



24 April 2012

The Manager  
Company Announcements Office  
Australian Securities Exchange

Dear Sir,

**2012 THIRD QUARTER RETAIL SALES RESULTS**

Please find attached an announcement regarding the 2012 third quarter retail sales results.

An analyst briefing will be held at 9:00 am (WST) / 11:00 am (EST) following the release of this announcement. This briefing will be webcast and accessible via our website at [www.wesfarmers.com.au](http://www.wesfarmers.com.au).

Yours faithfully,

A handwritten signature in black ink, appearing to read "Marnie Kronja".

MARNIE KRONJA  
ASSISTANT COMPANY SECRETARY

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# Wesfarmers NEWS

24 April 2012

## FINANCIAL YEAR 2012 THIRD QUARTER RETAIL SALES RESULTS

| Third Quarter Sales (\$m)                           | Financial Year 2012 | Financial Year 2011 | Movement (%) |
|---|---------------------|---------------------|--------------|
| Food & Liquor <sup>1,2</sup>                        | 6,090               | 5,852               | 4.1          |
| Convenience <sup>1,3</sup>                          | 1,755               | 1,626               | 7.9          |
| <b>Total Coles</b>                                  | <b>7,845</b>        | <b>7,478</b>        | <b>4.9</b>   |
| Home Improvement <sup>4,5</sup>                     | 1,741               | 1,669               | 4.3          |
| Office Supplies <sup>4</sup>                        | 415                 | 405                 | 2.5          |
| <b>Total Home Improvement &amp; Office Supplies</b> | <b>2,156</b>        | <b>2,074</b>        | <b>4.0</b>   |
| <b>Target<sup>6</sup></b>                           | <b>692</b>          | <b>724</b>          | <b>(4.4)</b> |
| <b>Kmart<sup>1</sup></b>                            | <b>813</b>          | <b>803</b>          | <b>1.2</b>   |

Refer to appendix two for footnotes.

| Year to Date Sales (\$m)                            | Financial Year 2012 | Financial Year 2011 | Movement (%) |
|---|---------------------|---------------------|--------------|
| Food & Liquor <sup>8,2</sup>                        | 19,715              | 18,845              | 4.6          |
| Convenience <sup>8,3</sup>                          | 5,632               | 4,941               | 14.0         |
| <b>Total Coles</b>                                  | <b>25,347</b>       | <b>23,786</b>       | <b>6.6</b>   |
| Home Improvement <sup>9,5</sup>                     | 5,533               | 5,218               | 6.0          |
| Office Supplies <sup>9</sup>                        | 1,125               | 1,111               | 1.3          |
| <b>Total Home Improvement &amp; Office Supplies</b> | <b>6,658</b>        | <b>6,329</b>        | <b>5.2</b>   |
| <b>Target<sup>10</sup></b>                          | <b>2,789</b>        | <b>2,874</b>        | <b>(3.0)</b> |
| <b>Kmart<sup>8</sup></b>                            | <b>3,093</b>        | <b>3,113</b>        | <b>(0.6)</b> |

Refer to appendix two for footnotes.

Wesfarmers Limited today released its third quarter retail sales results for the period ending 31 March 2012.

Managing Director, Richard Goyder, said that he was pleased with the sales results especially given the relatively tough retail environment and the level of price investment being driven by the Group. The sustained momentum in Coles, Bunnings and Kmart continued to be a highlight, with each business recording another quarter of good sales volume growth.

Coles reported its fifteenth consecutive quarter of comparable store sales growth driven by strong growth in both customer numbers and units sold as store sales productivity continues to improve.

“Coles recorded pleasing sales growth given the record level of price deflation driven by high abundant fresh produce supply and Coles’ continued investment in value. Growth in Coles continues to reflect a positive response by customers to the progress being made in improving product quality, service and value,” Mr Goyder said.

“Bunnings’ store sales increased 4.7 per cent in the quarter with sales growth achieved in both consumer and commercial areas. The result reflects a continued positive response from customers to improvements in the offer as well as strong growth in the store network.

“Kmart’s total sales increased by 1.2 per cent for the quarter as customers continued to respond favourably to the investment in lowering prices on everyday items, as evidenced by another quarter of growth in customer numbers and units sold.

“Officeworks achieved 2.5 per cent growth in total sales during the quarter, underpinned by growing customer numbers and a pleasing performance during the important back-to-school and back-to-work periods.

“Target’s sales during the quarter continued to be negatively affected by tough trading conditions, particularly in entertainment categories. Sales growth was also negatively affected by a comparatively lower level of clearance activity, following good stock management in the previous quarter, and a focus on improving the promotional program. These changes have resulted in notable margin improvement.”

Mr Goyder said, all retail divisions continued to make good progress on improving customer service, enhancing merchandise offers and delivering better value. Each of the businesses had managed seasonal inventory effectively and were well positioned for trading in the final quarter.

## **COLES**

### **Food and Liquor**

Coles recorded headline food and liquor sales for the third quarter of the 2012 financial year<sup>1</sup> of \$6.1 billion, up 4.1 per cent on the previous corresponding period. Food and liquor sales were up 4.6 per cent to \$19.7 billion for the financial year to date<sup>8</sup>.

Comparable food and liquor store sales grew by 2.7 per cent in the third quarter<sup>1</sup> taking comparable food and liquor stores sales growth for the financial year to date<sup>8</sup> to 3.9 per cent.

Record fresh produce deflation of approximately 25 per cent in the third quarter<sup>1</sup> had a significant impact on reported sales growth. Underlying volume growth remained strong, consistent with prior periods, demonstrating the continued strength of the turnaround. Fresh produce deflation combined with ongoing investment in lower prices resulted in food and liquor

price deflation of 3.6 per cent during the quarter<sup>1</sup>. In the financial year to date<sup>8</sup>, food and liquor price deflation was 2.6 per cent.

Managing Director of Coles, Ian McLeod, said that work in further improving quality was reinforced through our increasing commitment to direct sourcing from Australian growers and the extension of 'Super Specials' across every state.

"The additional volume from 'Super Specials' enabled Coles to absorb extra supply at a time when Australian growers needed support. This, together with our 'freshness' campaign, contributed to strong growth in fresh produce participation. This outcome was good for Coles, great for Australian growers and even better for our customers," Mr McLeod said.

"Coles has also continued to work hard to build longer term collaborative relationships with Australian suppliers. We launched a new Australian dairy brand in partnership with Warnambool Cheese and Butter and have been working exclusively with Bread Solutions, Coles' independent Australian bread supplier, to improve the quality of our artisan bakery products. Close working relationships with suppliers enabled Coles to be the first Australian supermarket to ensure that all Coles branded food and drink products are free from artificial colours and have no added MSG."

Mr McLeod said that in this third phase of the transformation, Coles continued to develop a strong foundation for future growth with good progress across all key programs. Importantly, last week saw the relaunch of flybuys, Coles' loyalty and CRM platform.

Coles refurbished four supermarkets, opened three new supermarkets and closed two supermarkets during the quarter<sup>1</sup>. On 29 March 2012, Coles opened its 200<sup>th</sup> supermarket in the renewal format in Carindale, Queensland. Eight new liquor stores were opened and eight were closed during the quarter<sup>1</sup> taking the total number of liquor stores to 886.

## **Convenience**

Total Coles Express sales, including fuel, for the quarter<sup>1</sup> were \$1.8 billion, an increase of 7.9 per cent on the previous corresponding period. Total sales for the financial year to date<sup>8</sup> were \$5.6 billion.

In an environment where household budgets are under pressure, Convenience customers continued to place greater emphasis on value and responded strongly to Coles' fuel discount docket savings. This contributed to 2.9 per cent growth in comparable fuel volumes during the quarter<sup>1</sup> and 3.5 per cent for the financial year to date<sup>8</sup>.

Convenience store sales, excluding fuel sales, declined by 2.4 per cent during the quarter<sup>1</sup>, with comparable store sales declining by 3.9 per cent, as customers sought to derive greater value from Coles supermarkets.

Coles Express opened one new site during the third quarter<sup>1</sup>, bringing the total store network to 626 sites.

Refer to appendix two for footnotes.

## HOME IMPROVEMENT AND OFFICE SUPPLIES

### Home Improvement

Total sales for the quarter<sup>4</sup> of \$1.7 billion were up 4.3 per cent or \$72 million on the previous corresponding period. Total store sales for the quarter<sup>4</sup> grew 4.7 per cent, while store-on-store growth was 2.6 per cent (Q3 FY2011: 5.5 per cent).

For the financial year to date<sup>9</sup>, total sales were up 6.0 per cent or \$315 million to \$5.5 billion. Total store sales grew 6.3 per cent in the financial year to date<sup>9</sup>, while store-on-store growth was 4.0 per cent (YTD FY2011: 2.9 per cent).

Sales growth for the quarter was achieved in both consumer and commercial areas across most key trading regions.

Managing Director of Home Improvement and Office Supplies, John Gillam, said store sales growth of 4.7 per cent for the third quarter was pleasing especially in light of ongoing deflation and unseasonally wet weather in the eastern states of Australia.

“The business has very good momentum with strong transaction growth in the quarter and customers are responding well to ongoing improvements in the offer,” Mr Gillam said.

During the third quarter<sup>4</sup>, one Bunnings Warehouse and one smaller format store were opened. A further seven stores are expected to open before the end of this financial year.

### Office Supplies

Total sales for the quarter<sup>4</sup> were \$415 million, up 2.5 per cent on the previous corresponding period. Retail sales across the Officeworks store network grew by 1.1 per cent, which was underpinned by strong transaction growth.

For the financial year to date<sup>9</sup>, total sales were up 1.3 per cent to \$1.1 billion. Total retail store sales grew 0.5 per cent over the same period.

Mr Gillam said the business was pleased with trading during the important back-to-school and back-to-work periods that fell within the quarter. The focus on enhancing and expanding the customer offer continued to be received favourably by an increasing number of customers across every channel of the business – stores, online and B2B.

During the third quarter<sup>4</sup>, two Officeworks stores were opened including one converted Harris Technology business centre.

## TARGET

Total sales of \$692 million for the quarter<sup>6</sup> were 4.4 per cent below the previous corresponding period. Comparable<sup>7</sup> store sales declined 6.1 per cent.

For the financial year to date<sup>10</sup>, total sales have declined 3.0 per cent to \$2.8 billion, with comparable<sup>7</sup> store sales declining 4.2 per cent for the same period.

Target Managing Director, Dene Rogers, said improving the profitability of promotions had been a focus and when combined with tighter inventory management, had had a notable positive impact on the business. These initiatives continued to negatively impact top line sales.

“Tough trading conditions continued throughout the quarter, particularly in our entertainment categories such as electrical, general merchandise and toys, leisure and books,” Mr Rogers said.

During the third quarter<sup>6</sup> Target opened two new stores.

## KMART

Total sales of \$813 million for the quarter<sup>1</sup> were up 1.2 per cent over the previous corresponding period, with comparable<sup>7</sup> store sales increasing 1.6 per cent.

For the financial year to date<sup>8</sup> total sales declined 0.6 per cent to \$3.1 billion with comparable<sup>7</sup> store sales also declining 0.6 per cent for the same period.

Kmart Managing Director, Guy Russo, said customers were responding well to the commitment to provide customers with even greater every day value.

“Customer transactions and volumes continued to grow on last year, representing the ninth consecutive quarter of growth. A continued focus on inventory management and improvements in our store offer has driven improved performance across our everyday range and seasonal categories.

“The Kmart team continues to find ways to reduce prices so that our customers can use those dollars saved to help offset the rising cost of living. We remain committed to our strategy of providing the lowest possible prices on everyday items for families,” Mr Russo said.

During the third quarter Kmart maintained its focus on refreshing its stores with three store refurbishments currently in progress.

Refer to appendix two for footnotes.

### For further information:

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## APPENDIX ONE

### WESFARMERS RETAIL OPERATIONS - STORE NETWORK FINANCIAL YEAR 2012, YEAR TO DATE

|                                     | Open at<br>1 Jul 2011 | Opened    | Closed      | Re-<br>branded | Open at<br>31 Mar 2012 |
|-------------------------------------|-----------------------|-----------|-------------|----------------|------------------------|
| <b>COLES</b>                        |                       |           |             |                |                        |
| <b>Supermarkets</b>                 |                       |           |             |                |                        |
| Coles                               | 696                   | 12        | (6)         | 2              | 704                    |
| Bi-Lo                               | 45                    | -         | (2)         | (2)            | 41                     |
| <b>Total Supermarkets</b>           | <b>741</b>            | <b>12</b> | <b>(8)</b>  | <b>-</b>       | <b>745</b>             |
| <b>Liquor</b>                       |                       |           |             |                |                        |
| 1st Choice                          | 76                    | 8         | -           | -              | 84                     |
| Vintage Cellars                     | 83                    | 3         | (4)         | (2)            | 80                     |
| Liquorland                          | 626                   | 21        | (20)        | 2              | 629                    |
| Hotels                              | 93                    | 1         | (1)         | -              | 93                     |
| <b>Total Liquor</b>                 | <b>878</b>            | <b>33</b> | <b>(25)</b> | <b>-</b>       | <b>886</b>             |
| <b>Convenience</b>                  | 620                   | 7         | (1)         | -              | 626                    |
| <b>Selling Area (m<sup>2</sup>)</b> |                       |           |             |                |                        |
| Supermarkets                        | 1,599,271             | n/a       | n/a         | n/a            | 1,617,450              |
| Liquor (excluding hotels)           | 184,442               | n/a       | n/a         | n/a            | 190,432                |
| <b>HOME IMPROVEMENT</b>             |                       |           |             |                |                        |
| Bunnings Warehouse                  | 194                   | 6         | -           | -              | 200                    |
| Bunnings smaller formats            | 59                    | 1         | (2)         | -              | 58                     |
| Bunnings Trade Centres              | 36                    | 2         | (2)         | -              | 36                     |
| <b>OFFICE SUPPLIES</b>              |                       |           |             |                |                        |
| Officeworks                         | 135                   | 3         | -           | -              | 138                    |
| Harris Technology                   | 4                     | -         | (2)         | -              | 2                      |
| <b>TARGET</b>                       |                       |           |             |                |                        |
| Target                              | 172                   | 7         | -           | -              | 179                    |
| Target Country                      | 119                   | 3         | -           | -              | 122                    |
| <b>KMART</b>                        |                       |           |             |                |                        |
| Kmart                               | 187                   | -         | (1)         | -              | 186                    |
| Kmart Tyre & Auto                   | 251                   | 8         | (1)         | -              | 258                    |

## APPENDIX TWO

### FOOTNOTES

1. Financial Year 2012 for the 12 week period 2 January 2012 to 25 March 2012 and Financial Year 2011 for the 12 week period 3 January 2011 to 27 March 2011
2. Includes hotels, excludes gaming revenue and property income
3. Includes fuel sales
4. Financial Year 2012 and Financial Year 2011 for the three month period 1 January to 31 March
5. Includes consumer and commercial sales, excludes property income
6. Financial Year 2012 for the 12 week period 1 January 2012 to 24 March 2012 and Financial Year 2011 for the 12 week period 2 January 2011 to 26 March 2011
7. Comparable store sales include lay by sales. Lay by sales are excluded from total sales under Australian Accounting Standards
8. Financial Year 2012 for the 39 week period 27 June 2011 to 25 March 2012 and Financial Year 2011 for the 39 week period 28 June 2010 to 27 March 2011
9. Financial Year 2012 and Financial Year 2011 for the nine month period 1 July to 31 March
10. Financial Year 2012 for the 39 week period 26 June 2011 to 24 March 2012 and Financial Year 2011 for the 39 week period 27 June 2010 to 26 March 2011