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**Wesfarmers**

29 April 2014

The Manager  
Company Announcements Office  
Australian Securities Exchange

Dear Sir,

**2014 THIRD QUARTER RETAIL SALES RESULTS**

Please find attached an announcement regarding the 2014 third quarter retail sales results.

An analyst briefing will be held at 9:00am (AWST) / 11:00am (AEST) 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,



L J KENYON  
COMPANY SECRETARY



# NEWS

29 April 2014

## FINANCIAL YEAR 2014 THIRD QUARTER RETAIL SALES RESULTS

Third Quarter Sales (\$m)	Financial Year 2014	Financial Year 2013	Movement (%)
Food & Liquor <sup>1,2</sup>	6,734	6,482	3.9
Convenience <sup>1,3</sup>	1,905	1,860	2.4
<b>Total Coles</b>	<b>8,639</b>	<b>8,342</b>	<b>3.6</b>
Home Improvement <sup>4,5</sup>	2,086	1,858	12.3
Office Supplies <sup>4</sup>	445	417	6.7
<b>Total Home Improvement &amp; Office Supplies</b>	<b>2,531</b>	<b>2,275</b>	<b>11.3</b>
<b>Target<sup>6</sup></b>	<b>674</b>	<b>699</b>	<b>(3.6)</b>
<b>Kmart<sup>1</sup></b>	<b>845</b>	<b>842</b>	<b>0.4</b>

Refer to appendix two for footnotes.

Year to Date Sales (\$m)	Financial Year 2014	Financial Year 2013	Movement (%)
Food & Liquor <sup>7,2</sup>	21,729	20,759	4.7
Convenience <sup>7,3</sup>	6,171	5,892	4.7
<b>Total Coles</b>	<b>27,900</b>	<b>26,651</b>	<b>4.7</b>
Home Improvement <sup>8,5</sup>	6,516	5,868	11.0
Office Supplies <sup>8</sup>	1,189	1,129	5.3
<b>Total Home Improvement &amp; Office Supplies</b>	<b>7,705</b>	<b>6,997</b>	<b>10.1</b>
<b>Target<sup>9</sup></b>	<b>2,687</b>	<b>2,821</b>	<b>(4.8)</b>
<b>Kmart<sup>7</sup></b>	<b>3,210</b>	<b>3,203</b>	<b>0.2</b>

Refer to appendix two for footnotes.

Wesfarmers Limited today released its retail sales results for the third quarter of the 2014 financial year.

Managing Director Richard Goyder said that the Group's retail sales performance during the third quarter generally reflected a similar mix of trading results to that recorded during the first half, especially when considering the impacts of an earlier Easter in financial year 2013.

"Highlights for the period included the performances of Bunnings and Officeworks which recorded particularly strong sales growth and the solid result delivered by Coles," Mr Goyder said.

"Coles' headline food and liquor sales growth for the quarter was 3.9 per cent as it continued to offer customers better value through ongoing investment in lower prices, while making good progress in supplier partnering which contributed to further improvements in fresh produce participation.

"Bunnings' performance for the quarter was very strong, with total sales increasing 12.3 per cent as the business achieved positive outcomes across all its strategic initiatives, with very good growth recorded in all major trading regions and key product categories.

"Officeworks' total sales for the quarter were 6.7 per cent above last year with strong growth achieved in both the store network and online, consistent with Officeworks' "every channel" strategy.

"Target recorded sales 3.6 per cent below last year due mainly to difficult trading early in the period as the business continued to reposition its offer towards less promotional dependence with a view to securing long-term, sustainable growth.

"Kmart's total sales for the quarter were 0.4 per cent above last year, with good performances in seasonal apparel and core ranges within home categories offset by ongoing challenging conditions in entertainment categories."

## **COLES**

### **Food and Liquor**

Headline food and liquor sales for the third quarter<sup>1</sup> were \$6.7 billion, up 3.9 per cent on the previous corresponding period. Food and liquor sales were up 4.7 per cent to \$21.7 billion for the financial year to date<sup>7</sup>.

Comparable food and liquor store sales increased 3.5 per cent in the third quarter<sup>1</sup> after adjusting for the inclusion of New Year's Eve in the previous corresponding period and the earlier timing of Easter in the 2013 financial year<sup>10</sup>. Excluding liquor, comparable food store sales increased 3.9 per cent for the quarter on the same basis. Without the adjustments, comparable food and liquor store sales and comparable food store sales for the quarter<sup>1</sup> increased 3.0 per cent and 3.5 per cent respectively.

For the financial year to date<sup>7</sup>, comparable food and liquor store sales increased 3.8 per cent and, excluding liquor, comparable food store sales increased 4.3 per cent.

Coles Managing Director, Ian McLeod, said the comparable sales growth was pleasing, particularly given the restrictions on fuel discounts from 1 January 2014 and against the strong comparative sales achieved in the same period last year.

“This represents a continuation of Coles’ strong performance following five years of positive comparable sales growth. Record supermarket sales per square metre, over 20 million customer transactions a week and continued growth in underlying volumes and basket size were all achieved in the quarter,” Mr McLeod said.

Overall food and liquor price deflation eased to 0.8 per cent in the third quarter<sup>1</sup> as a result of a modest level of fresh produce inflation which partially offset continued investment in lower prices as Coles extended its commitment to lower prices, introducing over 50 new products to the “Down Down” campaign, with savings of up to 34 per cent recorded relative to original prices offered. Price deflation of 1.5 per cent was recorded for the financial year to date<sup>7</sup>.

Coles demonstrated its ongoing support for local food producers by replacing all Smart Buy frozen vegetables across Australia with 100 per cent Australian-grown vegetables, benefitting more than 240 growers in Tasmania and New South Wales. In addition, Coles’ commitment to working closely with suppliers to deliver quality, service and value has been reflected in continued growth in fresh produce participation during the quarter.

Coles continued to improve its store network and invest in high quality space. Coles opened two larger supermarkets and closed four smaller supermarkets during the quarter, taking the total number of supermarkets to 760. Coles has committed to opening a further 70 new stores over the next three years. Coles also progressed its store renewal program during the quarter, completing a further 11 refurbishments with 52 per cent of the store network now in the renewal format.

During the quarter, Coles also delivered more targeted and personalised offers in its Liquor business and continued to reshape the store network, opening five new liquor stores and closing nine stores.

## **Convenience**

Total Coles Express sales, including fuel, for the third quarter<sup>1</sup> were \$1.9 billion, up 2.4 per cent on the previous corresponding period. Total sales for the financial year to date<sup>7</sup> increased 4.7 per cent to \$6.2 billion.

Headline fuel volumes declined 6.5 per cent during the quarter<sup>1</sup> and 2.4 per cent for the year to date<sup>7</sup>. Comparable fuel volumes decreased 6.8 per cent in the third quarter<sup>1</sup> as a result of higher fuel prices and reduced fuel discounts following the December 2013 undertaking on fuel discounts which took effect in January 2014. Comparable fuel volumes decreased 2.6 per cent in the year to date<sup>7</sup>.

Convenience store sales, excluding fuel sales, increased 9.1 per cent for the quarter<sup>1</sup> and 5.0 per cent in the year to date<sup>7</sup>. Comparable store sales increased 8.0 per cent in the third quarter<sup>1</sup> and 4.9 per cent in the year to date<sup>7</sup>.

Mr McLeod said the improved convenience store performance reflected a positive customer response to improved value and ranges in grocery, the revitalised “Food to Go” offers and the effect of tobacco excise increases.

Coles Express opened two new sites during the third quarter, bringing the total store network to 639 sites.

Refer to appendix two for footnotes.

## HOME IMPROVEMENT AND OFFICE SUPPLIES

### Home Improvement

Total sales for the quarter<sup>4</sup> of \$2.1 billion were 12.3 per cent above the previous corresponding period. Total store sales for the quarter<sup>4</sup> grew 12.2 per cent, while store-on-store growth was 9.1 per cent.

For the financial year to date<sup>8</sup> total sales increased 11.0 per cent to \$6.5 billion. Total store sales grew 11.1 per cent in the year to date<sup>8</sup>, while store-on-store growth was 7.8 per cent.

Sales growth was achieved in both consumer and commercial areas across every trading region. All merchandising categories performed well, in both existing and new stores.

Home Improvement and Office Supplies Managing Director, John Gillam, said the quarter's sales performance was pleasing, continuing to build on the positive momentum in the business across the past year and taking advantage of good trading conditions.

"We are pleased with the outcomes being achieved across all our strategic initiatives, with positive trends in our service metrics as well as favourable customer responses to increased value and range innovation. The ongoing expansion of our presence in the commercial area was also a highlight," Mr Gillam said.

During the quarter four warehouse stores were opened. A further 16 sites were under construction at the end of March.

### Office Supplies

Total sales for the quarter<sup>4</sup> of \$445 million were 6.7 per cent above the previous corresponding period. Strong sales growth was achieved across both stores and online, consistent with Officeworks' "every channel" strategy. Adjusting for the effect of the earlier timing of Easter in the 2013 financial year<sup>10</sup>, sales growth for the quarter<sup>4</sup> was 5.2 per cent.

The highlight of the quarter was the strong result achieved during the critical back-to-school trading period as a result of well executed operational and merchandising plans.

For the 2014 financial year to date<sup>8</sup>, total sales increased 5.3 per cent to \$1.2 billion.

Mr Gillam said the result was very pleasing, particularly the good performance across the back-to-school trading period.

"The business is driving its "every channel" strategy very well, providing customers with a compelling offer, both in-store and online. Officeworks also continues to expand its presence in the business-to-business market," Mr Gillam said.

Refer to appendix two for footnotes.

## TARGET

Total sales of \$674 million for the quarter<sup>6</sup> were 3.6 per cent below the previous corresponding period, with comparable<sup>11</sup> store sales decreasing 5.9 per cent. Adjusting for the effect of the earlier Easter timing in the previous corresponding period<sup>10</sup>, comparable<sup>11</sup> store sales decreased 4.7 per cent during the quarter<sup>6</sup>. For the 2014 financial year to date<sup>9</sup>, total sales decreased 4.8 per cent to \$2.7 billion, while comparable<sup>11</sup> store sales decreased by 5.2 per cent.

Target Managing Director Stuart Machin said the sales performance during the quarter reflects the transformation underway within the business.

“During the quarter we continued to lower our prices and reduce our reliance on over-ordering and over-promoting, consistent with our ‘first price, right price’ strategy. Sales were, however, affected during the quarter as we rebuild trust with our customers who have come to expect high levels of discounting from Target.

“After a disappointing sales performance in January and February, particularly in our hard goods departments, trading in March was more encouraging with lower prices offset by transaction growth. Stronger sales were achieved in departments where better fashion, style, quality and lower everyday prices have been introduced.

“There remains significant opportunity to improve our sourcing, although a continued focus on inventory has resulted in an improved seasonal mix,” Mr Machin said.

During the quarter Target closed one store. One new store and two replacement stores are expected to be opened in the fourth quarter.

Refer to appendix two for footnotes.

## KMART

Total sales of \$845 million for the quarter<sup>1</sup> were 0.4 per cent above the previous corresponding period, with comparable<sup>11</sup> store sales increasing 0.7 per cent. Adjusting for the effect of the earlier Easter timing in the previous corresponding period<sup>10</sup>, comparable<sup>11</sup> store sales increased 1.9 per cent during the quarter<sup>1</sup>. The quarter represented the seventeenth consecutive quarter of growth in transactions and units sold.

For the 2014 financial year to date<sup>7</sup> total sales increased 0.2 per cent to \$3.2 billion with comparable<sup>11</sup> store sales declining 0.6 per cent. Adjusting for the effect of the Toy Sale, which this year saw the removal of Christmas lay by, year to date comparable sales increased 0.3 per cent.

Kmart Managing Director Guy Russo said sales performance for the quarter was pleasing, with growth driven by seasonal apparel and core ranges within home categories. Growth was, however, affected during the quarter by the misalignment of Easter timing<sup>10</sup> and the continued decline in entertainment categories such as DVDs and video games.

“We remain committed to our strategy of delivering families the lowest prices on items that meet and exceed customers’ expectation on value,” Mr Russo said.

During the quarter, Kmart temporarily closed one store, Mount Gravatt in Queensland, which is due to reopen in a new location in late August 2014. Two new stores are expected to open in the fourth quarter.

Refer to appendix two for footnotes.

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## APPENDIX ONE

### WESFARMERS RETAIL OPERATIONS - STORE NETWORK FINANCIAL YEAR 2014, YEAR TO DATE

	Open at 1 Jul 2013	Opened	Closed	Re- branded	Open at 31 Mar 2014
<b>COLES</b>					
<b>Supermarkets</b>					
Coles	722	13	(6)	11	740
Bi-Lo	34	-	(3)	(11)	20
<b>Total Supermarkets</b>	<b>756</b>	<b>13</b>	<b>(9)</b>	<b>-</b>	<b>760</b>
<b>Liquor</b>					
1st Choice	92	6	(1)	-	97
Vintage Cellars	79	-	(2)	-	77
Liquorland	639	19	(12)	-	646
Hotels	92	-	-	-	92
<b>Total Liquor</b>	<b>902</b>	<b>25</b>	<b>(15)</b>	<b>-</b>	<b>912</b>
<b>Convenience</b>	<b>636</b>	<b>8</b>	<b>(5)</b>	<b>-</b>	<b>639</b>
<b>Selling Area (m<sup>2</sup>)</b>					
Supermarkets	1,656,520	n.a.	n.a.	n.a.	1,676,051
Liquor (excluding hotels)	199,178	n.a.	n.a.	n.a.	203,262
<b>HOME IMPROVEMENT</b>					
Bunnings Warehouse	210	15	(4)	-	221
Bunnings smaller formats	67	2	(5)	-	64
Bunnings Trade Centres	36	1	(3)	-	34
<b>OFFICE SUPPLIES</b>					
Officeworks	149	6	(4)	-	151
Harris Technology	1	-	-	-	1
<b>TARGET</b>					
Target	183	8	-	-	191
Target Country	125	-	(3)	-	122
<b>KMART</b>					
Kmart	190	3	(3)	-	190
Kmart Tyre & Auto	263	1	(15)	-	249



## APPENDIX TWO

### FOOTNOTES

1. Financial Year 2014 for the 12 week period 6 January 2014 to 30 March 2014 and Financial Year 2013 for the 12 week period 31 December 2012 to 24 March 2013
2. Includes hotels, excludes gaming revenue and property income
3. Includes fuel sales
4. Financial Year 2014 and Financial Year 2013 for the three month period 1 January to 31 March
5. Includes consumer and commercial sales, excludes property income
6. Financial Year 2014 for the 12 week period 5 January 2014 to 29 March 2014 and Financial Year 2013 for the 12 week period 30 December 2012 to 23 March 2013
7. Financial Year 2014 for the 39 week period 1 July 2013 to 30 March 2014 and Financial Year 2013 for the 39 week period 25 June 2012 to 24 March 2013
8. Financial Year 2014 and Financial Year 2013 for the nine month period 1 July to 31 March
9. Financial Year 2014 for the 39 week period 30 June 2013 to 29 March 2014 and Financial Year 2013 for the 39 week period 24 June 2012 to 23 March 2013
10. Easter Sunday fell on 31 March and 20 April in the 2013 and 2014 financial years, respectively
11. Comparable store sales include lay by sales. Lay by sales are excluded from total sales under Australian Accounting Standards