2018 Full-Year Results
Debt Investor Update

Wesfarmers

Group Performance Summary

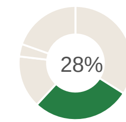
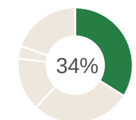
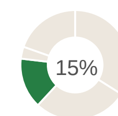
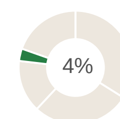
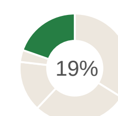
Group performance summary

Year ended 30 June ($m)	2018	2017	Var %
***Results from continuing operations*[1]**			
EBIT	4,061	4,177	*(2.8)*
EBIT (exc. significant items)[2]	4,367	4,177	*4.5*
Net profit after tax	2,604	2,760	*(5.7)*
Net profit after tax (excl. significant items)[2]	2,904	2,760	*5.2*
***Results including discontinued operations*[1]**			
EBIT	2,796	4,402	*(36.5)*
EBIT (exc. significant items)[2]	4,288	4,402	*(2.6)*
Net profit after tax	1,197	2,873	*(58.3)*
Net profit after tax (excl. significant items)[2]	2,772	2,873	*(3.5)*
Operating cash flow	4,080	4,226	*(3.5)*
Net capex	1,209	1,028	*17.6*
Free cash flow	3,422	4,173	*(18.0)*
Net financial debt[3]	3,580	4,321	*(17.1)*

- Financial results reflect a year of significant change, with continued growth in continuing operations
  - Retail earnings (from continuing operations & excluding significant items) increased 5.2% during the year, with Bunnings Australia & New Zealand (BANZ), Department Stores & Officeworks achieving very strong results
  - Industrials earnings from continuing operations were also higher, supported by strong contributions from Chemicals, Energy & Fertilisers (WesCEF) & Bengalla

1. Discontinued operations relate to Curragh & BUKI which were disposed of during the 2018 financial year.
2. 2018 excludes the following pre-tax (post-tax) amounts: $931m ($1,023m) of impairments, write-offs & store closure provisions for BUKI, a $375m ($375m) loss on disposal of BUKI & $306m ($300m) of non-cash impairments in Target, partially offset by a $120m ($123m) gain on disposal of Curragh.
3. Interest bearing liabilities less cash at bank & on deposit, net of cross-currency interest rate swaps & interest rate swap contracts.

Divisional earnings summary

EBIT ($m) Year ended 30 June	2018	2017	Var %	Var $m	% of EBIT
Bunnings Australia & NZ	1,504	1,334	*12.7*	*170*	
Bunnings UK & Ireland[1]	(266)	(89)	*n.m.*	*(177)*	
Coles[2]	1,500	1,609	*(6.8)*	*(109)*	
Department Stores[3]	660	543	*21.5*	*117*	
Officeworks	156	144	*8.3*	*12*	
Industrials	*867*	*915*	*(5.2)*	*(48)*	
WesCEF[4]	390	395	*(1.3)*	*(5)*	
Industrial & Safety	118	115	*2.6*	*3*	
Resources[5]	359	405	*(11.4)*	*(46)*	

n.m. - not meaningful
1. 2018 excludes $931m of impairments, write-offs & store closure provisions for BUKI, and a $375m loss on disposal of BUKI.
2. 2017 includes $39m profit on sale of Coles' interest in a number of joint venture properties to ISPT.
3. 2018 excludes pre-tax non-cash impairments of $306m. 2017 includes $13m of restructuring costs associated with the planned relocation of Target's store support office.
4. 2017 includes a profit on sale of land of $22m & $33m relating to WesCEF's share of revaluation gains in Quadrant Energy.
5. 2018 for Resources reflects a nine month contribution from the Curragh coal mine before sale on 29 March 2018.

Group highlights

Operational highlights

- Bunnings: Sustained sales momentum across all market, trading and product segments
- Coles: Continued increase in sales momentum, earnings growth achieved in second half
- Department Stores: Record earnings under Wesfarmers ownership, with both Kmart and Target contributing to earnings growth
- Officeworks: Record revenue growth under Wesfarmers ownership, continued focus on ‘every channel’ strategy and customer offer
- WesCEF: Underlying earnings growth supported by strong AN sales from unplanned disruptions at the competing Burrup plant
- Resources: Strong performance in both Bengalla and Curragh prior to divestment

Portfolio highlights

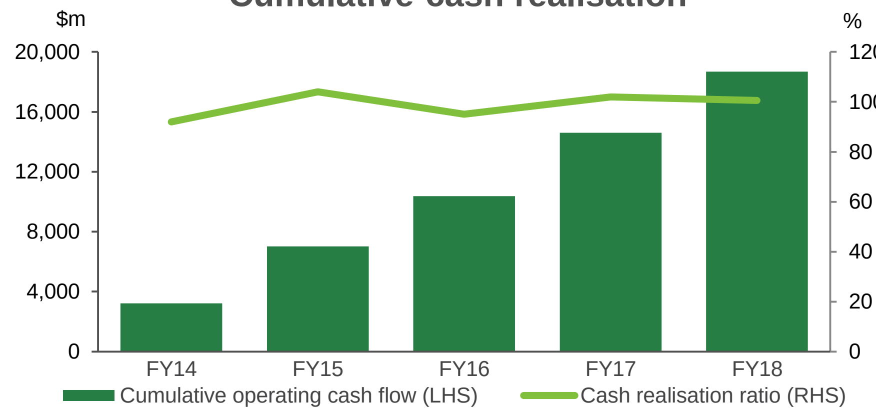
- Demerger proceeding well, shareholder vote anticipated in November
- Successful divestment of Curragh ($700m) and BUKI exit
- Announced divestment of Bengalla ($860m) and KTAS ($350m)
- Further improvement in balance sheet strength, including reduction in lease commitments

Operating cash flows

- Operating cash flows of $4,080m, down $146m
  - Primarily driven by higher tax payments
  - Cash realisation ratio remains strong at 100.6%[1]
  - Highly cash generative portfolio
- Neutral working capital result
  - Net working capital investment in BANZ to support network growth
  - Improved working capital management in Target
  - Inventory clearance in BUKI prior to divestment
  - Receivables outflow primarily driven by year-end falling on Saturday (particularly Coles)
  - Increased payables in WesCEF due to timing of fertiliser shipments & higher ammonia purchases

Year ended 30 June ($m)	2018	2017
Cash movement inflow/(outflow)		
Receivables & prepayments	(225)	58
Inventory	(54)	(296)
Payables	279	165
Total	**-**	**(73)**
Working capital cash movement		
Retail	77	(11)
Industrials & Other	(77)	(62)
Total	**-**	**(73)**

Cumulative cash realisation[1]

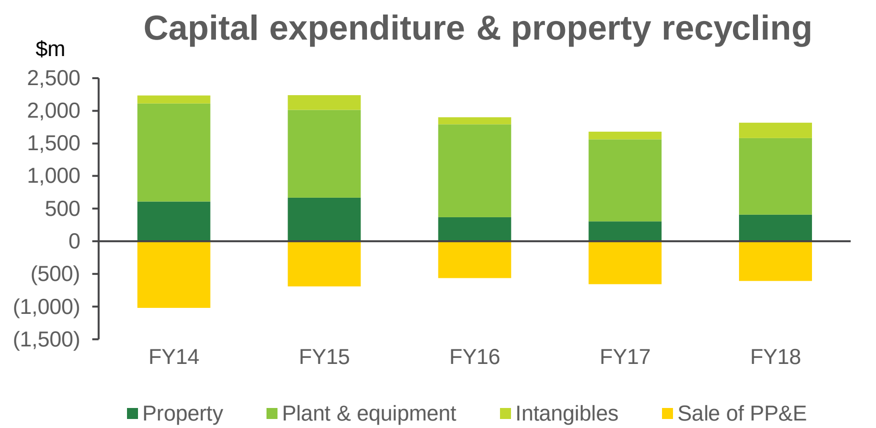


1. Operating cash flows as a percentage of net profit after tax, before depreciation and amortisation and significant items.

Capital expenditure

- Gross capital expenditure increased $134m to $1,815m
  - Increased number of BANZ store openings
  - Acquisition of Kmart brand name for $100m
- Proceeds from property disposals decreased $47m to $606m due to one-off items[2] in prior year:
  - BANZ property disposals of $338m
  - Coles property disposals of $213m
- Net capital expenditure increased to $1,209m
- FY19 net capital expenditure of $1.2b to $1.7b expected[4], subject to net property investment
  - Includes expected FY19 net capital expenditure for Coles of $600m to $800m, subject to net property investment

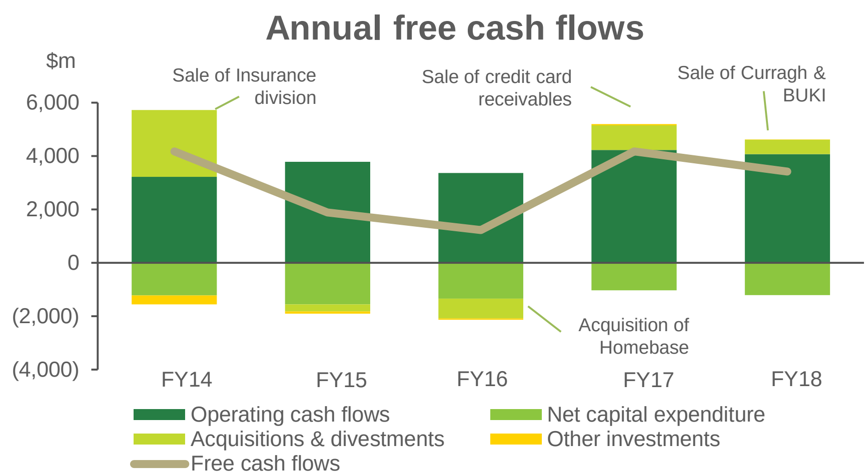
Year ended 30 June ($m)[1]	2018	2017	Var %
Coles	715	805	*(11.2)*
Bunnings Australia & NZ	497	367	*35.4*
Department Stores	293	225	*30.2*
Officeworks	45	36	*25.0*
WesCEF	60	44	*36.4*
Industrial & Safety	50	34	*47.1*
Resources	14	14	-
Other & Discontinued[3]	141	156	*(9.6)*
Gross capital expenditure	**1,815**	**1,681**	***8.0***
Sale of PP&E	(606)	(653)	*(7.2)*
Net capital expenditure	**1,209**	**1,028**	***17.6***



1. Capital investment provided on a cash basis.
2. Disposal of Coles' interest in a number of joint venture properties to ISPT & the sale of land by WesCEF.
3. Discontinued operations include Curragh & BUKI which were disposed of during the 2018 financial year.
4. Based on full-year contribution from Coles.

Free cash flows

- FY18 free cash flows of $3,422m, $751m lower than last year
  - Lower operating cash due to higher tax payments
  - Higher net capital expenditure
  - Lower other investing cash flows of $551m
    - Proceeds on disposal of Curragh
    - Cash retained by BUKI for working capital & other financial obligations
    - Last year included proceeds of $947m from sale of Coles' credit card receivables
- Divestments announced in August 2018 to contribute to free cash flow in FY19:
  - Bengalla gross proceeds[1] of $860m
  - KTAS gross proceeds[1] of $350m



1. Subject to completion adjustments.

Bunnings Australia & New Zealand

Bunnings Australia & New Zealand performance summary

Full-year ended 30 June ($m)	2018	2017	Var %
Revenue	**12,544**	**11,514**	***8.9***
EBIT[1]	**1,504**	**1,334**	***12.7***
EBIT margin[1] (%)	12.0	11.6	
Total store sales growth[2] (%)	8.9	8.9	
Store-on-store sales growth[2] (%)	7.8	7.3	

1. Includes net property contribution for 2018 of $33m & 2017 of $43m.
2. 2018 growth reflects the 12 months to 30 June 2018 & the 12 months to 30 June 2017. 2017 growth reflects the 12 months to 30 June 2017 & the 12 months to 30 June 2016.

Bunnings Australia & New Zealand overview

- Sustained strong sales performance
  - Total store sales growth 8.9%; store-on-store growth of 7.8%
  - Sales growth in all trading regions; both consumer & commercial markets
  - Continued growth across all product categories
- EBIT growth of 12.7% to $1,504m
  - Operating cost leverage
  - Positive property divestment outcomes
  - One-off costs for store closures & asset writedowns in prior year
- 10 net new trading locations
- Strong progress on strategic agenda
  - Driving stronger growth
  - Creating better experiences
  - Strengthening the core

Coles

coles | coles.com.au | coles express | Vintage Cellars | first choice liquor | Liquorland | spirit hotels | coles Financial Services

Coles performance summary

Year ended 30 June ($m)		2018	2017	Var %
Coles	**Revenue**[1]	**39,388**	**39,217**	***0.4***
	EBIT[2]	**1,500**	**1,609**	***(6.8)***
	EBIT margin[2] (%)	3.8	4.1	
Food & Liquor	**Revenue**[1]	**33,627**	**33,084**	***1.6***
	Headline sales growth[3,4] (%)	2.1	2.0	
	Comparable sales growth[3,4] (%)	1.1	1.0	
	Inflation/(deflation)[4]	(1.2)	(0.8)	
Convenience	**Revenue**	**5,761**	**6,133**	***(6.1)***
	Total store sales growth[4] (%)	1.6	4.6	
	Comp. fuel volume growth[4] (%)	(17.8)	(16.0)	

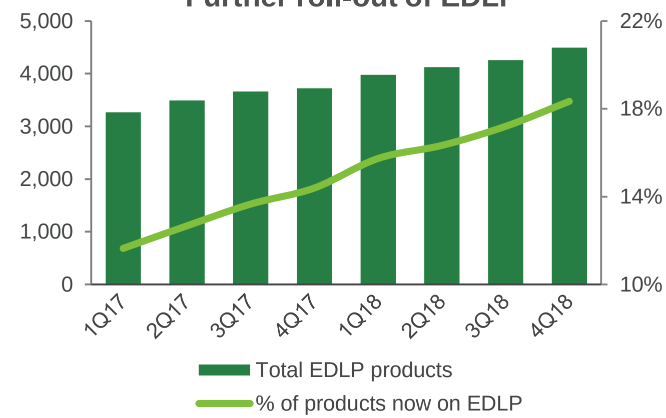
1. Includes property revenue for 2018 of $13m & for 2017 of $16m.
2. Includes property EBIT for 2018 of $24m & for 2017 of $57m.
3. Includes hotels, excludes gaming revenue & property.
4. 2018 growth reflects the period 26 June 2017 to 24 June 2018 & the period 27 June 2016 to 25 June 2017.
   2017 growth reflects the period 27 June 2016 to 25 June 2017 & the period 29 June 2015 to 26 June 2016.

Coles overview

- Customer focus in a competitive market positions the business for sustainable long-term growth
- Sales momentum steadily improved over the year
  - Acceleration in 4Q18, with comp growth of 1.8%
  - Improvement driven by customer transactions, unit growth & increased average basket size
  - Customer satisfaction improved to highest level in two years
  - Growth in Fresh market share
- FY18 EBIT of $1,500m
  - Prior year benefited from a one-off gain on property divestment & higher Financial Services earnings
  - Annualisation of investments made in the customer offer
  - Higher employee costs from new EBA
  - Earnings growth achieved in 2H18
- Strong cash flow generation, with cash realisation over 100%[1]

Customer satisfaction continues to improve

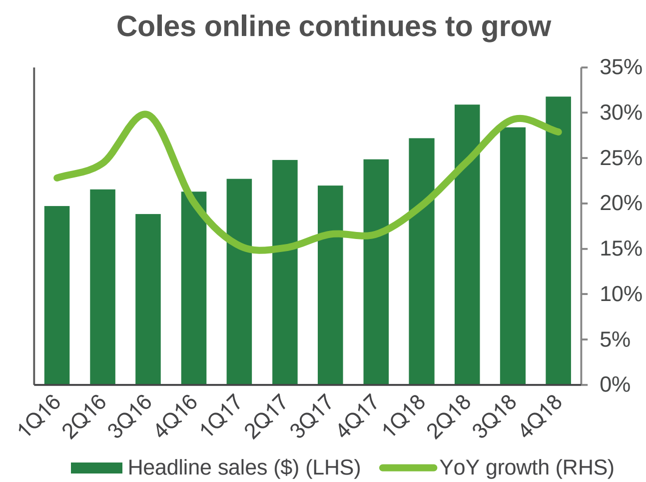
Further roll-out of EDLP

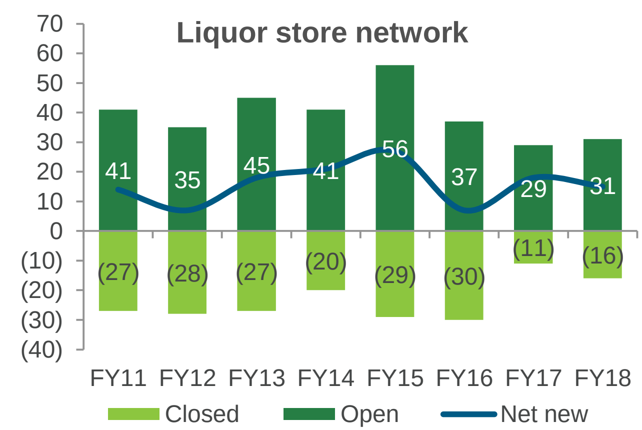


1. Operating cash flows before tax & after net capital expenditure as a percentage of EBIT.

Coles overview

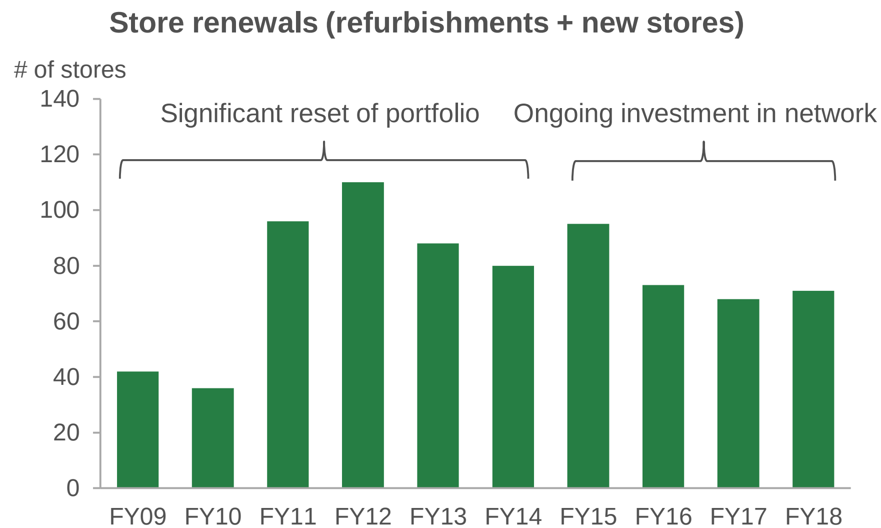
- Continued improvement in Coles Online customer experience
  - Strong double digit sales & transaction growth
  - Significant expansion in click & collect locations (992 as at 30 June)
  - Two fully operational Online fulfilment centres
- flybuys continued to grow as one of Australia's most popular & recognised loyalty programs
- Positive sales momentum continues in Liquor transformation
  - 11 consecutive quarters of comparable sales growth
  - 163 Liquorland renewals completed for the year
- Lower earnings in Convenience driven by lower fuel volumes & commercial terms of Alliance agreement
- Improved comparable store sales momentum in Convenience
  - Comparable store sales of 4.6% in 4Q18
  - Double digit growth in food-to-go offering
  - 17 new sites opened & 402 upgraded in FY18

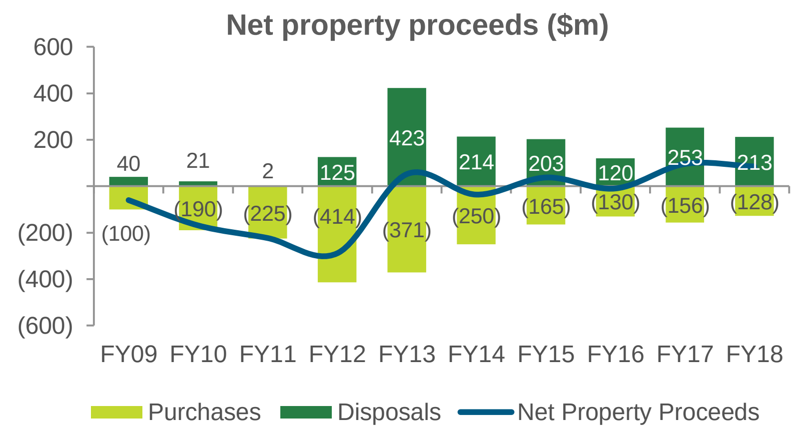




Network investment

- History of disciplined capital allocation:
  – Focused on ROC & sales density metrics
  – Data-led approach to store ranging & layout (customer insights, flybuys analytics)
- Store network in good condition following decade-long investment program:
  – ~$9b of capital invested since FY09 (including 108 net supermarket openings & 561 refurbishments)
  – ~90% of supermarket network has been renewed
  – Average age of fleet now 8.1 years
  – Average age of top quartile stores is 5.7 years
  – Sales density improvement of 32% since FY09
- Investment in property offset by disposals through asset recycling program
  – Current book value of property assets ~$1.0b





Department Stores

Department Stores performance summary

Year ended 30 June ($m)	2018	2017	Var %
Revenue	**8,837**	**8,528**	***3.6***
EBIT[1]	**660**	**543**	***21.5***
EBIT margin[1] (%)	7.5	6.4	
Kmart			
Total sales growth[2] (%)	8.0	7.9	
Comparable sales growth[2] (%)	5.4	4.2	
Target			
Total sales growth[3] (%)	(4.7)	(14.5)	
Comparable sales growth[3] (%)	(5.1)	(14.9)	

1. 2018 excludes pre-tax non-cash impairments of $306m in Target. 2017 includes a provision of $13m of restructuring costs associated with the planned relocation of Target's store support office.
2. 2018 growth reflects the period 26 June 2017 to 24 June 2018 & the period 27 June 2016 to 25 June 2017. 2017 growth reflects the period 27 June 2016 to 25 June 2017 & the period 29 June 2015 to 26 June 2016.
3. 2018 growth reflects the period 25 June 2017 to 23 June 2018 & the period 26 June 2016 to 24 June 2017. 2017 growth reflects the period 26 June 2016 to 24 June 2017 & the period 28 June 2015 to 25 June 2016.

Department Stores overview

- Revenue increased 3.6% to $8.8b
  - **Kmart:** driven by double-digit growth in customer transactions & units sold as customers responded to improvements in the product offer & price investment
  - **Target:** growth in online, menswear & homewares more than offset by ongoing reset of product, price & range; online proposition further advanced through expanded ranges & improved customer convenience
- EBIT increased 21.5% to $660m; highest Department Stores earnings under Wesfarmers' ownership
  - **Kmart:** continued growth in earnings driven by strong sales growth, improved inventory management & productivity improvements in stores & supply chain
  - **Target:** earnings growth supported by improved trading margins reflecting increased levels of direct sourcing, lower markdowns & an improved sales mix, reduced shrinkage, & productivity improvements
- Improved return on capital due to increased earnings & continued focus on working capital management
- Disciplined & integrated management of the store network:
  - **Kmart:** opened 10 new stores[1], closed two stores & completed 20 refurbishments
  - **Target:** opened six previously committed new stores, closed six stores[1] & progressed Target renewal & space trials
  - **KTAS:** opened six new service centres & closed one centre

1. Includes one Target store converted to Kmart during the period.

Officeworks

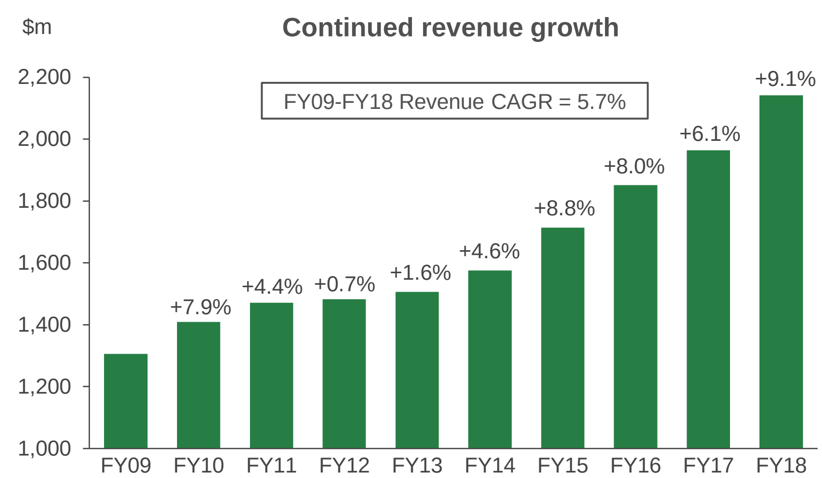
Officeworks performance summary

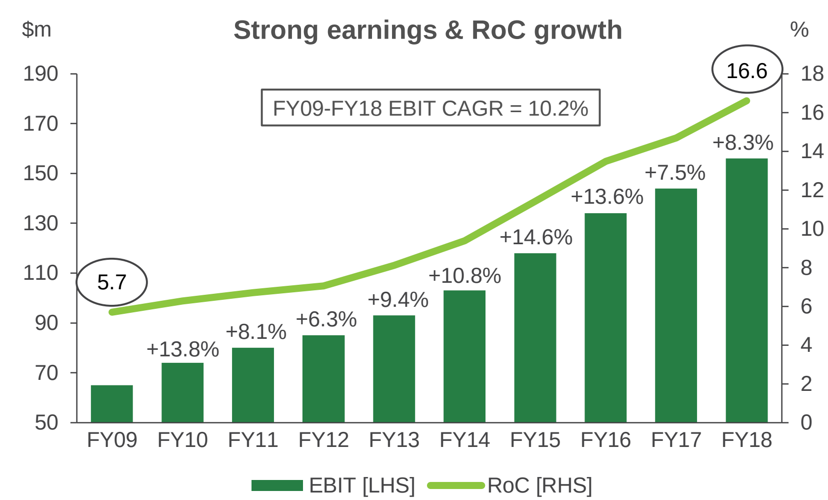
Year ended 30 June ($m)	2018	2017	Var %
Revenue	**2,142**	**1,964**	***9.1***
EBIT	**156**	**144**	***8.3***
EBIT margin (%)	7.3	7.3	
Sales growth[1]	9.1	6.1	

1. 2018 growth reflects the twelve months to 30 June 2018 & the twelve months to 30 June 2017. 2017 growth reflects the twelve months to 30 June 2017 & the twelve months to 30 June 2016.

Officeworks overview

- Strong headline results
  - Revenue growth of 9.1%
    - Sales growth in stores & online
  - EBIT growth of 8.3%
    - Effective gross margin & CODB management
  - RoC (R12) up 1.9 ppts to 16.6%
- Strong focus on customer offer
  - New & expanded product ranges
  - Merchandise layout & store design changes
  - Relentless focus on price, range & service
- Continued investment in 'every channel' strategy
  - Six new stores
  - Online enhancements, incl. 2-hour click & collect[1]
  - Strong momentum maintained in B2B segment
- Ongoing improvement in sales density





1. If the product is in stock at the store selected by the customer at the time of placing the order, it will be available to collect in as little as two hours.

Industrials

Wesfarmers Chemicals, Energy & Fertilisers
CSBP
Australian Vinyls
AGA
QNP
EVOL LNG
Kleenheat
MODWOOD
Quadrant Energy

Wesfarmers Industrial and Safety
Blackwoods
NZ Safety Blackwoods
WORKWEAR GROUP
coregas
GREENCAP

Wesfarmers Resources
CURRAGH
BENGALLA

Industrials performance summary

Year ended 30 June ($m)		2018	2017	Var %
Revenue	Chemicals, Energy & Fertilisers[1]	1,830	1,639	*11.7*
	Industrial & Safety	1,750	1,776	*(1.5)*
	Resources[2]	1,689	1,746	*(3.3)*
	Total	**5,269**	**5,161**	***2.1***
EBIT	Chemicals, Energy & Fertilisers[3]	390	395	*(1.3)*
	Industrial & Safety	118	115	*2.6*
	Resources[2]	359	405	*(11.4)*
	Total	**867**	**915**	***(5.2)***

1. Includes interest revenue from Quadrant Energy loan notes & excludes intra-division sales.
2. 2018 includes contribution from Curragh to Resources revenue & earnings from the period 1 July 2017 to 29 March 2018.
3. 2017 includes a profit on sale of land of $22m & $33m relating to WesCEF's share of revaluation gains in Quadrant Energy.

- Sale of Curragh to Coronado Coal Group completed 29 March 2018
  - Nine month contribution drove decrease in FY18 revenue (down 3.3%) & EBIT (down 11.4%) for Resources
- Sale of 40% interest in the Bengalla joint venture for $860m with completion expected by the end of the 2018 calendar year; the sale of Bengalla concludes the strategic review of Resources

Chemicals, Energy & Fertilisers overview

- Increased revenue, underlying earnings & ROC supported by strong demand for products
- Chemicals earnings increased compared to the prior year:
  - Strong WA EGAN[1] demand due to unplanned disruptions at competing Burrup AN plant resulting in opportunistic sales
  - Commencement of AN[2] emulsion sales & new EGAN contracts partially offset the impact of the expiry of a key contract
  - Improved natural gas input costs
  - Buoyant WA gold sector driving strong demand for sodium cyanide
- Strong Kleenheat earnings driven by higher Saudi CP[3], improved LPG plant performance & continued growth in natural gas retailing to ~198,000 residential customers
- Fertiliser earnings were impacted by lower margins in a competitive environment

1. Explosive grade ammonium nitrate.
2. Ammonium nitrate.
3. Saudi Contract Price (the international benchmark indicator for LPG).

Industrial & Safety overview

- Revenue 1.5% lower than prior year:
  - Blackwoods revenue marginally below prior year with strong demand in the mining segment offset by lower sales in government, manufacturing & utilities
  - Workwear Group revenue lower with strong demand in Australia offset by weaker demand in New Zealand & the UK, & impacts from a fire at a major distribution centre
  - Coregas revenue increased due to growth in tonnage, bulk & New Zealand sales
- Earnings of $118m, up 2.6%:
  - Blackwoods' earnings impacted by the ongoing investments to build capabilities across customer service, supply chain & digital
  - Workwear Group earnings above prior year due to higher margin from sourcing initiatives
  - Coregas earnings below prior year due to increased competition & higher energy costs

Outlook

Outlook

Retail

- BANZ well-positioned for continued growth; sales growth in 1H19 to be moderated by the strong trading performance achieved in 1H18
- Coles sales momentum has continued to increase in 1Q19; underlying performance of supermarkets business is expected to improve
- Department Stores division well positioned for the future
- Officeworks to continue to focus on execution of strategic agenda in competitive environment

Industrials

- Production & demand for WesCEF products is expected to remain robust although oversupply of EGAN in the WA market is expected to impact chemical earnings in FY19
- Industrial & Safety market conditions & demand expected to remain generally stable & transformation program in Blackwoods will continue toward building a scalable platform for growth

Outlook

Group

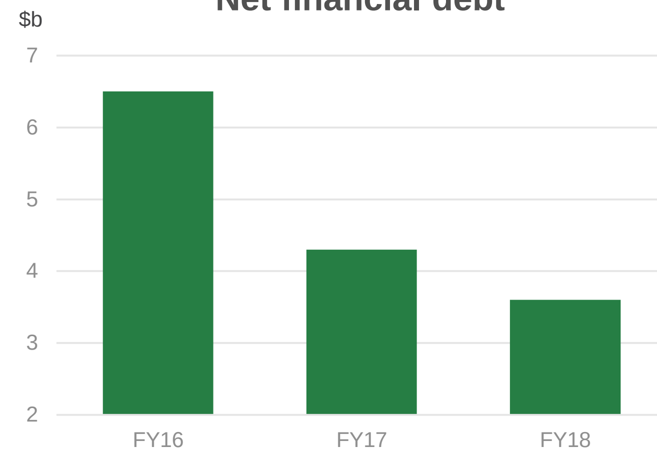
- Following repositioning of the portfolio, Wesfarmers is well placed to deliver sustainable growth in earnings & improved shareholder returns
- Divestments of Bengalla & KTAS expected to complete by the end of the 2018 calendar year
- Demerger of Coles on track for shareholder vote in November 2018
  - Coles to be demerged with a strong balance sheet providing significant flexibility; expected to be rated Baa1 / BBB+
- Following the demerger, Wesfarmers will have a portfolio of cash generative businesses with good momentum in growing markets
- Continued focus on leveraging data & digital capabilities, developing great talent & teams, & driving entrepreneurial initiative
- The Group’s strong balance sheet position, cash flow generation & capital discipline will be prioritised enabling it to take advantage of growth opportunities to create value for shareholders over the long term

Debt Management

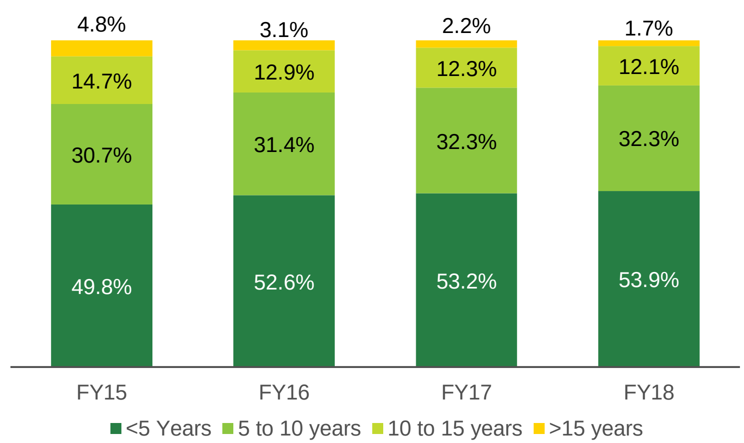
Maintaining strong balance sheet and credit ratings

- Maintaining prudent capital structure and strong credit rating is important to Wesfarmers
- Continued strength in Group's debt position
  - Net financial debt[1] of $3.6b as at 30 June 2018
  - Net financial debt[1] down from $4.3b at 30 June 2017; significantly decreased from $6.5b at 30 June 2016
  - Strong liquidity position, supported by $1.9b of undrawn bank facilities
- Disciplined management of off-balance sheet leases continues
  - Progressive reduction in average lease tenor
  - Undiscounted lease commitments reduced by more than $2b following the disposal of BUKI
  - Undiscounted lease commitments for Wesfarmers totalled $18.2b as at 30 June 2018; Coles lease commitments of $9.6b
- Strong credit ratings: Moody's A3 (Stable); Standard & Poor's A- (Stable)

Net financial debt[1]



Weighted average lease terms



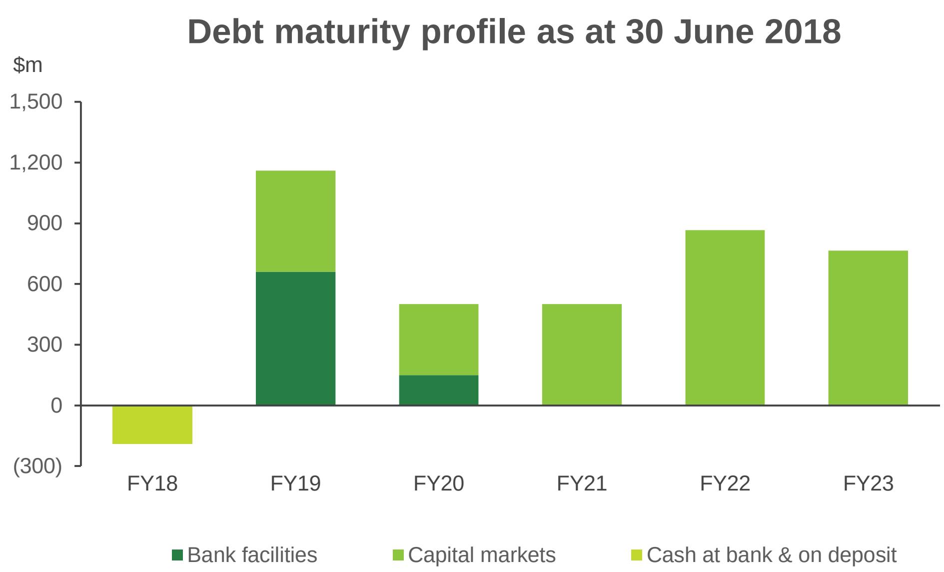
1. Interest bearing liabilities less cash at bank & on deposit, net of cross currency swaps & interest rate swap contracts.

Financial discipline is core to Wesfarmers' strategy

- Wesfarmers maintains its ability to raise capital to support its balance sheet
- FY18 treasury activities
  - September 2017: Standard & Poor's outlook revised from negative to stable on improved credit metrics
  - March 18: Repaid US$750m (A$728m) five-year US 144A bond
  - March 18: Divestment of Curragh; received $700m in proceeds
  - June 18: Divestment of Bunnings United Kingdom & Ireland; approximately £705m of sterling denominated bank facilities cancelled & drawn debt repaid
- Future debt maturities
  - March 19: A$500m seven-year domestic bonds
  - Ongoing extension of bank facilities
- Future activities
  - Agreement to sell Kmart Tyre and Auto Service business for $350m; expected to complete by the end of the 2018 calendar year
  - Agreement to sell 40 per cent interest in Bengalla Joint Venture for $860m; expected to complete by the end of the 2018 calendar year
  - Demerger of Coles expected to be completed in November 2018. Coles will be demerged with a strong balance sheet; average net debt of approximately $2b to support a strong Baa1 / BBB+ credit rating with substantial headroom & committed bank facilities of approximately $4b; Wesfarmers expects to retain its current credit ratings (A3 / A-)

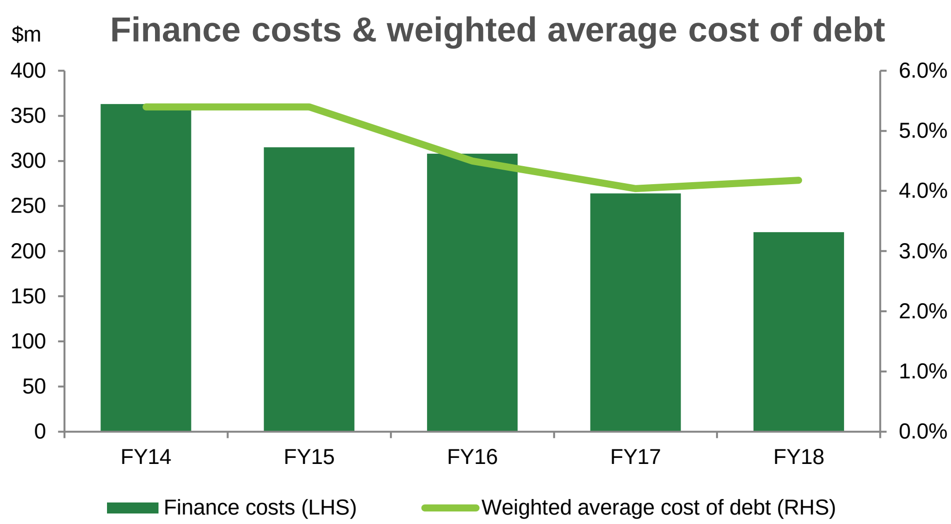
Pro-active debt management

- Continued focus on maturity profile & maintaining liquidity headroom in revolving bilateral bank facilities
- Commitment to ensure diversity of funding sources, including the domestic & international debt capital markets
- Standard terms & conditions across all DCM programmes, with a common guarantee structure that applies to all funding arrangements



Reduced funding costs

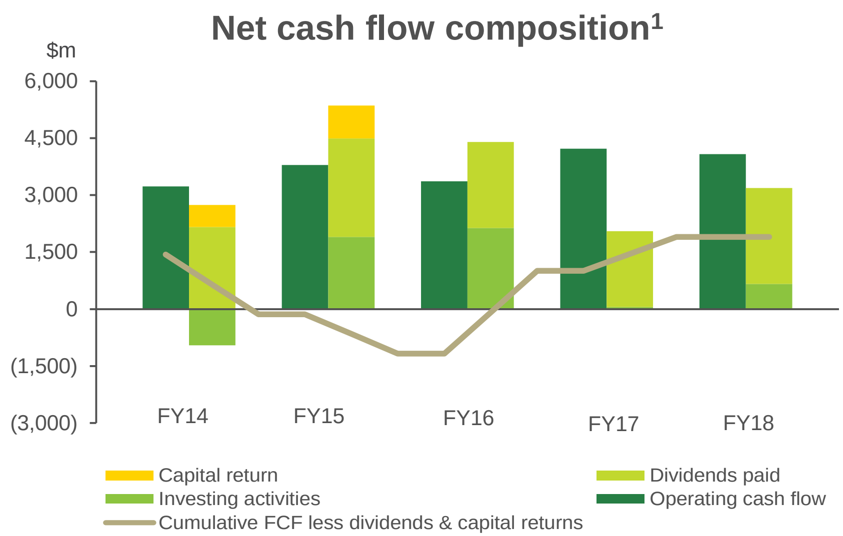
- Finance costs decreased by 16% due to lower average debt levels[1]
- All-in effective borrowing cost 4.18% in FY18 (FY17: 4.04%)
  - Increased weighting of higher cost bonds as lower cost bank debt was repaid



1. Excludes provision discount unwinds for discontinued operations in Curragh & BUKI; includes interest expense on GBP facilities.

Dividends

- Dividend policy takes into account through the cycle free cash flow requirements & debt refinancing
- Dividend investment plan neutralised since FY09 final dividend until FY16 interim dividend
- Dividend investment plan was not neutralised for the FY16 final dividend and the FY17 interim dividend in order to support the balance sheet and credit metrics; neutralisation of the DIP via on-market acquisition was re-instated from FY17 final dividend & for the FY18 final dividend
- Focus on maintaining strong credit metrics



1. Investing activities total $53m (net) in 2017: includes $947m received from sale of Coles credit card receivables to Citi.

Questions

Wesfarmers