Wesfarmers

2025 HALF-YEAR RESULTS

Debt Investor Update

GROUP PERFORMANCE OVERVIEW

Wesfarmers

Wesfarmers Way

Wesfarmers' primary objective is to deliver 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

2025 Half-year highlights

Revenue
up 3.6% to

$23.5b

NPAT
up 2.9% to

$1.5b

Operating cash flows
down 11.1% to

$2.6b

Interim fully-franked dividend
up 4.4% to

$0.95 per share

Results highlight strong execution across the Group's businesses

- Invested in even greater value, service and convenience for customers
- Delivered productivity initiatives that drove growth and efficiency
- Largest divisions performed well, with Bunnings and Kmart Group's strong value credentials resonating with customers

Maintained focus on driving shareholder returns over the long term

- Investing to strengthen businesses and advance growth projects
- Recent portfolio actions reflect financial discipline and focus on shareholder returns
- Continuing to build long-term sustainability and climate resilience

Divisional highlights

Bunnings

Sales	Earnings[1]
$10.3b	$1,323m
↑ 3.1%	↑ 3.2%

- Performance highlights the resilience of the Bunnings offer
- Strong consumer sales growth, supported by lowest prices
- Range innovation and expansion driving demand
- Ongoing cost discipline supporting price investment

Kmart Group

Sales	Earnings
$6.2b	$644m
↑ 2.0%	↑ 7.2%

- Strong value credentials and unique Anko product ranges resonated with customers
- Benefited from productivity initiatives including the integration of Kmart and Target's systems and processes
- Ongoing improvements to the omnichannel offering

WesCEF

Revenue	Earnings
$1.2b	$177m
↑ 9.5%	↑ 2.9%

- Solid operating performance
- Continued to ramp up spodumene concentrate production
- Good progress at the refinery, with construction c.95% and commissioning c.50% complete
- Final investment decision on sodium cyanide expansion

Officeworks

Sales	Earnings
$1.8b	$87m
↑ 4.7%	↑ 1.2%

- Continued investment in everyday low prices and value
- Gained market share in technology
- Strong focus productivity initiatives and disciplined cost management

WIS

Revenue	$1.0b ↓ 1.9%
Earnings	$45m ↓ 8.2%

- Reset the cost base in Blackwoods and Workwear Group
- Invested in customer service and digital capabilities

Health

Revenue	$3.0b ↑ 8.9%
Earnings	$28m ↑ 3.7%

- Consumer segment[2] performed well, delivering growth in transactions, sales and earnings
- Impacted by higher supply chain costs in Pharmaceutical Wholesale

OneDigital

Catch	GTV	↓(18.6%)
Catch	Earnings	($39m)
One Digital	Earnings	($30m)

- Driving incremental sales and customer growth by leveraging unique data and digital assets
- Developing a Group retail media network

1. Excluding net property contribution
2. Includes Priceline, MediAesthetics and Digital Health

Recent portfolio actions reflect the focus on shareholder returns

Sale of Coregas

Sale for $770m delivers value for shareholders

Expected to complete mid-CY25[1]

Catch wind down and transition

Eliminates the losses associated with Catch

Transfer of FCs[2] to strengthen Kmart Group's online operations

Sale of LPG and LNG distribution businesses

Simplifies Kleenheat's operations

Expected to improve WesCEF's return on capital

Bolt-on acquisitions to improve divisional returns

Box of Books to support Officeworks' digital education offer

SiSU acquisition[3] to strengthen Health's digital offer

1. Subject to the receipt of certain consents and approvals.
2. Fulfilment centres.
3. Increased equity interest in SiSU from 60% to 100%.

Focus on long-term value, consistent with our objective

CLIMATE AND ENVIRONMENT 1H25

2.5%
reduction in Scope 1 and Scope 2 (market-based) emissions

50 MW
rooftop solar capacity across 232 systems

71.0%
of operational waste diverted from landfill[1]

PEOPLE 1H25

9.9
total recordable injury frequency rate (TRIFR) and a continued focus on safety

3.9%
Indigenous employment[2], maintaining employment parity

43%
women in Board and Leadership Team positions

COMMUNITIES AND SUPPLIERS 1H25

$55.4m
direct and indirect community contributions

8,000+
community organisations supported across the Group

4,472
supplier sites in the ethical sourcing program[3]

1. Based on new methodology under Global Reporting Initiative standards. Using previous methodology, this equates to 74.8%.
2. Percentage of Wesfarmers' Australian team members who identify as Aboriginal or Torres Strait Islander people.
3. As at 30 June 2024.

Working capital and cash flow

- Divisional cash realisation remained strong at 108%[1], and was 113%[1] for the retail divisions
- Divisional operating cash flows decreased 6.3%
  - The decline reflects the cycling of significant growth in 1H24, as 1H24 benefited from a normalisation in WesCEF's net working capital movement
  - The result for 1H25 reflects net working capital investment in Bunnings to support higher customer demand and in WesCEF to support the upcoming fertilisers growing season
- Group operating cash flows decreased 11.1% to $2,575m
  - Reflects lower divisional cash flow and higher tax paid
- Overall inventory health is strong
  - Good stock availability across the retail divisions
  - Improved stock turn at Bunnings, Officeworks, and Health compared to 1H24
- Free cash flows of $2,025m were broadly in line with 1H24
  - Lower operating cash flows partially offset by the cycling of the Group's acquisitions of SILK and InstantScripts in 1H24
- Group cash realisation ratio of 108%

NET WORKING CAPITAL CASH MOVEMENT

Half-year end 31 December ($m)	2024	2023
Receivables and prepayments	165	121
Inventory	(451)	(127)
Payables	493	574
Total	**207**	**568**
Bunnings Group	211	419
Kmart Group	188	280
WesCEF	(129)	75
Officeworks	(17)	4
Industrial and Safety	28	15
Wesfarmers Health	9	(177)
Catch	4	13
Other	(87)	(61)
Total	**207**	**568**

Note: Refer to slides 19 and 20 for relevant definitions.
1. Includes Catch but excludes OnePass and supporting capabilities.

Capital expenditure

- Gross capital expenditure increased 2.9% to $594m
  - Higher spend on new store and expansion projects in Bunnings, partially offset by reduced capex in WesCEF, following the completion of commissioning activities at the Mt Holland concentrator in FY24
  - WesCEF capex includes development capex of $110m and capitalised interest of $14m relating to the Covalent lithium project
- Net capital expenditure decreased by 2.6% to $555m
  - Higher proceeds from the sale of PP&E in Bunnings
- Expected FY25 net capital expenditure of $1,100m to $1,300m, subject to net property investment and timing of project expenditures

CAPITAL EXPENDITURE

Half-year end 31 December[1] ($m)	2024	2023	Var %
Bunnings Group	234	135	*73.3*
Kmart Group	66	85	*(22.4)*
WesCEF	204	255	*(20.0)*
Officeworks	29	28	*3.6*
Industrial and Safety	28	42	*(33.3)*
Wesfarmers Health	26	20	*30.0*
Catch	1	3	*(66.7)*
Other	6	9	*(31.1)*
Gross cash capital expenditure	**594**	**577**	***2.9***
Sale of PP&E	(39)	(7)	*(457.1)*
Net cash capital expenditure	**555**	**570**	***(2.6)***

1. Capital expenditure provided on a cash basis.

Group outlook

- **Wesfarmers remains focused on long-term value creation and continues to invest to strengthen its existing divisions and develop platforms for growth**
- Australian consumer demand remains supported by low unemployment and continued population growth
- Higher costs remain a challenge for many households and businesses
- Cost of living and cost of doing business pressures are expected to continue, despite the recent easing of interest rates
- Geopolitical developments present uncertainties to Australia's economic outlook in the year ahead

- The Group's **retail businesses** are expected to benefit from their strong value credentials and expanding addressable markets
  - Focused on delivering even greater value, service and convenience for customers
  - For 2H25 to date, the retail divisions have continued to trade well
    - Bunnings and Officeworks maintained solid sales momentum, with sales growth broadly in line with 1H25
    - Kmart Group's sales growth was stronger compared to 1H25, supported by its unique Anko product offer

- The performance of the Group's **industrial businesses** remains subject to international commodity prices, foreign exchange rates, competitive factors and seasonal outcomes
- Wesfarmers and its joint venture partner remain focused on the development of the **Covalent lithium project**, an integrated mine, concentrator and refinery
  - Expected to complete construction and commissioning of the refinery with first product in mid-CY25, in line with prior guidance
  - Capital expenditure remains in line with prior guidance
- **Health** is focused on accelerating earnings in its growing, higher-margin and less-capital intensive Consumer segment, and driving growth and efficiency in Pharmaceutical Wholesale

- Domestic cost pressures likely to persist with higher labour, energy, supply chain costs, and weakness in the Australian dollar
  - Divisions are well positioned to mitigate these impacts and are focused on executing productivity initiatives, including investments to digitise operations
  - The Group maintains appropriate hedging positions to mitigate short-term currency risks
- Group earnings in FY26 to benefit from the wind down of Catch by the end of FY25
- Wesfarmers retains significant balance sheet flexibility, providing capacity to manage potential risks and opportunities under a range of scenarios
- The Group expects net capital expenditure of between $1,100m and $1,300m for FY25

BALANCE SHEET AND DEBT MANAGEMENT

Strong and resilient balance sheet

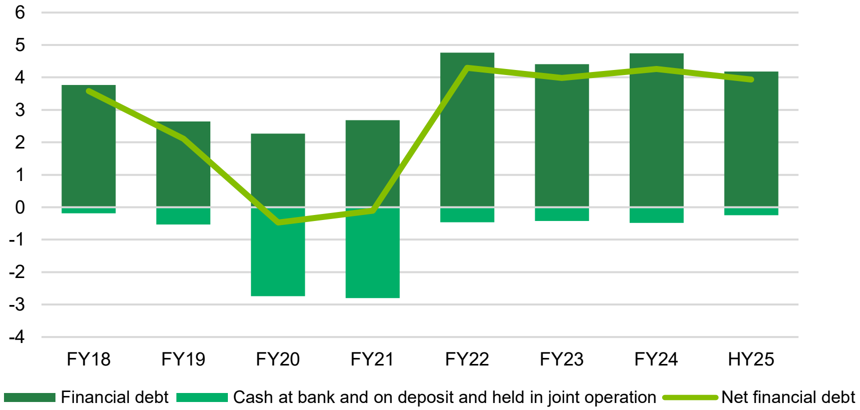
Key principles

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

Half-year update

- Maintained significant flexibility and debt capacity
- Weighted average cost of debt of 3.92% for the half (FY24: 3.87%, 1H24: 3.83%)
  - Impact of interest rate increases substantially mitigated by fixed rate capital markets debt and interest rate hedging
- Weighted average debt term to maturity of 4.6 years[1] (FY24: 4.5 years, 1H24: 4.4 years)
- Net financial debt position of $3.9b as at 31 December 2024, compared to the net financial debt position of $4.3b as at 30 June 2024
  - The reduction reflected strong free cash flow generation which offset the distribution of $1.2b in fully-franked dividends during the half
- Strong liquidity position, supported by committed unused bank facilities available of c.$1.1b
- Significant headroom against key credit metrics

NET FINANCIAL DEBT ($B)[1]

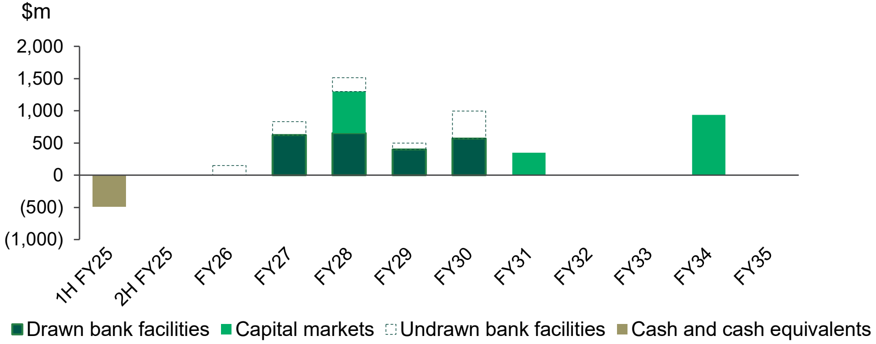


Note: Refer to slides 19 and 20 for relevant definitions.
1. Drawn debt only.

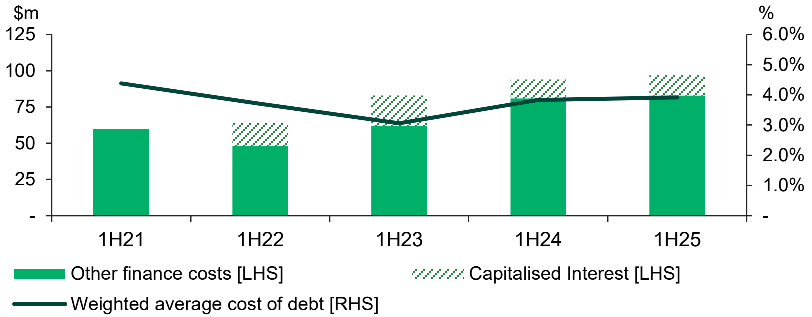
Pro-active debt management

- Continued focus on optimising debt maturity profile and cost of funds through:
  - Extension of bilateral bank facilities to extend and spread out debt maturity profile
  - Reduction of total available bank facilities to manage borrowing costs whilst maintaining ample liquidity headroom
- Actively managing the balance of exposure to fixed and floating interest rates
- Other finance costs increased 2.5% to $83m
  - On a combined basis, other finance costs including capitalised interest increased 3.2% to $97m

DEBT MATURITY PROFILE[1]



FINANCE COSTS AND WEIGHTED AVERAGE COST OF DEBT

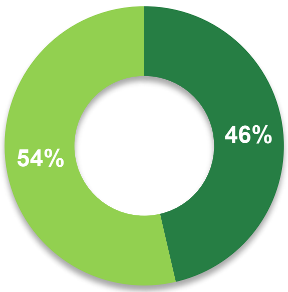


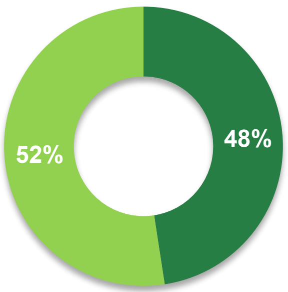
Note: Refer to slides 19 and 20 for relevant definitions.
1. As at 31 December 2024. Capital markets debt is net of cross-currency interest rate swaps.

Debt capital markets diversity

DCM GEOGRAPHICAL SOURCES[1]

DEBT BY TYPE[1]





- Ongoing commitment to diversify funding sources, including the domestic and international debt capital markets
- Australian and European debt capital market programme documentation updated on an ongoing basis to ensure continued and ready access to markets
- We continue to monitor onshore and offshore debt capital markets for favourable issuance opportunities subject to financing requirements

1. As at 31 December 2024 on a drawn basis.

Sustainable finance update

March 2020
A$400m sustainability-linked loan

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

Progress as at FY24

- 3.8% indigenous employment[1], maintaining employment parity (FY20: 1.9%)
- Continued focus on reduction of the emissions intensity of the Group's chemicals business, including management of increased ammonia production

June 2021
A$1b sustainability-linked bond

October 2021
€600m sustainability-linked bond

- Increasing the use of renewable electricity in the Group's retail divisions (Bunnings Group, Kmart Group and Officeworks)
- Reducing the emissions intensity of ammonium nitrate production in the Group's chemicals business

Progress as at FY24

- Emissions intensity of ammonium nitrate in the chemicals business was 0.15 tonnes CO_2e per tonne of ammonium nitrate based on[2] 31 December 2023 (target is 0.25)
- Continuing to invest in renewable electricity generation with a total of 212 on-site solar installations as of 30 June 2024, with 47 installed during the year, totalling 46 megawatts of generation capacity
- Bunnings Group, Kmart Group and Officeworks[3] have a 100 per cent renewable electricity contract for almost 150 sites in Queensland which will deliver 100 per cent renewable electricity from 1 January 2025, and have executed or tendered for additional agreements for the supply of renewable electricity
- Retail divisions[4] achieved a 15.1% year-on-year reduction in Scope 1 and 2 market-based emissions

HY25 Update

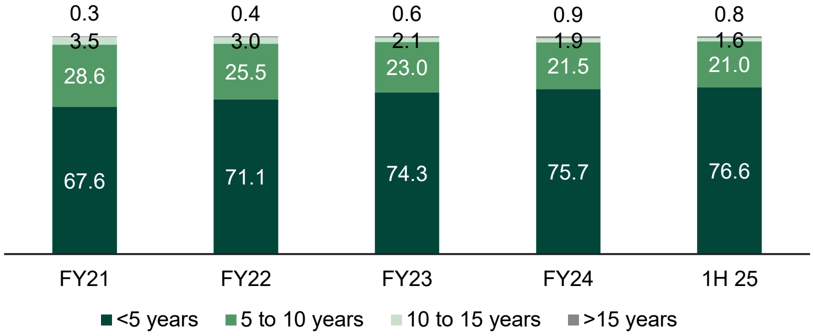
- 3.9% indigenous employment[1], maintaining employment parity
- 12.3% year-on-year reduction in Scope 1 and 2 market-based emissions from retail divisions[4] (Scope 2 emissions arising from electricity use account for the majority of operational emissions in the retail divisions)
- 50 megawatts of rooftop solar capacity across 232 systems
- Updated progress report for 31 December 2024 will be made available by 31 March 2025 on the Debt Investor section of the Wesfarmers website

1. Percentage of Australian team members who identify as Aboriginal or Torres Strait Islander team members.
2. Based on the 24 months to the relevant date.
3. As per Sustainability-linked Bonds progress report – 31 December 2023.
4. Bunnings Group, Kmart Group and Officeworks.

Management of lease portfolio

- Lease liabilities totalled $6.6b and represented 61% of the Group's fixed financial obligations as at 31 December 2024
- Average remaining committed lease term of 3.9 years (FY24: 4.0 years)
  - Complemented by strategic extension options to maintain security of tenure
  - Reflects disciplined management of leases in retail businesses
- Continued to focus on lease-adjusted return on capital as a key hurdle for divisions

Weighted average lease term[1]



Lease liabilities ($m)	1H25	FY24	1H24
Bunnings Group	3,555	3,402	3,610
Kmart Group	2,151	2,237	2,337
WesCEF	53	57	61
Officeworks	433	424	441
Industrial and Safety	114	109	119
Wesfarmers Health	218	226	164
Catch	31	35	46
Other	34	32	13
Total lease liabilities	**6,589**	**6,522**	**6,791**

Note: Refer to slides 19 and 20 for relevant definitions.
1. Calculated as weighted average of undiscounted dollar commitments by year including non-property leases and reasonably certain extension options.

Dividends and capital management

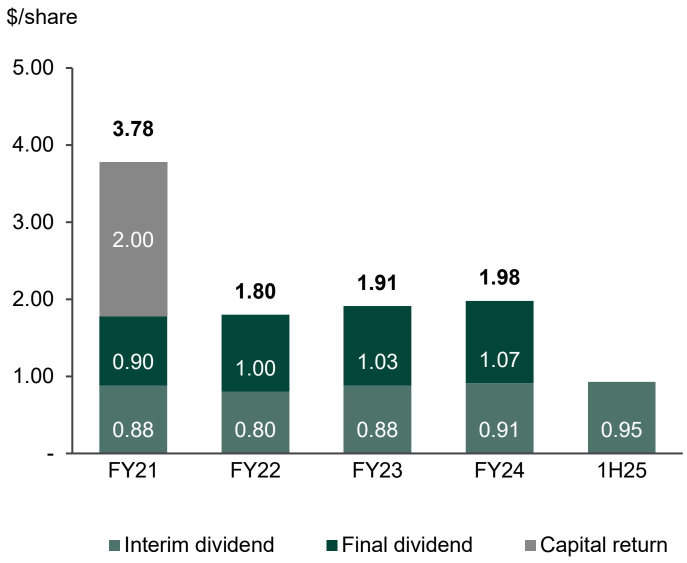
Key principles

- Dividend distributions determined based on franking credit availability, current earnings, cash flows, future cash flow requirements and targeted credit metrics
- Focus is on maximising value of franking credits for shareholders
- Dividends are not progressive, and vary year- to-year with earnings

Half year update

- Fully-franked ordinary interim dividend of $0.95 per share.
- Dividend record date 26 February 2025; dividend payable 1 April 2025
- Dividend investment plan: not underwritten; last day for application 27 February 2025
  - Dividend investment plan shares expected to be purchased on market

SHAREHOLDER DISTRIBUTIONS[1]



1. Represents distributions determined to be paid in each period.

Additional resources

- Wesfarmers debt investor website

  https://www.wesfarmers.com.au/investor-centre/debt-investors

- Wesfarmers sustainable finance website

  https://www.wesfarmers.com.au/investor-centre/debt-investors/sustainable-finance

- Please email to the below address if you would like to be added to our distribution list for debt updates:

  debt@wesfarmers.com.au

Glossary of terms (1 of 2)

Term	
AASB	Australian Accounting Standards Board
API	Australian Pharmaceutical Industries Ltd
b	Billion
Cash realisation ratio	Operating cash flows as a percentage of net profit after tax, before depreciation and amortisation
CO_2e	Carbon dioxide equivalent
cps	Cents per share
Covalent lithium project	Wesfarmers' 50 per cent owned joint operation with Socíedad Quimica y Minera
DCM	Debt capital markets
Debt to EBITDA	Total debt including lease liabilities, net of cash and cash equivalents, divided by EBITDA. The calculation may differ from the metrics calculated by Moody's Investors Service and S&P Global Ratings, which each have their own methodologies for adjustments
Divisional cash realisation	Divisional operating cash flows before interest, tax, PPE and lease finance payments divided by divisional EBITDA. Includes Catch but excludes OnePass and supporting capabilities
EBIT	Earnings before finance costs and tax
EBITDA	Earnings before finance costs, taxes, depreciation and amortisation
EBT	Earnings before tax
GTV	Gross transaction value. GTV includes both first-party (in-stock) sales as well as sale of third-party products via a marketplace

Glossary of terms (2 of 2)

Term	
$ktCO_2e$	Kilotonnes of carbon dioxide equivalent
LNG	Liquefied natural gas
LPG	Liquefied petroleum gas
m	Million
mw	megawatt
n.m.	Not meaningful
Net financial debt	Interest-bearing loans and borrowings less cash at bank and on deposit and held in joint operation, net of cross-currency interest rate swaps and interest rate swap contracts. Excludes cash on hand, cash in transit and lease liabilities
NPAT	Net profit after tax
PPA	Purchase price allocation
ppt	Percentage point
R12	Rolling 12 month
SLB	Sustainability-linked bond
TRIFR	Total recordable injury frequency rate
Weighted average cost of debt	Weighted average cost of debt based on total gross debt before undrawn facility fees and amortisation of debt establishment costs. Excludes interest on lease liabilities and the balance of lease liabilities

Wesfarmers