

IN FOCUS

Welcome to the first edition of In Focus, our new quarterly newsletter in which we share a little about Wesfarmers, including how our businesses are delivering long-term sustainable value.

Over 105 years, Wesfarmers has grown to be a large company, and many of our businesses and brands are today household names, such as Bunnings, Kmart and Officeworks. Others provide important products and services to our major industries and exporters.

Across our diversified Group, we recognise that we can only create long-term value for shareholders if we take account of the needs of our customers, team members and suppliers, while also playing a positive role in the communities where we operate. The health of big and small business, the economy, the community and the environment are inextricably linked.

Across Wesfarmers, each of our businesses has its own unique strategy, but all share a focus on long-term value creation. In a year when we undertook a number of actions to reposition our portfolio, most notably the demerger of Coles, Wesfarmers has continued to create value for shareholders and other stakeholders. We also recorded meaningful progress in safety, diversity and in our environmental footprint. However there is also always more we can do.

I'd highlight one particular area of focus – Aboriginal and Torres Strait Islander employment. Before the demerger of Coles last November, Wesfarmers was the largest employer of Indigenous people in Australia with around 4,000 Indigenous team members employed within Coles and 2,000 across the broader Group. We were proud to demerge Coles with that important Wesfarmers legacy. Today, we are one of Australia's largest private sector employers with 105,000 team members, and our goal is to achieve three per cent Indigenous representation – in line with the population at large.

I'd like to thank the dedicated and passionate team members across Wesfarmers who make everything we do possible.



ROB SCOTT
Managing Director



Rebuilding lives

A HELPING HAND FOR TOWNSVILLE AND TASMANIA

While eight months have passed since devastating floods and bushfires struck north Queensland and Tasmania, the work of rebuilding lives and communities continues. Wesfarmers is proud of how our businesses and team members have helped communities and families recover.

At the height of these disasters, local Bunnings, Kmart and Target teams provided supplies to emergency response teams, and hands-on assistance at evacuation centres, including product donations and a daily sausage sizzle (often with help from the Clontarf Foundation and local councils).

Soon after, Bunnings team members hosted a nationwide sausage sizzle – we call these Red Runs – raising more than \$310,000 for people affected by these natural disasters. The funds were contributed to not-for-profit organisation GIVIT.org.au, a national online giving

platform. Across Australia, GIVIT supports more than 2,400 charities, schools and community groups, meeting the immediate needs of our most vulnerable people.

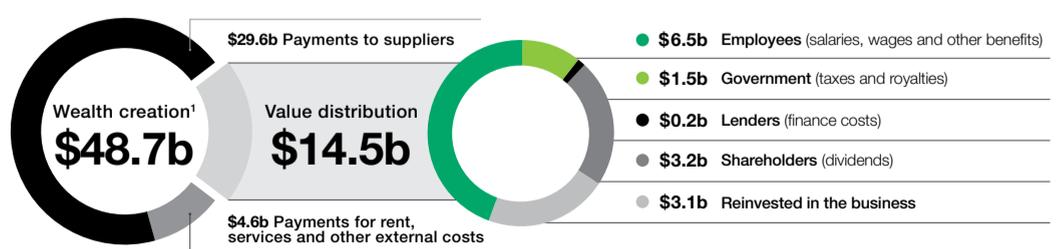
In flood-affected Queensland, funds went towards essentials like washing machines, baby and nursery items, lounges, fridges, beds, mattresses and other household items. In Tasmania, we supported the purchase of groceries, fuel and clothing.

"We were blown away by the amazing support of Australia," GIVIT's Founder and Director Juliette Wright said.

In Townsville, Bunnings also had its own issues to manage with the Fairfield Waters Warehouse under up to a metre of water. It closed for a full sanitisation clean, for repairs and to refit and restock the shelves, but was back serving the community in eight weeks – a great achievement by the team in a short time-frame.

2019 FINANCIAL YEAR PERFORMANCE OVERVIEW

In the year to 30 June 2019, it was pleasing to record strong results and improved shareholder returns during a year of portfolio renewal. The successful repositioning of our portfolio for sustainable growth has strengthened our balance sheet while also distributing \$3.2 billion in dividends to our shareholders. Importantly, during this period of change, our operating divisions continued to generate solid returns while remaining focused on long-term value creation.



¹ Includes discontinued operations.

Bunnings safety performance

(from continuing operations)

TOTAL RECORDABLE INJURY FREQUENCY RATE (TRIFR)¹

11.2

Year	TRIFR
2019	11.2
2018	11.6
2017	18.9 ²
2016	22.6 ²
2015	25.0 ²

¹ TRIFR is the number of lost time and medical treatment injuries per million hours worked.

² Prior to 2018, Bunnings reported an all injury frequency rate (AIFR) which is the number of 'all' injuries per million hours worked.



A relentless focus on safety is fundamental to the way Wesfarmers operates. Over the last year, Bunnings has further reduced total recordable injury frequency rate to 11.2

Focus on safety

BIG DATA PUT TO SAFE USE BY BUNNINGS

'Big data' is usually thought of as providing deep insights into consumer behaviour, enabling businesses to better tailor and target products, services and offers. Reducing forklift accidents might be seen as a less likely focus for data scientists and engineers!

Yet safety among team members and customers is a priority area that Bunnings has chosen to work on with Wesfarmers' new Advanced Analytics Centre.

Retail environments can be challenging workplaces to keep safe because of open access and the large number of people and product movements.

Bunnings and the data team used text analytics to analyse several years of safety incident reports to assess the relevance of factors present when an

accident occurred – like time of day, weather, consecutive shifts and product weights.

Bunnings can use this as a predictive tool to flag risks for any store on a particular day and to create interventions to prevent incidents from occurring.

Mark West, Head of Analytics at Bunnings, said it was exciting to be able to use advanced analytics not only to improve customer experience but also to improve the safety of Bunnings' team and customers.

"From these insights, Bunnings will look to assess the effectiveness of current interventions and develop and implement new procedures and protocols to reduce safety incidents," Mark said.



WESFARMERS ARTS AND NGA ON TOUR

Wesfarmers Arts and long-standing arts partner The National Gallery of Australia (NGA) are collaborating on a \$4 million, six-year partnership which includes a major international touring exhibition of Indigenous art in Asia from 2020.

Masterpieces of Indigenous art from the Wesfarmers Collection and the NGA will travel to Singapore, Hong Kong and cities in China over 2020 and 2021, starting at the National Gallery of Singapore. The exhibition will show rare works from the 1800s through to Albert Namatjira's renowned watercolours, the dynamic Papunya movement, and contemporary works of Australia's best artists. The project will be Indigenous led and developed – providing an opportunity for alumni of the Wesfarmers Arts Indigenous Arts Leadership Program to work on the international stage.

Left to right: Ryan Stokes, Chair of the National Gallery of Australia, Managing Director of Wesfarmers, Rob Scott, NGA Director, Nick Mitzewich and NGA Senior Curator of Aboriginal and Torres Strait Islander Art, Franchesca Cubillo.

It's a year of big birthdays for the Wesfarmers Group

A COMBINED CENTURY OF SERVICE

Kmart is 50, Officeworks turns 25 and it's 25 years since the first 'big box' Bunnings Warehouse opened in Sunshine, Victoria. Extraordinary change has taken place in the retail landscape in that combined century of trading. But what hasn't changed is the commitment across all three brands to customer service, and to contributing in a meaningful way to the communities where they operate.

When **Officeworks** opened its first store in Richmond, Victoria in June 1994, it offered 4,500 products and had around 50 team members. The store's best sellers were typewriters and overhead projectors. Today, Officeworks has 167 stores, a significant online business and nearly 8,000 team members offering more than 40,000 products spanning office supplies, technology, furniture and print & copy. Today, copy paper, laptops and student supplies are among its biggest sellers.



To mark its 25th birthday, Officeworks has deepened its commitment to its national community partners, sponsoring a class of 25 students with The Smith Family, and donating literacy packs for students in 25 classrooms with The Australian Literacy and Numeracy Foundation.



Kmart opened its first store in Burwood East, Victoria on 30 April 1969. Under Wesfarmers ownership since 2008, Kmart has transformed into one of the world's most successful retailers, with a focus on providing Australian families with on-trend, everyday products at the lowest prices, 75 per cent of which are direct sourced. Kmart now operates 231 stores across Australia and New Zealand, with a growing online presence and a customer-generated social media fan club in the hundreds of thousands.

Kmart's most well-known community program is its annual Wishing Tree Appeal. Back in 1987, a team member suggested the business use its network of stores as gift collection points to assist the community at Christmas time. The Kmart Wishing Tree Appeal is in all stores nationwide – with a special tree each year in Parliament House Canberra. In November 2019, the appeal will officially launch nationwide with founding partner The Salvation Army.

Coinciding with the opening of the first **Bunnings** Warehouse, the much loved Bunnings sausage sizzle also turns 25. The Bunnings sausage sizzle started from humble beginnings at the request of a local club, wanting to fundraise. In the past five years, more than 160,000 community sausage sizzles have been held across Australia and more than \$144 million has been raised for community groups.



During the year, 42,000 Bunnings sausage sizzles were held raising more than \$44 million for local community groups.

Officeworks then and now!

1994	2019
Team members	
50	8,000
Products	
4,500	40,000
Best sellers	
Overhead projectors & typewriters	Laptops, copy paper & student supplies