2008 Annual Results Briefing

21 August 2008

Wesfarmers

Presentation Outline

Group Performance Highlights	Richard Goyder
Home Improvement & Office Supplies	John Gillam
Coles	Ian McLeod
Resources	Stewart Butel
Other Divisions	Richard Goyder
Capital Management	Gene Tilbrook
Outlook	Richard Goyder

Group Performance Highlights

Richard Goyder

Managing Director, Wesfarmers Limited

Group Performance Highlights

- Operating revenue of $33.6bn
  - Increase of 15.4% excluding acquired Coles Group
- Group profit after tax of $1,050 million
- Earnings per share of 180.6 cents per share
- Operating cash flow up 11.5%
- FY08 dividends declared of $1,532 million up 77.1%
  - Full year dividend of $2.00 per share in line with guidance
- Coles integration complete

Group Performance Summary

Year ended 30 June ($m)	2008	2007	↕ %
Revenue	**33,584**	9,754	*244.3*
EBITDA	**2,897**	1,650	*75.6*
EBIT	**2,243**	1,305	*71.9*
Net profit after tax (pre non-trading items)	**1,119**	786	*42.4*
Net profit after tax (post non-trading items)	**1,050**	786	*33.6*
Operating cash flow	**1,451**	1,301	*11.5*
Earnings per share (ex. employee res. shares)*	**180.6**	204.9	*(11.9)*
Earnings per share (inc. employee res. shares)*	**178.8**	201.1	*(11.1)*
Cash flow per share (inc. employee res. shares)	**247.2**	341.5	*(27.6)*
Dividends per share ^	**200**	225	*(11.1)*

^ 2007 Dividends per share includes 25 cents per share relating to franking credits from ARG sale
* 2007 Earnings per share restated for rights issue in accordance with AIFRS

Divisional EBIT

Year ended 30 June ($m)	2008	2007	⇕ %
Home Improvement & Office Supplies	**625**	528	*18.4*
Coles	**474**	n/a	*n/a*
Target	**223**	n/a	*n/a*
Kmart	**114**	n/a	*n/a*
Resources	**423**	338	*25.1*
Insurance	**132**	120	*10.0*
Industrial & Safety	**130**	115	*13.0*
Chemicals & Fertilisers	**124**	101	*22.8*
Energy	**90**	75	*20.0*
Other (including non-trading items)	**(4)**	95	*n.m.*
Divisional EBIT	**2,331**	1,372	*69.9*
Corporate overheads and consolidation adj	**(88)**	(67)	*(31.3)*
Group EBIT^	**2,243**	1,305	*71.9*

^ EBIT is after amortisation of intangibles of $53m (2007: $10m)

Non-Trading Items

Year ended 30 June ($m)	2008	Comment
Coles	**(101)**	Redundancies and property impairments
Kmart	**(4)**	Property writedown
Home Improvement & Office Supplies	**(4)**	Redundancies
Energy	**8**	Sale of Unigas
Insurance	**(1)**	Sale of Koukia ($9m), Centrepoint Alliance impairment ($10m)
Total	**(102)**	

Divisional Performance

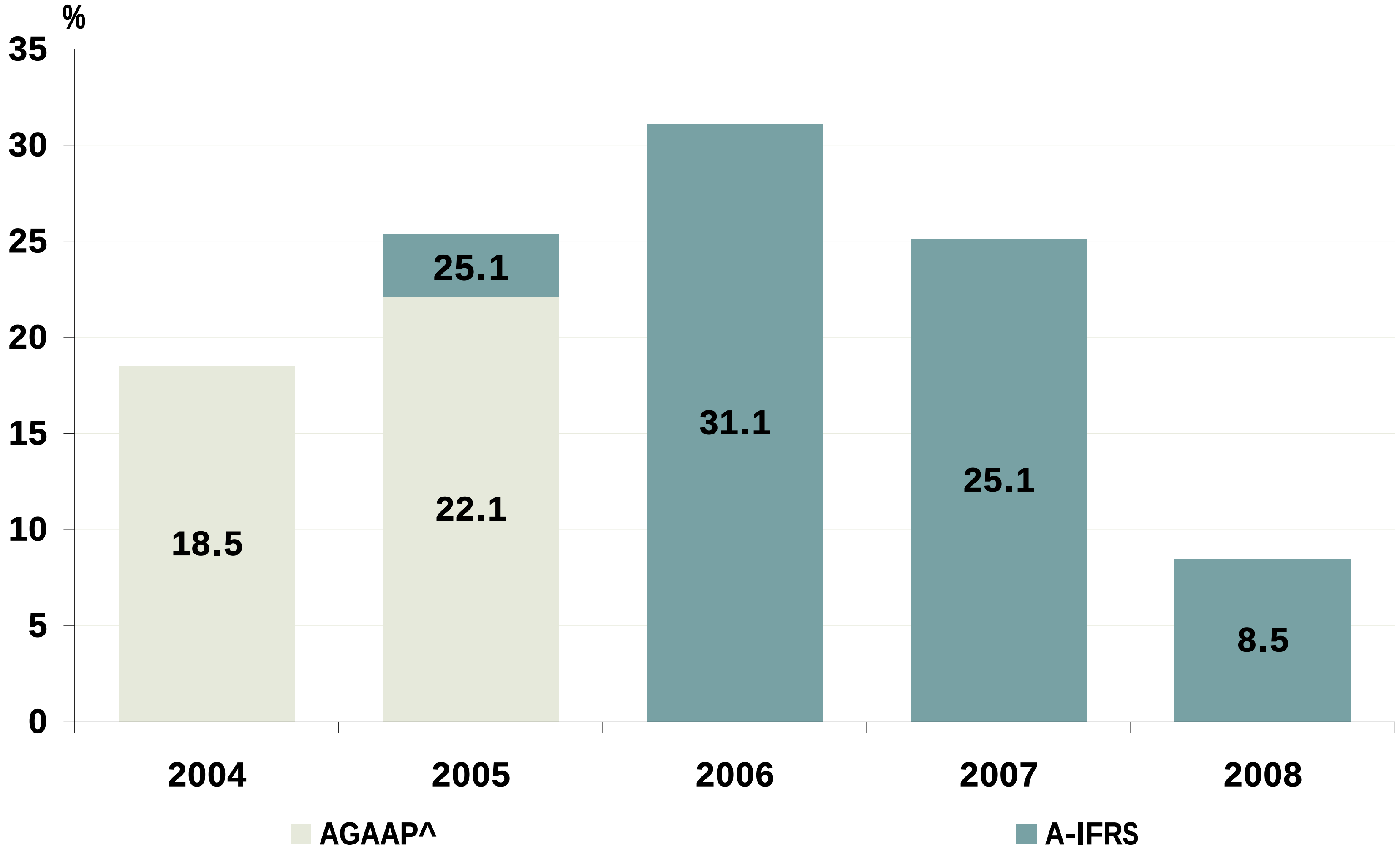
Year ended 30 June	2008 EBIT* $m	2008 ROC %	2007 ROC %
Home Improvement & Office Supplies^	625	31.2	28.1
Coles	474	n.m.	n/a
Target	223	n.m.	n/a
Kmart	114	n.m.	n/a
Resources	423	43.0	38.8
Insurance	132	11.5	15.8
Industrial & Safety	130	16.8	15.6
Chemicals & Fertilisers	124	13.1	16.7
Energy	90	11.6	17.9

^ ROC does not include Office Supplies

* EBIT is after amortisation of intangibles of $53m (2007: $10m)

Return on Shareholders' Funds

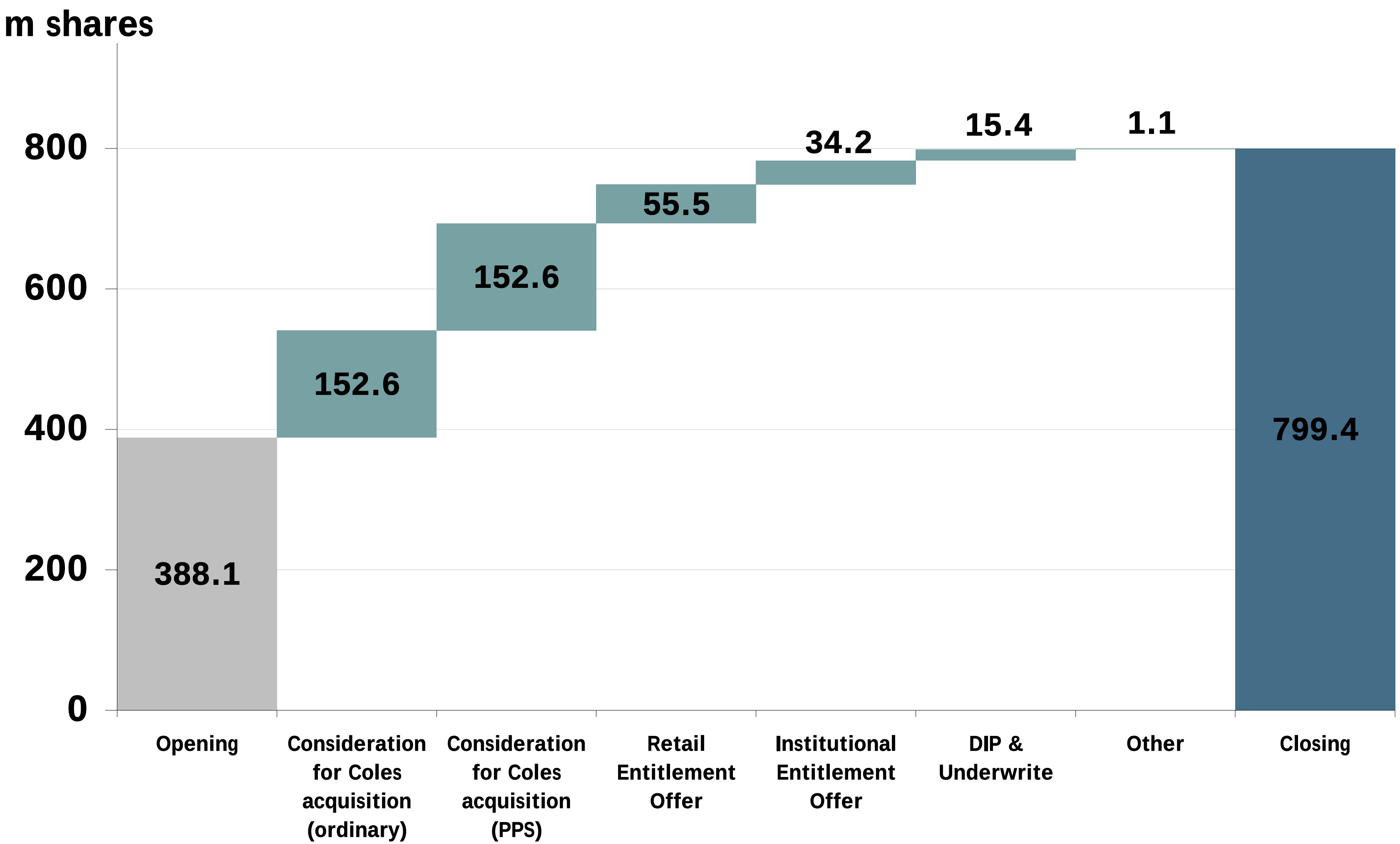
(rolling 12 months to 30 June)



Excludes the sales of Landmark (2004) and ARG (2006)

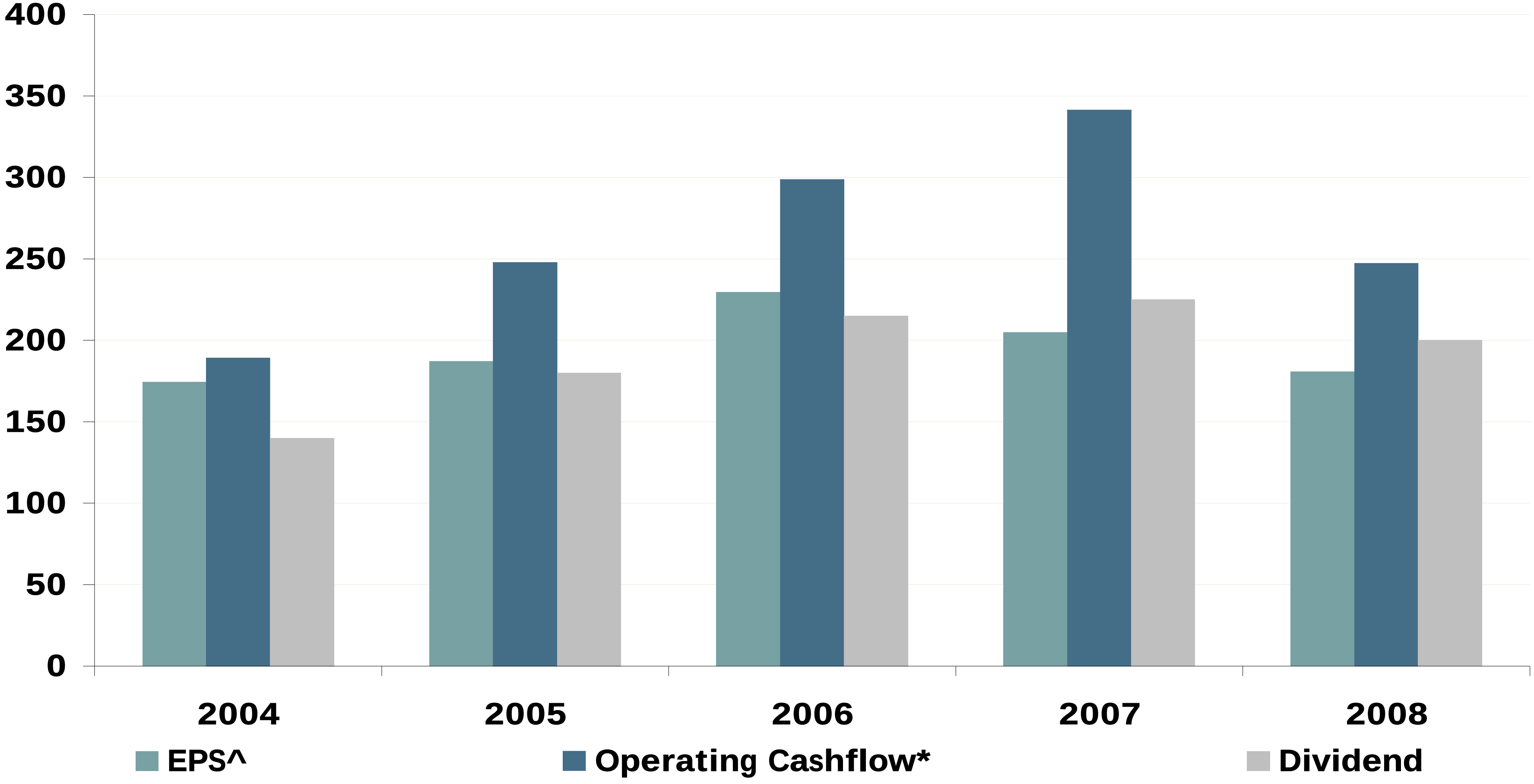
^ Before goodwill amortisation

Movement in Shares on Issue



Earnings, Cash Flow & Dividend

(cents per share)



EPS and Cashflow excl. Landmark (2004) and ARG (2006)

* Based on weighted average number of shares incl. employee reserved shares

^ AGAAP excl. goodwill amortisation (2004), AIFRS excl. employee reserved shares (2005 onwards). Adjusted for rights issue (2005 onwards)

Home Improvement & Office Supplies

John Gillam

Managing Director, Home Improvement & Office Supplies

Home Improvement

Home Improvement Performance Summary

Year ended 30 June ($m)	2008	2007	↕ %
Revenue	5,359	4,939	*8.5*
EBIT	**589**	528	*11.6*
ROC (R12 %)	**31.2**	28.1	*3.1 pt*
Trading Revenue* ($m)	**5,265**	4,677	*12.6*
Net property contribution^ ($m)	**26**	54	*(51.9)*
Trading EBIT*	**569**	487	*16.8*
Trading EBIT / Trading Revenue (%)	**10.8**	10.4	*0.4 pt*
Safety (R12 LTIFR)	**13.5**	14.5	

* Excludes property, Houseworks, and other non-trading items
^ Excludes internal revenue and expenses

Home Improvement Highlights

- 13.9% cash sales growth*
  - FY store on store cash sales growth of 11.3%
    - 1 March to 30 June 2008 8.7% (incl. Easter)
  - driving strong growth and returns from existing network
    - better merchandising
    - improved operational disciplines, and
    - continued network reinvestment; 17% of stores upgraded in FY08
- 6.3% lift in trade sales
- Further network development
- Continued focus on business infrastructure improvement

* Excludes Houseworks

Home Improvement Outlook

- Continued cash sales growth
  - Improved service, merchandising initiatives and network development
  - Challenging retail conditions will impact overall growth
- Continued uplift in trade business performance
- Strong focus on the team
- Business effectiveness & efficiency heightened

Office Supplies

Office Supplies
Performance Summary

23 November to 30 June 2008 ($m)	2008
Revenue	802
EBIT	**36**
Total Sales Growth (%)	**1.6**
Trading Revenue* ($m)	**802**
Net property contribution ($m)	**-**
Trading EBIT*	**36**
Trading EBIT / Trading Revenue (%)	**4.5%**

* Excludes non-trading items

Office Supplies

Highlights

- Strategies reset, transitioning to EDLP
- New branding and in-store look being rolled out
  - New concept store developed and trading well
- Transaction growth 4 times sales growth
- Single buying team across all channels

Outlook

- Difficult trading conditions
  - Moderate sales growth expected
- Good traction from strategy expected in 2008/09

Coles

Ian McLeod
Managing Director, Coles

Coles Performance Summary

23 November to 30 June 2008 ($m)		2008
Revenue		**16,876**
EBITDA		**714**
Depreciation & Amortisation		**(240)**
EBIT [1,2] (pre Non-Trading Items)		**474**
Food & Liquor	Revenue [4]	**12,825**
	Total store sales growth %	**4.2**
	Comparative store sales growth %	**2.8**
	Trading EBIT [1,2,4]	**422**
Convenience	Revenue [4]	**4,038**
	Total store sales growth % [3]	**8.9**
	Comparative store sales growth % [3]	**5.7**
	Trading EBIT [4]	**42**

1. Incl. $44m overhead and support costs not previously allocated to divisions
2. Incl. $77m in EBIT of Fair Value adj. **3.** Excl. fuel **4.** Excl. Property

Coles Highlights

- Food & Liquor Q4 Sales trend (13 weeks to 29 June 2008)
  - Headline Sales Growth 4.2% (Incl. Easter (17 weeks to 29 June) 4.8%)
  - Comparative Store Sales Growth 2.4% (Incl. Easter (17 weeks to 29 June) 3.2%)
  - Fresh produce deflation
- 4Q convenience sales
  - Headline Sales Growth 8.1% (ex-fuel, 13 weeks to 29 June)
  - Comparative Store Sales Growth 4.4% (ex-fuel, 13 weeks to 29 June)
- Market share stabilising

Coles Highlights (cont)

- Meaningful and sustainable improvement will take up to 5 years
  - First phase: getting the business fit for purpose and fit for the customer
- Actions so far
  - New management team recruited (in place from August 2008)
  - Beginning to stabilise the business
  - Improved operating model (over 1,000 non-store roles withdrawn)
  - Investment in lower prices
  - 266 light-capital refurbishments completed by 30 June
  - Distribution Network transition continues on track
    - Rationalisation from 33 DCs (July ’07) to 26 DCs (June ’08)
  - Stronger inventory control and capex management
  - Improved promotion flexibility through multi-saves

Coles Highlights (cont)

Evolution of key strategic programmes

- Supermarkets:
  - Improving value and in-store communication
  - Simplifying product range for customers
  - Improving Fresh offer
  - New store model
- Liquor: Brand strategy review
- Convenience: Further roll-out of improved store proposition

Coles Outlook

- Softer retail economic conditions expected
- Pressure on household spending and greater value focus
- Fresh produce deflation to continue through first half
- Evolution of key strategic programmes
- Increased focus on product availability
- Strong focus on cost and capital management
- Store network optimisation

Resources

Stewart Butel

Managing Director, Wesfarmers Resources

Wesfarmers

Resources Performance Summary

Year ended 30 June ($m)	2008	2007	↕ %
Revenue	**1,311**	1,134	*15.6*
EBITDA	**571**	520	*9.8*
Depreciation & Amortisation*	**(148)**	(182)	*18.7*
EBIT	**423**	338	*25.1*
ROC (R12 %)	**43.0**	38.8	*4.2pt*
Coal Production (‘000 tonnes)	**14,318**	13,754	*4.1*
Safety (R12 LTIFR)^	**6.4**	3.4	

* Includes Stanwell rebate amortisation of $58m in 2008 and $120m in 2007

^ Curragh and Premier only

Resources Highlights

- Increased coal production for the Resources Division
- Record production and sales from Curragh
- Strong recovery following January 2008 flood events
- 25 per cent increase in divisional earnings
- Ongoing strong coal demand in constrained infrastructure environment
- Record prices for metallurgical and steaming coal in 2008/09
- Feasibility studies to expand Curragh and Bengalla mines continue

Resources Outlook

- High coal prices
- Volatile Australian dollar
- Ongoing constrained export coal chains
- Availability of key inputs and industry cost pressures to continue
- Impact of Government Climate Change Policy on the Coal Industry
- Curragh metallurgical sales 6.5 - 6.9mt in 2008/09
- Increased Stanwell payment - estimate A$140 – 150 million for 2008/09
- Queensland Government Royalty increase on Curragh export coal
- Significant increase in earnings in 2008/09

Other Divisions

Richard Goyder

Managing Director, Wesfarmers Limited

Wesfarmers

Target & Kmart

- Challenging and varied trading conditions, particularly in Q4
  - Target achieved Q4 comp sales growth of 4.8%* (incl Homewares sale that took place in Q307)
  - Kmart's Q4 comp sales declined 0.1%*
- Costs and inventory well controlled
- Plans to accelerate store refurbishments and store roll-out
  - 40 Target and 20 Kmart stores to be refurbished in FY09
  - ~10 new Target stores and ~3 new Kmart stores in FY09
- Continuing challenging economic conditions, but well positioned

* 13 weeks to 29 June 2008, Easter adjusted

Insurance

- GWP underwritten increased 11.5% with EBIT up 10.0% to $132m
- Underwriting margins affected by severe weather and rate pressure
  - COR of 98%
  - Signs rates in some commercial classes beginning to stabilise
- Full year contribution of broking businesses following acquisitions in FY07*
  - Earnings growth in broking on a like-for-like basis
  - Further bolt-on acquisitions during the year
- Divestment of non-core Koukia insurance software business completed
- Record earnings result for Wesfarmers Federation Insurance
- Restructuring of Lumley NZ

* FY08 includes 8 months of OAMPS' results and 4 months of Crombie Lockwood's results

Industrial Businesses

- Varanus gas disruption impacting CSBP and Energy from June 2008
- Continued improved performance from Industrial & Safety
  - Revenue up 8.4%, EBIT up 13.0% to $130m, ROC up to 16.8%
- Strong growth in demand for chemicals & fertilisers resulting in a 23% increase in Chemicals & Fertilisers' EBIT to $124m
  - Integration of Australian Vinyls acquisition in Sept 2007
  - Ammonium nitrate solution name-plate capacity up from 235ktpa to 470ktpa
- Energy's EBIT increased 20% to $90m
  - Record high international energy prices and full year contribution from Coregas
  - WLPG production down 9.7% due to lower content in the gas pipeline
  - Sale of 50% share in UNIGAS joint venture

Capital Management

Gene Tilbrook
Finance Director, Wesfarmers Limited

Wesfarmers

Capital Management

- Net Debt / Equity of 47.4% at 30 June 2008
- Cash Interest Cover Ratio (rolling 12 months) to 30 June 2008 of 4.9 times, 5.1 times adjusted for non-trading items
- Working capital increased by $661 million
- Budget capital expenditure for FY09 $2bn, up from $1.2bn in FY08
- Dividend Investment Plan
  - Reinstated in February 2007
  - 75% underwritten for interim dividend ($453 million raised)
  - No underwrite for final dividend, 1% discount

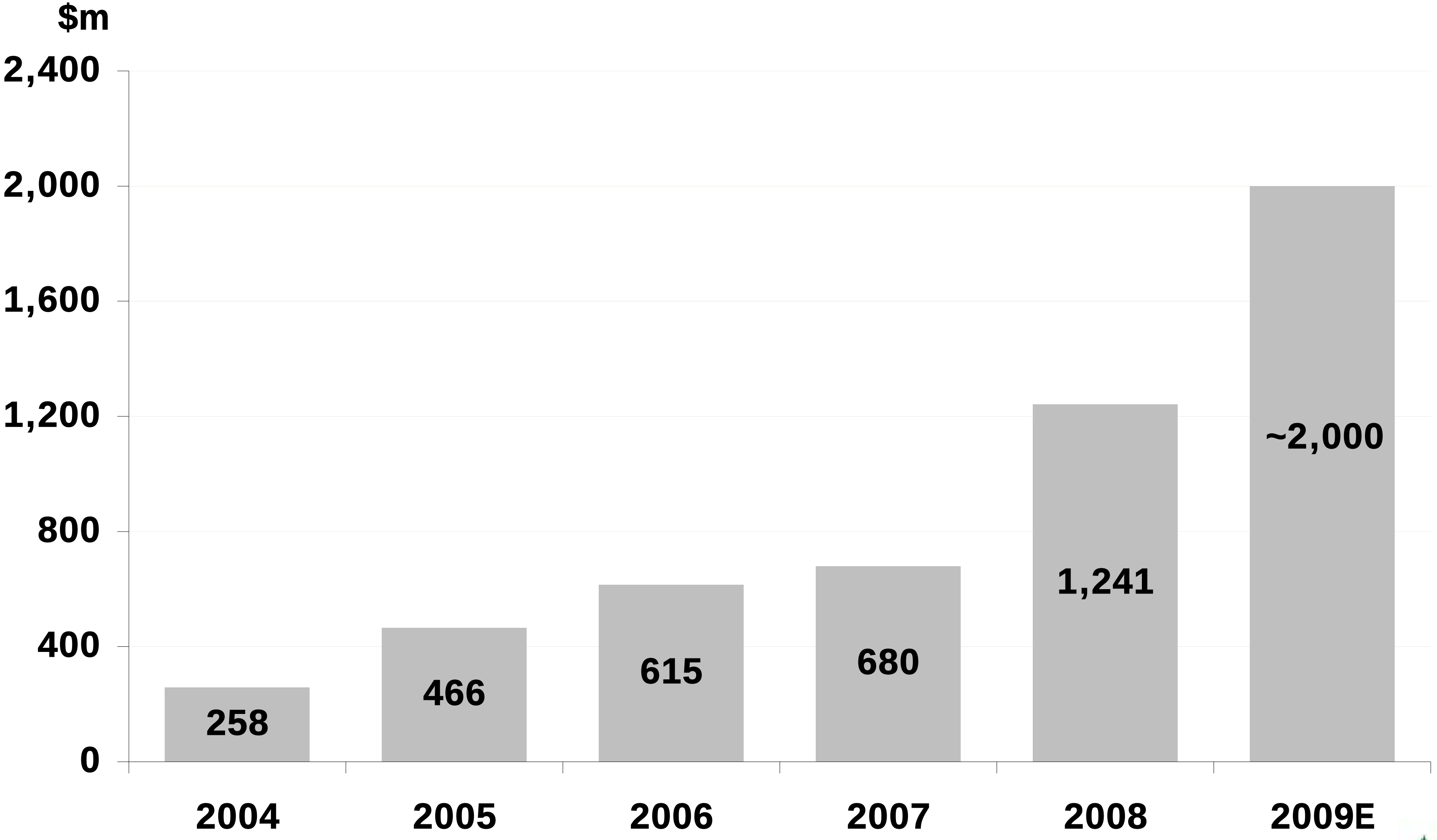
Capital Management

- Total debt averaged $9.4bn for the year
- Average level of net debt for FY09 is expected to be $9.5bn to $10.0bn
- Anticipated FY09 interest rate in the mid to high 8s%, including fees
  - ~60% of typical debt levels hedged for 3 years at average ~7.4%
- $11 million of additional borrowing costs amortised during the period due to early refinancing

Capital Expenditure (cash basis)

Year ended 30 June ($m)	**Actual 2008**	Actual 2007
Home Improvement & Office Supplies	**301**	196
Coles	**349**	n/a
Target	**47**	n/a
Kmart	**42**	n/a
Resources	**140**	164
Insurance	**17**	15
Industrial & Safety	**21**	26
Chemicals & Fertiliser	**201**	199
Energy	**118**	78
Other	**5**	2
Total	**1,241**	680

Capital Expenditure History



Outlook

Richard Goyder

Managing Director, Wesfarmers Limited

Wesfarmers

Outlook

- Coles focus intensifying
- Ongoing impact of downturn in consumer sentiment
- High prices and strong demand prospects for coal
- Continuing strong demand for our industrial products
- Signs insurance premiums are improving
- Ongoing capital expenditure in all businesses

Questions

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