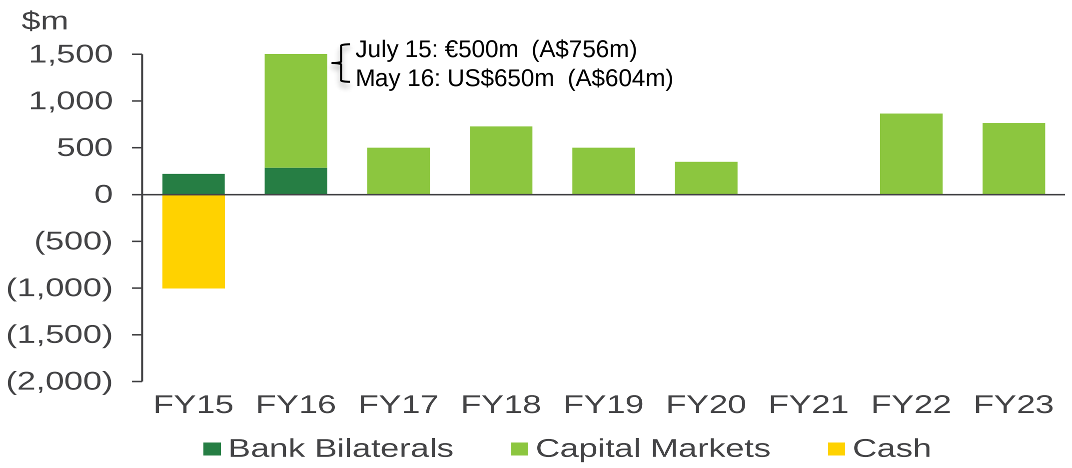
- Refinancing objectives
  - Focus on extending maturity profile and maintaining liquidity headroom
  - Commitment to maintain diversity of funding sources in domestic and key international debt capital markets
  - Standard terms and conditions across all DCM programmes, with a common guarantee structure that applies to all funding arrangements
- Funding diversity at 31 December 2014



Pro-active debt management

- Geographical DCM funding diversity at 31 December 2014

- Maturity profile at 31 December 2014



Capital management considerations

- Dividend policy takes into account through the cycle free cash flow requirements and debt refinancing
- Strong phase of capital expenditure led growth
- Dividend investment plan neutralised since 2008/09 final dividend; potential to preserve cash
- Potential cash proceeds from future asset sales; recycling capital via property monetisation remains a current focus for the Group
- Focus on maintaining strong credit metrics

Questions

Wesfarmers