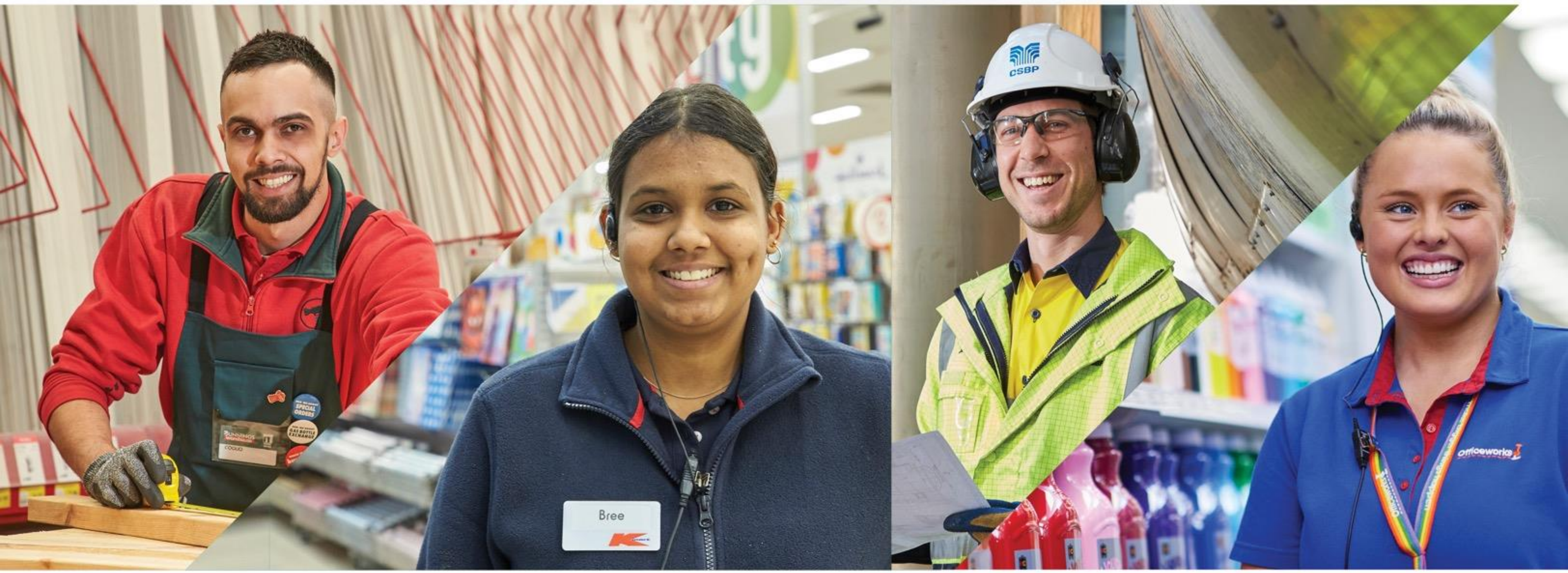
2021 Full-year results debt investor update

Wesfarmers



Group performance overview

Wesfarmers

Maintaining a long-term focus, consistent with our values

Anticipating the needs of our customers and delivering competitive goods and services

- Deeper customer trust and engagement by providing greater value, convenience and service
- Disciplined focus on providing a safe environment for team members and customers
- Strengthening digital capabilities to support 57%[1] growth in online sales

Looking after our team members and providing a safe, fulfilling work environment

- 7.7% reduction in Group TRIFR[2] and expanded safety commitments
- Paid team members during periods of prolonged lockdown, even when there was no meaningful work
- Increased employment by ~6,000, including over 1,100 additional Aboriginal and Torres Strait Islander team members

Engaging fairly with our suppliers, and sourcing ethically and sustainably

- Supporting suppliers by remaining operational and with measures around payment terms in cases of hardship
- Ethical sourcing practices evolved to accommodate COVID-19, including travel restrictions

Supporting the communities in which we operate

- More than $55m in direct and indirect community contributions
- Strong advocacy for COVID-19 testing, vaccination and safe operations

Taking care of the environment

- 8.9% reduction in Scope 1 and 2 emissions and progress towards net zero ambitions
- Progress identifying and realising circular economy opportunities for our businesses and customers

Acting with integrity and honesty in all of our dealings

- All actions and decisions continue to be guided by our values and long-term objective

1. Excludes Catch.
2. Total Recordable Injury Frequency Rate.

Financial overview

Year ended 30 June ($m)	2021	2020	Var %
Results from continuing operations excluding significant items			
Revenue	33,941	30,846	*10.0*
EBIT (after interest on lease liabilities)	3,550	2,942	*20.7*
NPAT	2,421	2,083	*16.2*
Basic earnings per share (cps)	214.1	184.2	*16.2*
Results including discontinued operations and significant items			
NPAT	2,380	1,697	*40.2*
Basic earnings per share (cps)	210.4	150.0	*40.2*
Operating cash flows	3,383	4,546	*(25.6)*
Net capital expenditure	632	568	*11.3*
Free cash flows	2,741	5,188	*(47.2)*
Full-year ordinary dividend (fully-franked, cps)	178	152	*17.1*
Net financial debt / (cash)[1]	(109)	(471)	*n.m.*

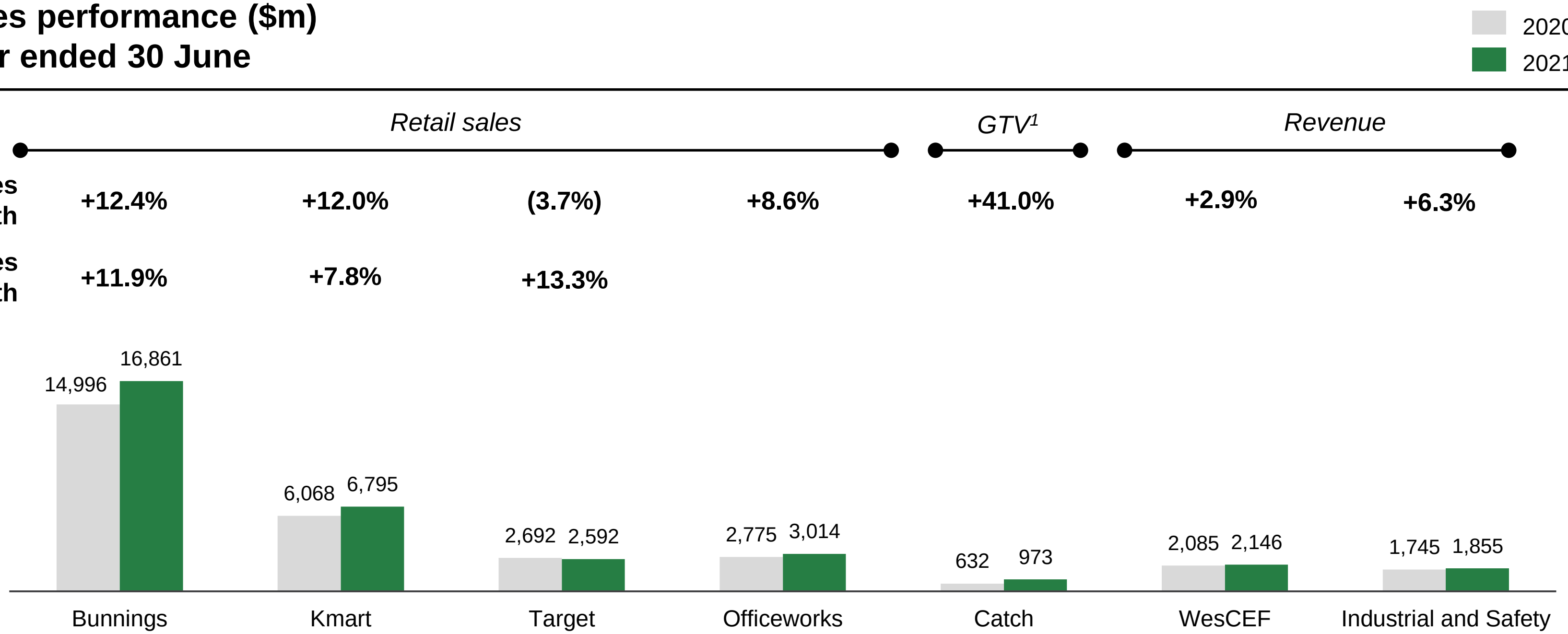
- Strong financial result, with NPAT excluding significant items up 16.2% to $2,421m
  – Retail divisions delivered strong sales and earnings growth
  – Solid operating performance in WesCEF and pleasing improvement in Industrial and Safety
- Directors recommending a $2.00 per share return of capital, subject to shareholder approval

n.m. = not meaningful
1. 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.

Divisional sales performance

Sales performance ($m)
Year ended 30 June

	Retail sales				*GTV[1]*	*Revenue*	
	Bunnings	Kmart	Target	Officeworks	Catch	WesCEF	Industrial and Safety
Total sales growth	**+12.4%**	**+12.0%**	**(3.7%)**	**+8.6%**	**+41.0%**	**+2.9%**	**+6.3%**
Comp sales growth	**+11.9%**	**+7.8%**	**+13.3%**				



	Bunnings	Kmart	Target	Officeworks
Online penetration	**2.3%**	**7.8%**	**15.1%**	**35.2%**

- Strong sales growth in Bunnings, Kmart Group and Officeworks
- Demand remained resilient but sales growth in Bunnings, Officeworks and Catch moderated from mid-March as businesses cycled the onset of COVID-19 in the prior year
  - Growth remained strong on a two-year basis across all retail businesses
- Online sales growth of 57% to $2.4b, or $3.3b including the Catch marketplace

1. Gross transaction value growth reflects the period 1 July 2020 to 30 June 2021 and 1 July 2019 to 30 June 2020. 2020 gross transaction value of $632m reflects the period 12 August 2019 to 30 June 2020.

Divisional earnings

Year ended 30 June	EBT[1] ($m) 2021	2020	Var (%)	% of divisional EBT
Bunnings	2,185	1,826	*19.7*	62%
Kmart Group[2]	693	410	*69.0*	19%
Officeworks	212	197	*7.6*	6%
WesCEF[3]	384	394	*(2.5)*	11%
Industrial and Safety[4]	70	39	*79.5*	2%

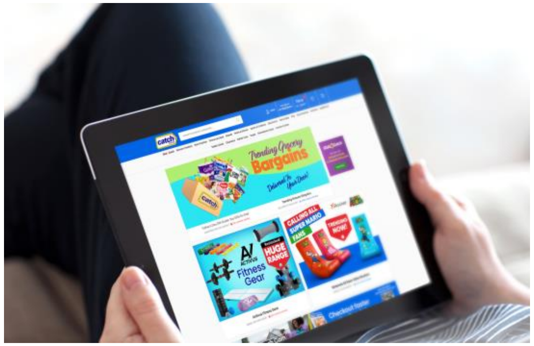
1. Excludes significant items.
2. 2021 excludes $59m of pre-tax restructuring costs. 2020 excludes a pre-tax non-cash impairment of $525m in Target and $110m of pre-tax restructuring costs and provisions.
3. 2020 includes $18m of insurance proceeds relating to the five-month ammonia plant production disruption that commenced in February 2018.
   Return on capital excluding ALM for 2021 is 28.6% and for 2020 is 30.5%.
4. 2020 excludes a pre-tax non-cash impairment of $310m and includes $15m of payroll remediation costs.

Operational highlights

Bunnings	• Strong sales growth across all major trading regions and product categories, with particularly strong growth in outdoor living • Result reflects execution of strategic agenda and the increased value and relevance of offer for consumer and commercial customers
Kmart, Target, catch.com.au	• Kmart and Target earnings benefitted from higher sales, lower clearance costs and improvement in cost of doing business as a result of planned network changes • Some additional costs associated with online fulfilment, disruptions and constraints in global supply chains, and ongoing investment in technology • Catch earnings reflect accelerated investment in technology, marketing and capabilities to support customer acquisition and growth in gross transaction value
Officeworks	• Continued improvements to product offering and demand for products that support customers working and learning from home • Some margin pressure from mix shift and continued investment in price, as well as higher supply chain costs
Wesfarmers Chemicals, Energy & Fertilisers	• Chemicals earnings were impacted by lower AN spot sales to the WA mining sector, higher ammonia import costs and lower sodium cyanide export demand due to gold mine closures • Energy earnings increased, with additional LPG sales following the closure of BP's Kwinana Refinery and a higher Saudi CP[1] • Fertilisers earnings increased significantly, following favourable growing conditions
Wesfarmers Industrial and Safety	• Growth in Blackwoods supported by higher sales and increased operating efficiencies • Workwear Group earnings increased, driven by strong growth across the industrial workwear brands (KingGee and Hard Yakka) • Coregas earnings increased due to higher demand from industrial customers

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

Renewed priorities to support sustainable long-term growth



Develop a market-leading data and digital ecosystem

- Leverage scale and unique assets, including trusted brands, leadership on value, teams and store networks
- Deliver a seamless and personalised digital experience for customers across the retail businesses
- Extend and accelerate the divisions' ongoing investment in data and digital capabilities

Invest in platforms for long-term growth

- Follows the repositioning of the portfolio in recent years
- Build on recent investments
- Continue to direct capital to areas with strong growth prospects
- Focus on opportunities to build scale over time

Accelerate the pace of continuous improvement

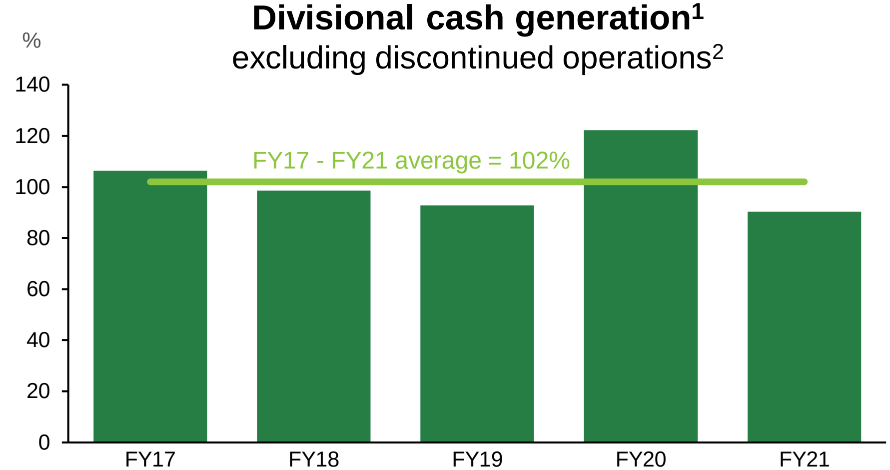
- Maintain the operational agility that was developed during COVID-19
- Invest in technology and supply chain initiatives to improve customer proposition
- Integrate sustainability further into divisional strategies
- Adjust to changes in customer preferences
- Reinforce price leadership

Working capital and cash flow

- Solid operating cash flow of $3,383m
- Divisional cash generation of 90%[1]
  - Strong divisional earnings growth
  - Normalisation of inventory and payables positions across retail divisions
  - Targeted inventory investments to manage supply chain disruptions and mitigate impacts on stock availability
  - Higher receivables balance driven by increase in supplier rebates in Bunnings and fertiliser sales in Q4FY21 in WesCEF
- Free cash flows decreased 47.2% to $2,741m
  - Lower operating cash flow result, impacted by normalisation in working capital and the timing of tax payments
  - Sale of 10.1% of Coles in prior year
- Group cash realisation ratio of 86%

Year ended 30 June ($m)	2021	2020
Working capital cash movement		
Receivables and prepayments	(244)	(66)
Inventory	(665)	443
Payables	214	346
Total	**(695)**	**723**
Retail businesses	(632)	802
Industrial businesses and Other	(63)	(79)
Total	**(695)**	**723**

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. FY17 to FY19 includes contributions from KTAS and Quadrant Energy.

Capital expenditure

- Gross capital expenditure of $896m, up 3.3% on prior year
  - Increased data and digital investment
  - Successful conversion of 86 Target stores to Kmart stores, including 31 large formats
  - Purchase of long-lead items for construction of Mt Holland lithium project
  - Lower new store and refurbishment capital expenditure in Bunnings
- Increase in net capital expenditure primarily due to lower proceeds from sale of PP&E
- FY22 net capital expenditure of $1,000m to $1,250m expected, subject to net property investment
  - Inclusive of c. $350m relating to the development of the Mt Holland lithium project

Year ended 30 June[1] ($m)	**2021**	**2020**	**Var %**
Bunnings	445	511	*(12.9)*
Kmart Group	185	142	*30.3*
Officeworks	65	40	*62.5*
WesCEF	137	110	*24.5*
Industrial and Safety	62	59	*5.1*
Other	2	5	*(60.0)*
Gross capital expenditure	**896**	**867**	***3.3***
Sale of PP&E	(264)	(299)	*(11.7)*
Net capital expenditure	**632**	**568**	***11.3***

1. Capital investment provided on a cash basis.

Trading update and outlook

Wesfarmers

Trading update and current conditions

2022 financial year to date	Total sales growth *(%)*	2Y total sales growth[1] *(%)*	Online penetration *(% sales)*
Bunnings *(7 weeks)*	(4.7)	24.4	3.3
Kmart and Target *(8 weeks)*	(14.3)[2]	(12.3)[2]	**K:** 17.2 | **T:** 32.0
Catch GTV *(7 weeks)*	(8.5)	112.5	100.0
Officeworks *(7 weeks)*	(1.5)	31.1	44.2

- Recent results have been affected by lockdowns across multiple states and territories
  - The impact on household and business confidence is becoming more acute as lockdowns extend
  - Sales growth has varied considerably across regions, with solid customer demand and trading results in areas less affected by lockdowns
  - Sales growth remains pleasing on a two-year basis
- Wesfarmers has increased its investment to support team members affected by prolonged lockdowns
  - Under recent lockdown conditions this commitment is expected to require payroll costs of $2m to $4m per week and impact near-term earnings
- The acceleration of community vaccination programs in Australia and New Zealand provides a path for reopening retail
- The retail divisions are well-positioned for the resumption of normal trading as lockdowns and restrictions ease

1. Two-year growth is calculated as growth between the 2022 financial year to date and the corresponding period in the 2020 financial year.
2. Kmart and Target growth reflects the impact of the permanent closure of 13 Target stores and 45 Target Country stores.

Outlook

- Wesfarmers' strong balance sheet and portfolio of market-leading businesses make it well positioned to deliver satisfactory shareholder returns over the long term
- The Group will continue to increase its investment in key strategic priorities, notwithstanding the likelihood of further near-term disruptions as a result of COVID-19
  - Progress has accelerated in the development of a data and digital ecosystem, and incremental operating expenditure investment of around $100m expected in FY22 to support this initiative
- The retail businesses will maintain focus on meeting the changing needs of customers and accelerate investment in data and digital capabilities to deliver greater value, quality and convenience
  - Given the impact of lockdowns in recent months and the prospect of continued trading restrictions, earnings in the Group's retail business during the first half of the 2022 financial year may be below the prior corresponding period
  - Ongoing disruptions to supply chains as well as global supply constraints for some products and inputs are expected to create additional costs and impact stock availability
- Performance of the Group's industrial businesses will continue to be subject to international commodity prices, foreign exchange rates, competitive factors and seasonal outcomes
- Wesfarmers will continue to actively consider climate change risk in the context of key business decisions and manage the portfolio with deep carbon awareness
- The Group will continue to develop the portfolio, taking advantage of growth opportunities within existing businesses and pursuing investments that create value for shareholders over the long term

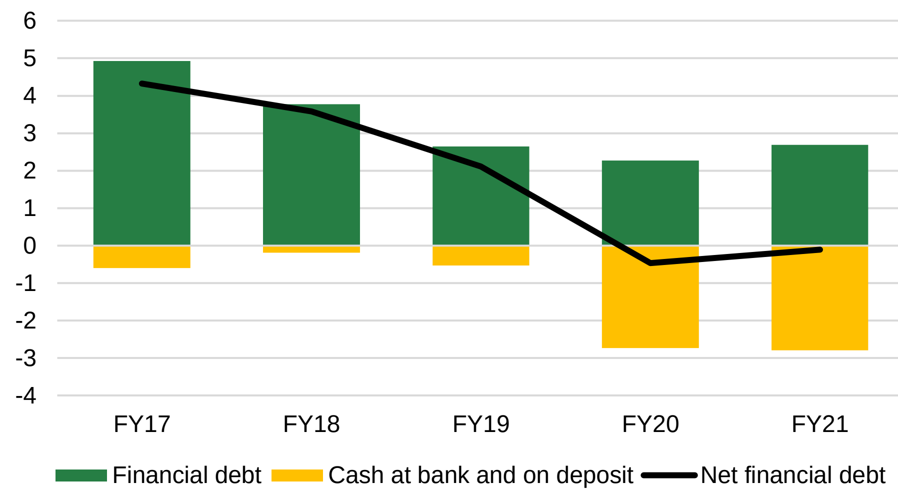
Debt management

Wesfarmers

Maintaining strong credit ratings and balance sheet

- Strong credit ratings: Moody's A3 (stable outlook); Standard and Poor's A- (stable outlook)
- Maintaining prudent capital structure and strong credit rating is important to Wesfarmers
- Continued strength in Group's debt position
  - Strong liquidity position, supported by $5.1b of undrawn bank facilities and $2.7b in cash at bank and on deposit as at 30 June 2021
  - Net cash[1] position of $109m as at 30 June 2021, compared to net cash[1] of $471m as at 30 June 2020

Net financial debt ($b)[1]



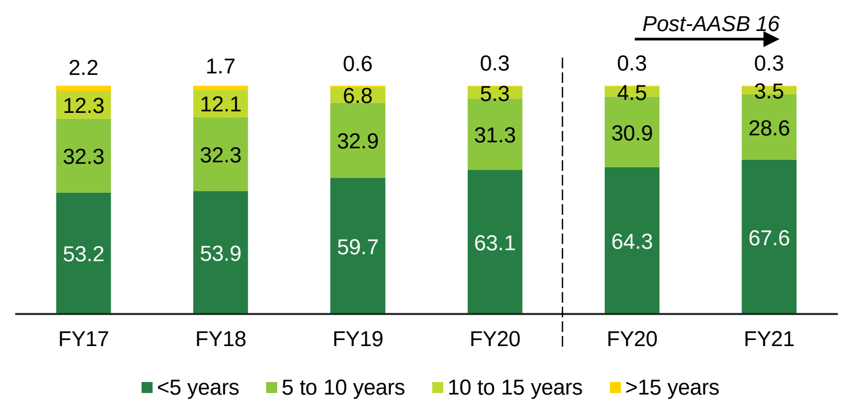
1. Interest bearing liabilities less cash at bank and on deposit, net of cross-currency interest rate swaps and interest rate swap contracts. Excludes lease liabilities.

Management of lease portfolio

- Lease liabilities totalled $7.1b and represented 73% of Group fixed financial obligations as at 30 June 2021
- Store closure and conversion program within Target supported a reduction of its lease liabilities of approximately one-third
- Average remaining committed lease term of 4.5[1] years (FY20: 4.8 years)
  - Complemented by strategic extension options to maintain security of tenure
  - Reflects disciplined management of leases in retail businesses
- Approach to lease portfolio management unchanged by AASB 16
  - Continued to focus on lease-adjusted return on capital as a key hurdle for divisions

($m)	FY21	FY20
Bunnings	3,738	3,727
Kmart Group	2,817	2,943
Officeworks	334	343
WesCEF	23	27
Industrial and Safety	160	167
Other	33	35
Total lease liabilities	**7,105**	**7,242**

Weighted average lease term[1] (%)

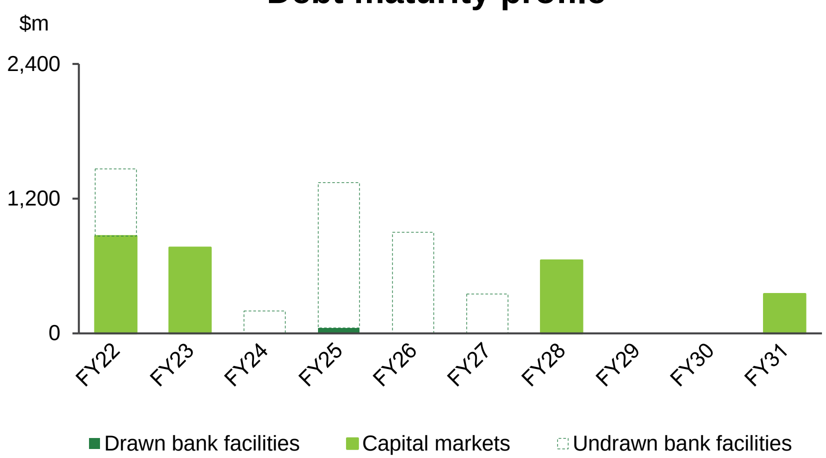


1. Post-AASB 16 lease tenure calculated as weighted average of undiscounted dollar commitments by year including non-property leases and reasonably certain extension options. Pre-AASB 16 lease tenure calculated as weighted average of undiscounted dollar commitments by year.

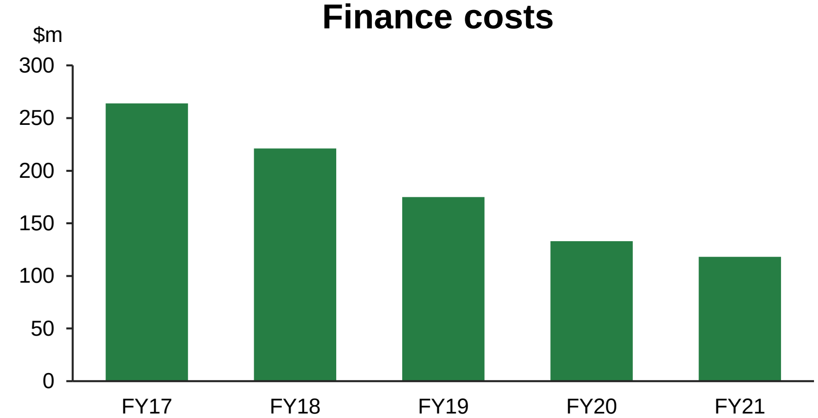
Pro-active debt management

- Continued focus on maturity profile and maintaining liquidity headroom provided by bilateral bank facilities
  - In response to COVID-19, increased committed bank facilities by $1.95b in May 2020 (matures in May 2022)
  - Repaid A$500m of domestic bonds in November 2020
  - Ongoing extension of bank facilities
- Other finance costs decreased 11.3% to $118m in FY21 (FY20: $133m) due to lower average debt balances

Debt maturity profile[1]



Finance costs



1. As at 30 June 2021. Excludes $1,950m in additional undrawn COVID-19 related bank debt facilities maturing in FY22.

Strategies to build trust and drive long-term value creation

Climate and environment

Net zero Scope 1 and 2 emissions ambitions for

retailers by **2030**

and industrials by **2050**

Enhanced environmental reporting, FY21 Scope 1 and 2 emissions[1]

↓ 9%

Total Group's Waste[1]

↓ 3%

Ethical sourcing and human rights

Suppliers participating in the Group's audit program[1]

2,066

Modern slavery training[1]

5,900 hours

Working alongside global peers, NGOs and others to mitigate ethical sourcing risks and enhance human rights

Development, diversity and inclusion

Aboriginal and Torres Strait Islander team members in total Aus. workforce1[1]

12 months ago **1.9%**

now **2.8%**

Women in senior executive positions[1]

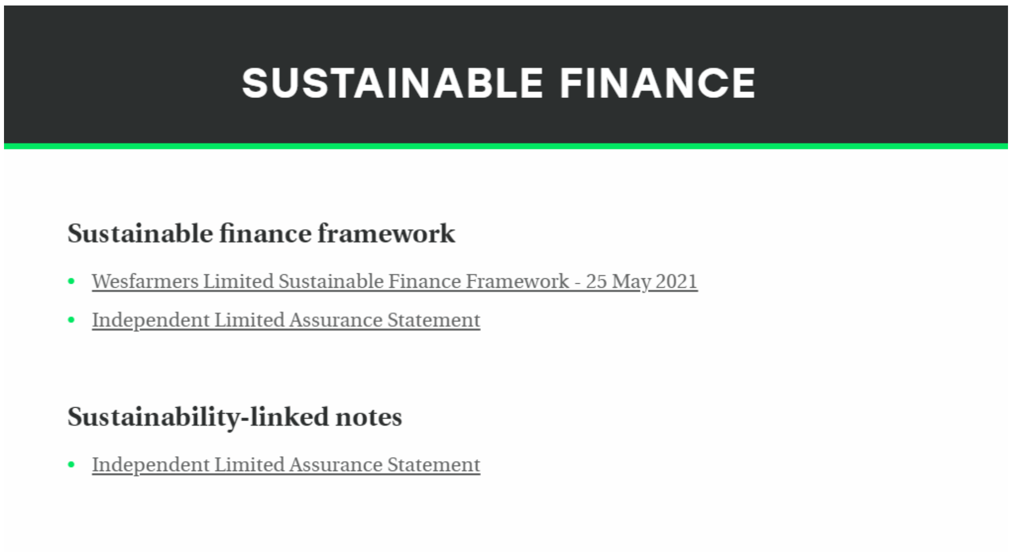
12 months ago **30%**

now **35%**

1. Statistics relate to the 2021 financial year.

Sustainable finance

- Established Sustainable Finance Framework; sets out the process by which Wesfarmers intends to issue and manage Sustainable Finance on an ongoing basis and contemplates Sustainability-Linked Bond (SLB) and Use of Proceeds Bond issues:
  - https://www.wesfarmers.com.au/investor-centre/debt-investors/sustainable-finance



SUSTAINABLE FINANCE

Sustainable finance framework

- Wesfarmers Limited Sustainable Finance Framework - 25 May 2021
- Independent Limited Assurance Statement

Sustainability-linked notes

- Independent Limited Assurance Statement

  - https://www.wesfarmers.com.au/sustainability

SECTION 1: Overview

SECTION 2: Wesfarmers' Sustainable Finance Framework

SECTION 3: Sustainability-Linked Instruments

SECTION 4: Use of Proceeds Instruments

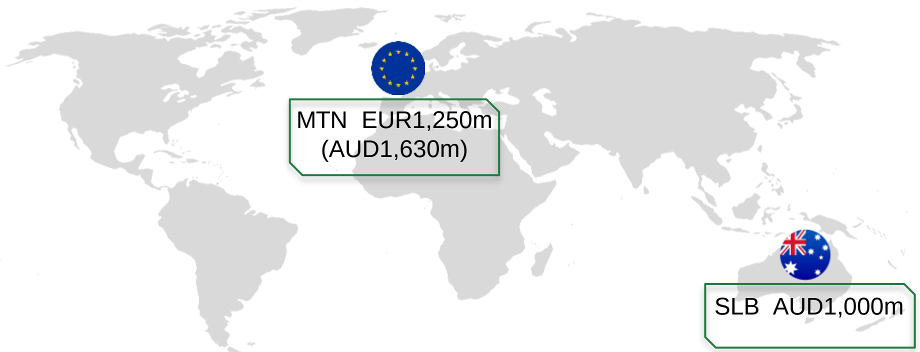
SECTION 5: External Review

SECTION 6: Continuous Improvement

Debt capital market funding sources

- Issued $1.0b in sustainability-linked bonds, with the interest rates on the bonds linked to progress against specific renewable energy and emissions performance targets
  - Australian first, met with strong demand
  - Comprised of a $650m seven-year bond at 1.94% and a $350m ten-year bond at 2.55%
- Commitment to ensure diversity of funding sources, including the domestic and international debt capital markets
  - EUR600m seven-year bond matures in October 2021
  - EUR650m ten-year bond matures in August 2022
- Australian and European debt capital market programme documentation updated on an ongoing basis to ensure continued and ready access to markets

DCM funding sources[1]

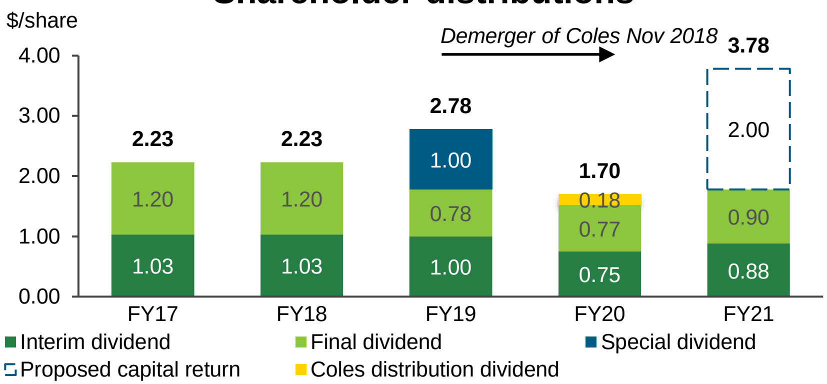


1. As at 30 June 2021.

Dividends & capital management

- Dividend policy takes into account through the cycle free cash flow requirements and debt refinancing
- Fully-franked final ordinary dividend of $0.90 per share
  - Reflects strong underlying NPAT result
  - Takes into account available franking credits, strong balance sheet, robust credit metrics and cash flow generation
- Return of capital to shareholders of $2.00 per share, reflecting proceeds from asset sales
  - Subject to shareholder approval at the 2021 AGM
  - Expect to maintain significant balance sheet flexibility following distribution
- Focus on maintaining strong credit metrics

Shareholder distributions[1]



Moody's Ratios	Target	FY2020	FY2021[2]	Indicative Debt Headroom[2]
EBIT : Interest (times)	>4.8	8.5	10.7	$10.4b
Debt : EBITDA (times)	<3.25	2.0	1.9	$9.7b
S&P Ratio				
Debt : EBITDA (times)	<2.75	1.5	1.3	$7.4b

1. Represents dividends resolved to pay in each period.
2. As at 30 June 2021. Reflects Wesfarmers internal calculations pre return of capital.

Questions

Wesfarmers