2016 Full-year Results Briefing Presentation

Wednesday, 24 August 2016

Wesfarmers

Presentation outline

Group Performance Overview

Richard Goyder

Managing Director
Wesfarmers Limited

Financial overview

Full-year ended 30 June 2016	Reported	Excluding significant items[1]	Variance to pcp (exc. significant items)
Operating revenue	$66.0b	$66.0b	*5.7%*
Earnings before interest & tax	$1,346m	$3,607m	*(4.0%)*
Net profit after tax	$407m	$2,353m	*(3.6%)*
Earnings per share	36.2 cps	209.5 cps	*(3.1%)*
Dividend per share	186 cps	186 cps	*(7.0%)*
Return on equity (R12)	1.7%	9.6%	*(0.2ppt)*

[1] 2016 excludes the following pre-tax (post-tax) amounts: $1,266m ($1,249m) non-cash impairment of Target; $850m ($595m) non-cash impairment of Curragh; & $145m ($102m) of restructuring costs & provisions to reset Target.

- Solid performances across the Group's retail portfolio & WesCEF, offset by losses at Target & Resources
- Capital expenditure discipline maintained, with continued investment in enhancing retail store networks with strong returns on incremental capital
- Final dividend of $0.95 (fully-franked); Full-year ordinary dividend of $1.86 per share, in line with Group policy which considers earnings, cash flows, & franking credits

Group performance summary

Full-year ended 30 June ($m)	2016	2015	var %
Revenue	65,981	62,447	*5.7*
EBITDA	2,642	4,978	*(46.9)*
EBIT	1,346	3,759	*(64.2)*
EBIT (exc. significant items)[1]	3,607	3,759	*(4.0)*
Net profit after tax	**407**	**2,440**	***(83.3)***
Net profit after tax (exc. significant items)[1]	**2,353**	**2,440**	***(3.6)***
Operating cash flow	3,365	3,791	*(11.2)*
Net capital expenditure	1,336	1,552	*(13.9)*
Free cash flow	1,233	1,893	*(34.9)*
Earnings per share (cps)	36.2	216.1	*(83.2)*
Earnings per share (exc. significant items)[1] (cps)	209.5	216.1	*(3.1)*
Operating cash flow per share (wanos, incl. res shares) (cps)	299.2	335.1	*(10.7)*
Full-year ordinary dividend (cps)	186	200	*(7.0)*
Net financial debt[2]	6,537	5,515	*18.5*
Return on equity (exc. significant items) (R12 %)[1]	9.6	9.8	*(0.2ppt)*

[1] 2016 excludes the following pre-tax (post-tax) amounts: $1,266m ($1,249m) non-cash impairment of Target; $850m ($595m) non-cash impairment of Curragh; & $145m ($102m) of restructuring costs & provisions to reset Target.

[2] Interest bearing liabilities less cash at bank & on deposit, net of cross currency interest rate swaps & interest rate swap contracts.

Divisional earnings

EBIT ($m) year ended 30 June	2016	2015	var %	var $
Coles	**1,860**	**1,783**	***4.3***	***77***
Home Improvement	**1,214**	**1,088**	***11.6***	***126***
Bunnings Australia & NZ	1,213	1,088	*11.5*	*125*
Bunnings UK & Ireland[1]	1	-	-	-
Department Stores	**275**	**522**	***(47.3)***	***(247)***
Kmart	470	432	*8.8*	*38*
Target[2]	(195)	90	*n.m.*	*(285)*
Officeworks	**134**	**118**	***13.6***	***16***
Industrials	**47**	**353**	***(86.7)***	***(306)***
WesCEF[3]	294	233	*26.2*	*61*
Industrial & Safety[4]	63	70	*(10.0)*	*(7)*
Resources	(310)	50	*n.m.*	*(360)*

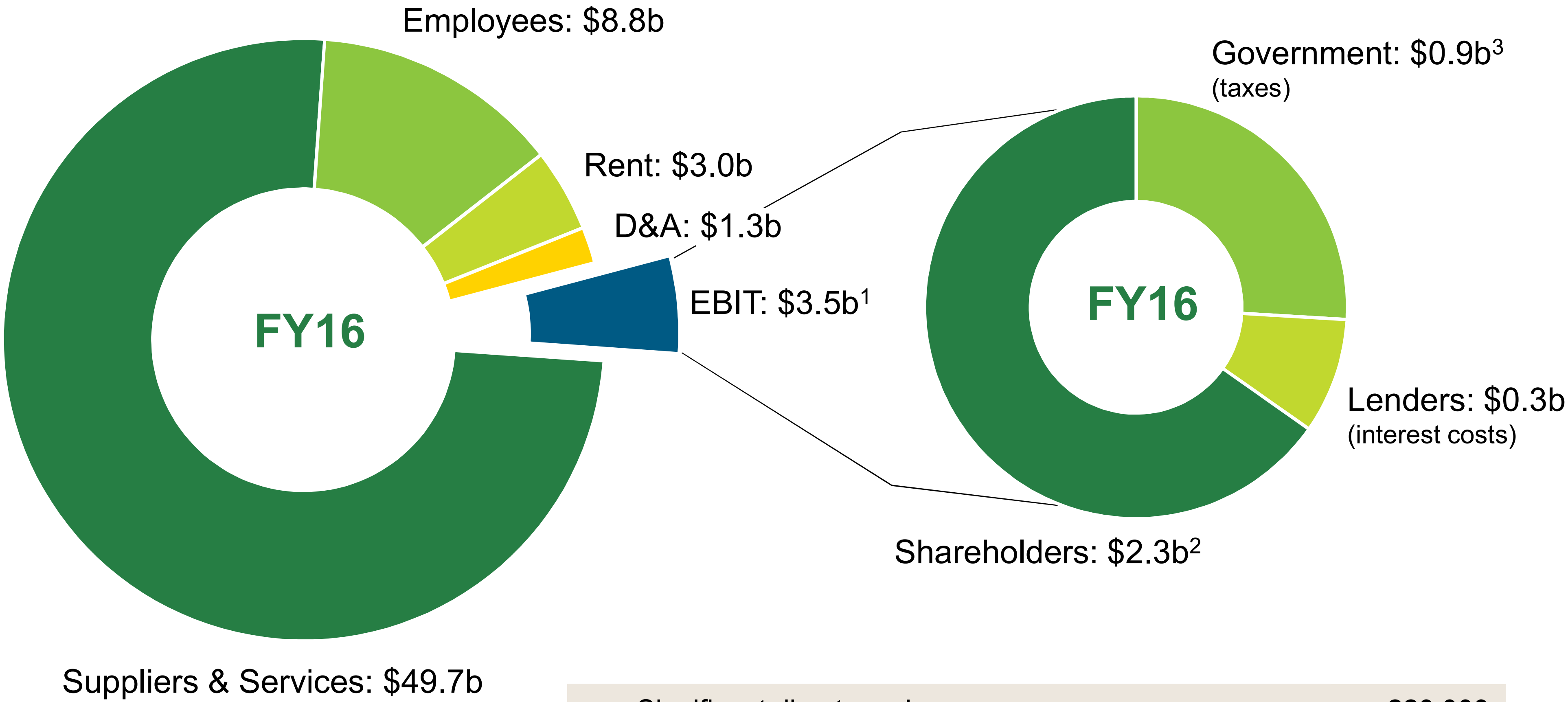
[1] Represents trading from the Homebase acquisition from 28 February 2016.
[2] 2016 includes $145m in restructuring costs & provisions to reset Target.
[3] 2016 includes $32m in costs relating to ceasing PVC manufacturing. 2015 includes net $10m gain from one-off restructuring, comprising a gain on sale of Kleenheat's east coast LPG distribution business and asset writedowns, as well as insurance proceeds.
[4] 2016 includes $35m in restructuring costs. 2015 includes $20m in restructuring costs.

Divisional return on capital (RoC)

Rolling 12 months to 30 June	2016			2015	
	EBIT ($m)	Cap Emp ($m)	RoC (%)	RoC (%)	Variance (ppt)
Coles	**1,860**	**16,541**	**11.2**	**11.0**	***0.2***
Home Improvement[1]	**1,214**	**3,599**	**33.7**	**33.5**	***0.2***
Bunnings Australia & New Zealand	1,213	3,312	36.6	33.5	*3.1*
Department Stores	**275**	**3,629**	**7.6**	**13.8**	***(6.2)***
Kmart	470	1,246	37.7	32.9	*4.8*
Target[2]	(195)	2,383	(8.2)	3.6	*(11.8)*
Officeworks	**134**	**994**	**13.5**	**11.4**	***2.1***
Industrials	**47**	**4,244**	**1.1**	**8.3**	***(7.2)***
WesCEF[3]	294	1,554	18.9	15.2	*3.7*
Industrial & Safety[4]	63	1,339	4.7	5.5	*(0.8)*
Resources	(310)	1,351	(22.9)	3.4	*(26.3)*

[1] 2016 includes the Homebase acquisition from 28 February 2016.
[2] 2016 includes $145m in restructuring costs & provisions.
[3] 2016 includes $32m in costs relating to ceasing PVC manufacturing. 2015 includes net $10m gain from one-off restructuring, comprising a gain on sale of Kleenheat's east coast LPG distribution business and asset writedowns, as well as insurance proceeds.
[4] 2016 includes $35m in restructuring costs. 2015 includes $20m in restructuring costs.

Strong value creation for all stakeholders



• Significant direct employer	**220,000**
• Significant indirect employer (supplier payments)	**$49.7b**
• Strong business reinvestment (capital expenditure)	**$1.9b**
• Direct & indirect community contributions	**$111m**
• Australian shareholders	**80%**

[1] Excludes pre-tax non-cash impairments of $2,116m related to Target & Curragh.
[2] Total dividends paid in FY16.
[3] Excludes the tax expense effect of the Target & Curragh impairment charges.

Sustainability

Safety

- Total Recordable Injury Frequency Rate reduced 15% to 33.4

Ethical Sourcing

- Improved transparency of our supply chain (3,211 factories audited)

Diversity

- 3,300 Indigenous employees
- Increased representation of women in management roles

Community contributions

- $111m in direct & indirect contributions

Climate change resilience

- Decreased emissions by more than 20% over the last 5 years

Supplier relationship

- $45.5b paid to over 15,000 suppliers[1]

[1] Represents raw materials & inventory expense.

Group Balance Sheet & Cash Flow

Terry Bowen

Finance Director
Wesfarmers Limited

Other business performance summary

Year ended 30 June ($m)	Holding %	2016	2015	var %
Share of profit of associates				
BWP Trust	*25*	77	52	*48.1*
Other	*Various*	5	13	*(61.5)*
Sub-total share of profit of associates		**82**	**65**	*26.2*
Interest revenue[1]		5	27	*(81.5)*
Other		(31)	(73)	*57.5*
Corporate overheads		(124)	(124)	-
Total Other (excluding NTIs)		**(68)**	**(105)**	*35.2*
Non-trading items (NTIs)[2]		(2,116)	-	*n.m.*
Total Other		**(2,184)**	**(105)**	*n.m.*

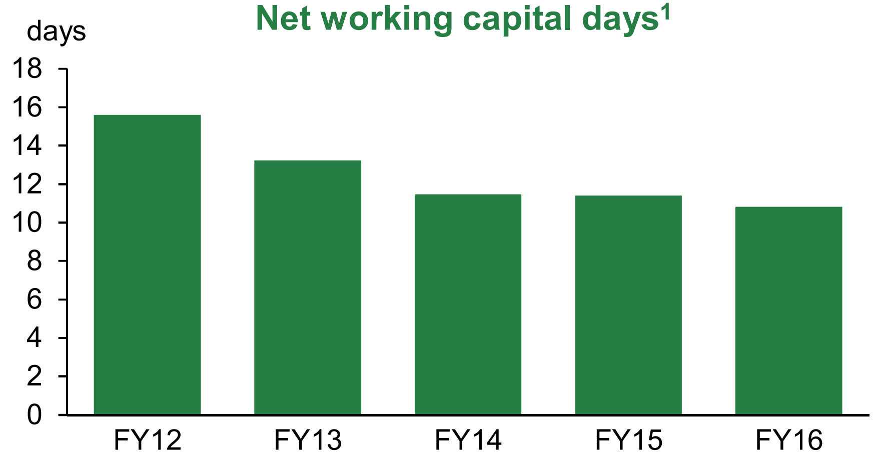
[1] Excludes interest revenue from Coles Financial Services & Quadrant Energy loan.
[2] Includes pre-tax non-cash impairments relating to Target ($1,266m) & Curragh ($850m).

Working capital management

- Working capital outflows in the retail portfolio were partially offset by working capital inflows in the Industrials division
- Retail movement driven by
  - Investments to improve stock availability in Homebase
  - Investments to support sales growth across the retail businesses
  - Depreciation of the AUD
- Industrials movement driven by
  - Lower coal production in Resources
  - Timing of fertiliser & ammonia shipments
  - The conversion to a PVC import model in WesCEF
- Net working capital days declined from 15.6 days in FY12 to 10.8 days in FY16

Year ended 30 June ($m)	2016	2015
Cash movement inflow/(outflow)		
Receivables & prepayments	(51)	47
Inventory	(444)	(128)
Payables	259	219
Total	**(236)**	**138**
Working capital cash movement		
Retail	(390)	255
Industrials & Other	154	(117)
Total	**(236)**	**138**

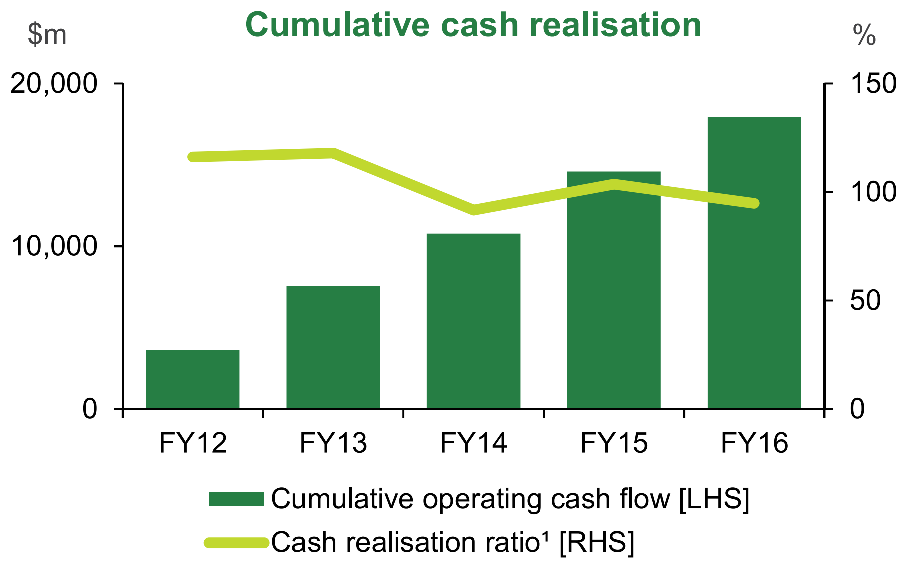
Net working capital days[1]



[1] Calculated as average net working capital balance divided by R12 revenue multiplied by 365.

Cash flow generation

- FY16 operating cash flows declined 11.2% to $3,365m due to higher working capital investment
- Cash realisation[1] of 94.9%
  - Decrease driven by higher working capital
  - Cash realisation excluding the investments made to improve stock availability in Homebase was 99.7%

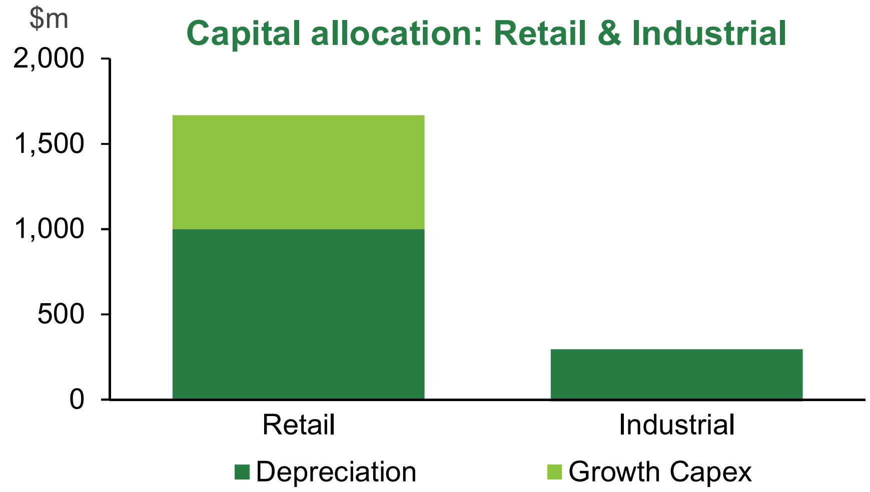


[1] Adjusted for significant one-offs, discontinued operations & non-trading items. 2016 excludes non-cash impairments of Target & Curragh.

Capital expenditure

- Capital deployed to high return opportunities
  - Coles & Home Improvement comprised 70% of capital expenditure
  - Coles FY16 RoC[2] of 30.0% (excluding goodwill)
  - Home Improvement FY16 RoC[2] of 48.6% (excluding goodwill)
  - Kmart FY16 RoC[2] of 96.5% (excluding goodwill)
- Free cash flows of $1,233m, 34.9% lower than prior year due to $665m acquisition of Homebase
- FY17 net capital expenditure of $1.3b to $1.6b expected, subject to net property investment

Year ended 30 June ($m)[1]	2016	2015	var %
Coles	797	941	*(15.3)*
Home Improvement	538	711	*(24.3)*
Kmart	163	169	*(3.6)*
Target	129	127	*1.6*
Officeworks	40	39	*2.6*
WesCEF	60	56	*7.1*
Industrial & Safety	52	57	*(8.8)*
Resources	116	137	*(15.3)*
Other	4	2	*100.0*
Total capital expenditure	**1,899**	**2,239**	***(15.2)***
Sale of PP&E	(563)	(687)	*(18.0)*
Net capital expenditure	**1,336**	**1,552**	***(13.9)***

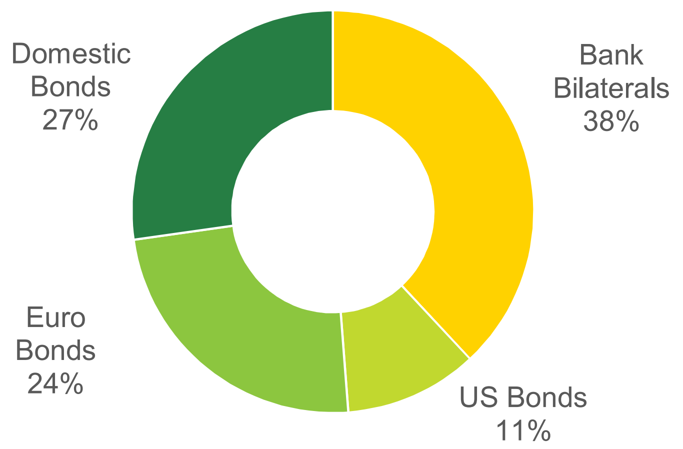


[1] Capital investment provided on a cash basis.
[2] Rolling 12 months.

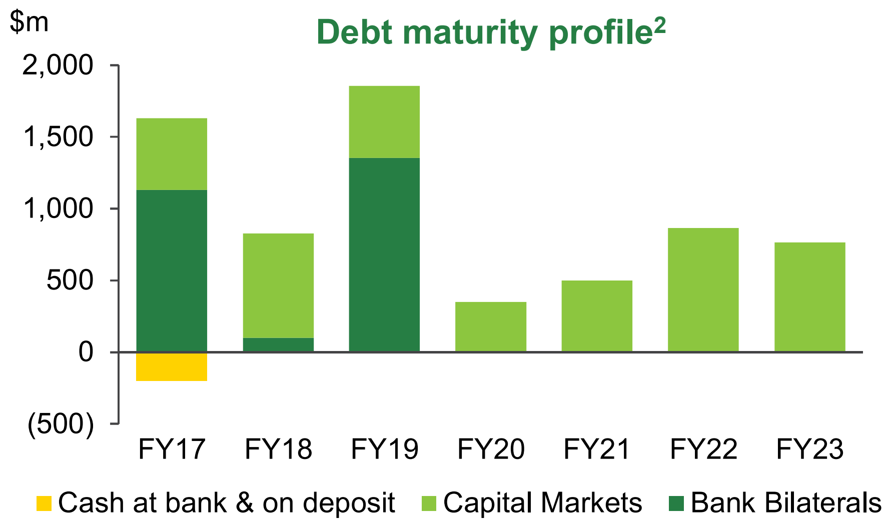
Debt management

- Continued to implement debt strategy by maintaining diversity of sourcing, pre-funding debt maturities, maintaining access to diverse debt capital markets & ensuring an appropriate maturity spread profile
- Net financial debt[1] increased $1,022m to $6,537m[2] largely driven by the acquisition of Homebase & working capital investments in the retail portfolio
- FY16 debt activity
  - Repayment of €500m medium term note ($756m[3])
  - Repayment of US$650m US 144A bond ($604m[4])
  - Established $500m bank bilateral facilities
  - Established £630m ($1,135m[5]) three-year & one-year bank facilities to fund the Homebase acquisition & provide working capital
  - Extended $925m existing bank facilities to FY19

Debt sources[2]



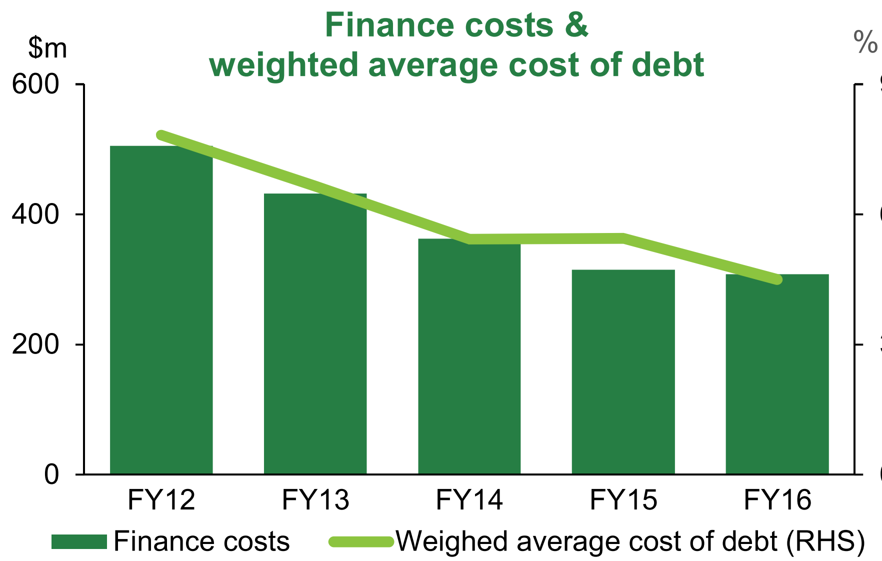
Debt maturity profile[2]

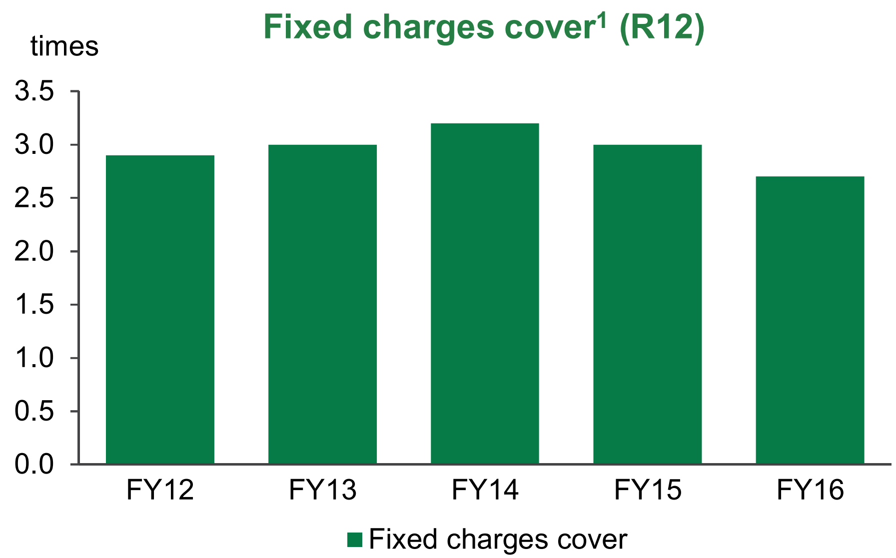


[1] Interest bearing liabilities less cash at bank & on deposit, net of cross currency interest rate swaps & interest rate swap contracts.
[2] As at 30 June 2016.
[3] €:A$ of 0.66 Term note issued March 2010.
[4] US$:A$ of 1.08 Term note issued May 2011.
[5] £:A$ of 0.55 as at 30 June 2016 (Reserve Bank of Australia).

Funding costs & credit metrics

- 'All-in' effective borrowing cost further reduced to 4.50%
  - Reflects active management of debt sources & the benefit of a lower BBSW rate
- Solid credit metrics
  - Cash interest cover[1] (R12) at 16.8 times
  - Fixed charges cover[1] (R12) at 2.7 times
- Strong credit ratings
  - Moody's A3 (stable outlook)
  - Standard & Poor's A- (negative outlook)

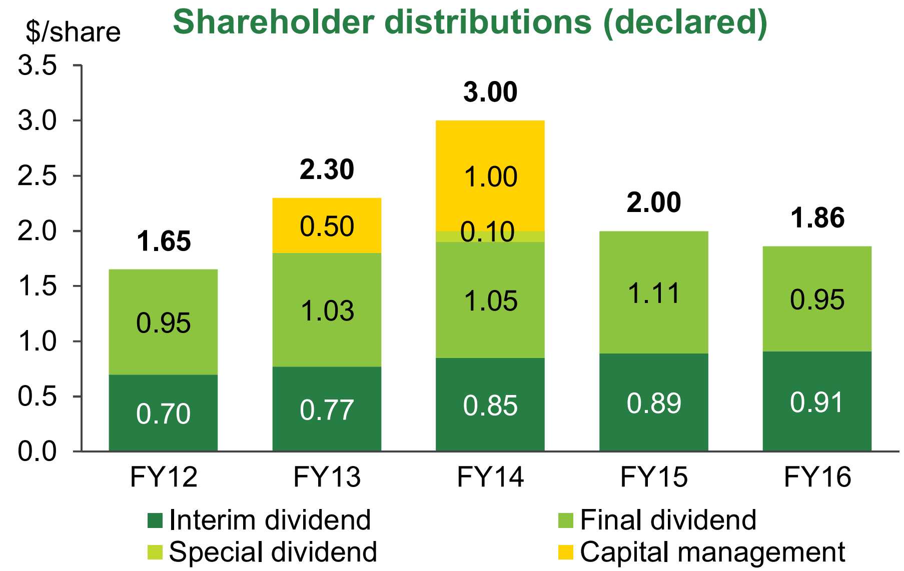


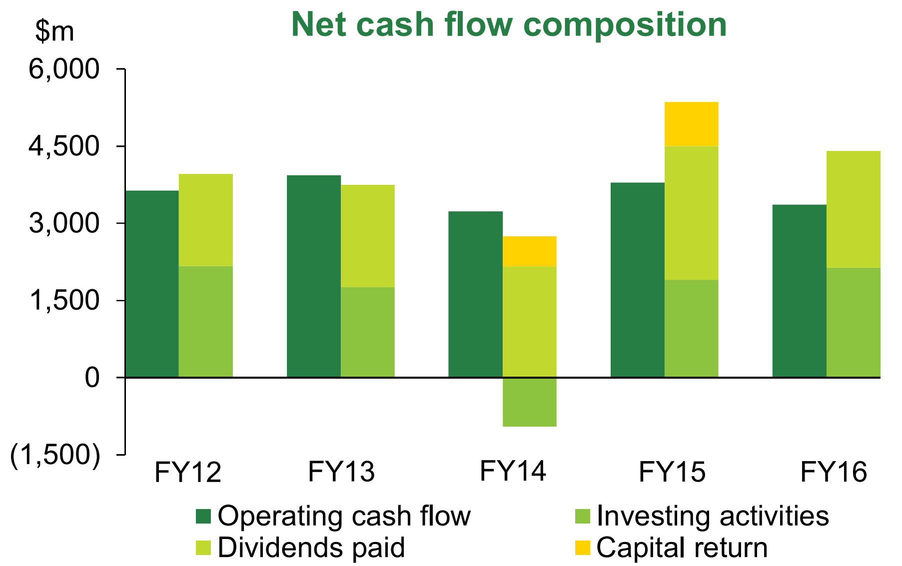


[1] 2016 excludes non-cash impairments of Target & Curragh.

Dividends

- Delivering returns over the long-term by balancing shareholder distributions with disciplined capital investment
- Full-year dividend of $1.86 per share, fully franked
  – Final dividend of $0.95 per share declared
  – Dividend record date 30 August 2016 with final dividend payable 5 October 2016
  – Dividend investment plan; last day for application 31 August 2016





Coles

John Durkan

Managing Director
Coles

Coles performance summary

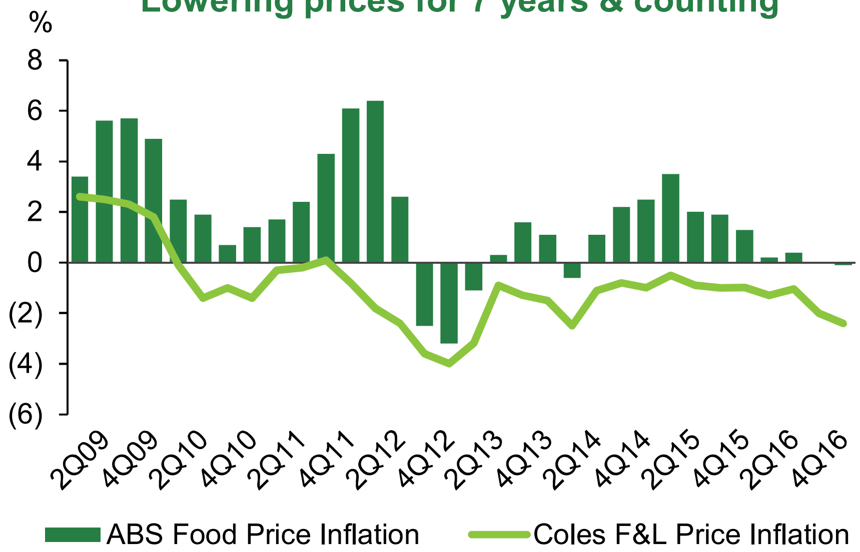
Year ended 30 June ($m)		2016	2015	var %
Coles Division	**Revenue[1]**	**39,242**	**38,201**	***2.7***
	EBITDA[2]	2,475	2,347	*5.5*
	Depreciation & amortisation	(615)	(564)	*(9.0)*
	EBIT[2]	**1,860**	**1,783**	***4.3***
	EBIT margin[2] (%)	4.7	4.7	
	RoC (R12%)	11.2	11.0	
	Safety (R12 LTIFR)	8.4	8.0	
Food & Liquor	**Revenue[1]**	**32,564**	**30,784**	***5.8***
	Headline sales growth[3,4] (%)	5.1	5.3	
	Comparable sales growth[3,4] (%)	4.1	3.9	
	Inflation/(deflation)	(1.7)	(0.8)	
Convenience	**Revenue**	**6,678**	**7,417**	***(10.0)***
	Total store sales growth[4] (%)	11.1	9.8	
	Comp. fuel volume growth[4] (%)	(7.9)	(3.7)	

[1] Includes property revenue for 2016 of $25m & 2015 of $29m.
[2] Includes property EBIT for 2016 of $17m & 2015 of $14m.
[3] Includes hotels, excludes gaming revenue & property.
[4] 2016 growth reflects the period 29 June 2015 to 26 June 2016 & the period 30 June 2014 to 28 June 2015. 2015 growth reflects the period 30 June 2014 to 28 June 2015 & the period 1 July 2013 to 29 June 2014.

Food & Liquor highlights
Creating trusted value with customers

- Lowering the cost of the weekly shop for customers
  - 7.5% cumulative deflation from FY09
  - More than 3,100 products at Every Day prices as at 30 June
  - Largest Coles brand activation to date, with nearly 1,000 products added to Every Day pricing through June & July
- Fresh offering continues to drive growth
  - Growth in key metrics of items per basket, basket size & transactions per week
  - More fresh heroes on Every Day including whole chickens & chicken schnitzel in 4Q FY16
  - Continued investment to improve quality & availability for customers
- Continued investment in service
  - Investing in our team members to improve our offering with over 8,000 store team members trained in a craft skill in FY16
  - Over 450,000 hours of incremental service invested through 2H FY16

Lowering prices for 7 years & counting



Food & Liquor highlights
Driving greater simplicity

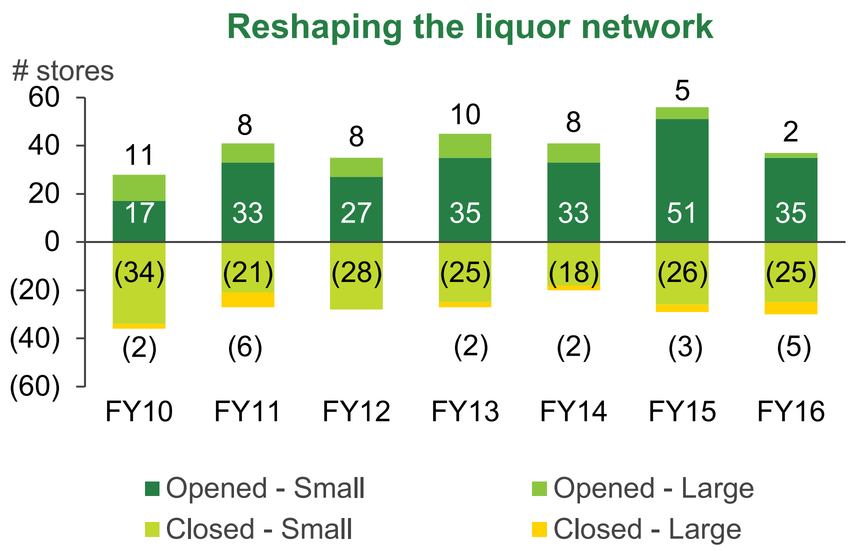
- Building long-term supplier partnerships
  - More long-term strategic partnerships with Australian growers to improve quality & availability
  - Longer term end-to-end planning from supplier to shelf, reducing volatility & improving availability
  - Coles Nurture Fund products launched in stores
- More efficient supply chain
  - Reduced cost & improved availability throughout the network
  - Smarter systems to improve forecasting, flow of stock & reduce handling through the network
- Simpler & smarter stores
  - One Team roll-out to accelerate in FY17 to improve team member rostering
  - Continuous improvement of in-store processes to step change peak time availability
  - Customer-led range reduction making stores easier to shop

Food & Liquor highlights
Boldly extending into new services & channels

- Extending convenience with Coles Online
  - First standalone online supermarket launched in Victoria in April 2016
  - FY16 transaction growth & sales growth of ~25%
  - Delivering a world class customer experience with a new website in early FY17
- Leveraging flybuys to deliver better value
  - Continued growth in the key metrics of active households & average basket size
  - Double-digit growth in points redeemed, reflecting efforts to provide personalised offers to customers
  - Introduced flybuys travel to further broaden the appeal of the program to customers
- More value through Coles Financial Services
  - Over 1 million customer accounts & growing
  - Winner of Money Magazine's Credit Card Issuer of the Year 2016

Food & Liquor highlights
Progressing the Liquor transformation

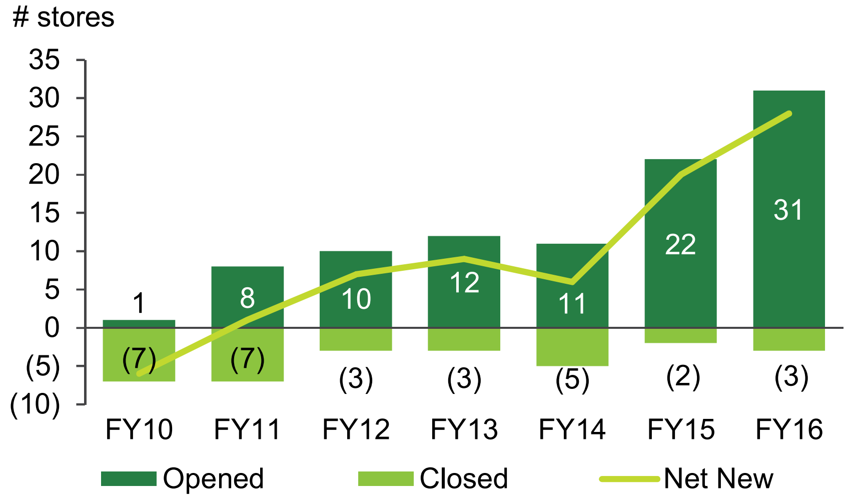
- Positive comparable sales growth achieved through 2H FY16
- Continued optimisation of the network in FY16
  - 30 underperforming stores closed
  - 37 new stores opened
- Accelerating the Liquorland renewals
  - More than 180 since transformation began
  - 200 planned for FY17
- Next phase to focus on
  - Continued value investment & range simplification
  - Continued trial of new First Choice offer
  - Penetration of exclusive brands
  - Growth of Liquor Direct
  - Simplification of processes



Convenience highlights
Convenience shop sales growing strongly

- Convenience shop sales growth remains strong
  - 11.1% headline sales growth driven by record transaction growth
  - Strong growth in food-to-go underpinned by new sandwich & bakery ranges
  - Compelling value through Every Day & Coles Brand drove seventh consecutive quarter of price deflation (excluding Tobacco)
- Continuing to improve the site network
  - 31 new sites opened in FY16
  - A further 28 upgraded with bold branding
  - Currently trialling a new format in three locations
- Fuel volumes declined
  - FY16 headline volumes down 4.4%, comparable volumes down 7.9%

Expanding the convenience network



Coles outlook

- Competition is robust & Coles will continue to be customer-led in everything that we do
- Continued investment in value, service & fresh to drive sales growth
- Investment funded by a focus on simplifying the business
- Maintain a focus on transforming liquor as improving profitability remains an opportunity
- Invest in new growth opportunities for the long term
- Continue to remain disciplined & returns-focused in capital management

Home Improvement

John Gillam

Chief Executive Officer
Bunnings Group

Home Improvement performance summary

Year ended 30 June ($m)	2016	2015	var %
Revenue[1]	**11,571**	**9,534**	***21.4***
EBITDA[1,2]	1,383	1,228	*12.6*
Depreciation & amortisation[1]	(169)	(140)	*(20.7)*
EBIT[1,2]	**1,214**	**1,088**	***11.6***
EBIT margin[1,2] (%)	10.5	11.4	
RoC[1] (R12%)	33.7	33.5	
Bunnings Australia & New Zealand			
- RoC (R12%)	36.6	33.5	
- Safety (R12 AIFR)	22.2	25.0	
- Store-on-store sales growth[3] (%)	8.1	8.8	

[1] Includes trading from the Homebase acquisition from 28 February 2016.
[2] Includes net property contribution for FY16 of $46m & FY15 of $40m.
[3] 2016 growth reflects the period 1 July 2015 to 30 June 2016 & the period 1 July 2014 to 30 June 2015. 2015 growth reflects the period 1 July 2014 to 30 June 2015 & the period 1 July 2013 to 30 June 2014.

Home Improvement performance summary (continued)

Year ended 30 June ($m)	2016	2015	var %
Revenue[1]	**11,571**	**9,534**	***21.4***
Bunnings Aust & NZ	10,575	9,534	*10.9*
Bunnings UK & Ireland[1] ($)	996	n.a.	
Bunnings UK & Ireland[1] (£)	517	n.a.	
EBIT[1,2]	**1,214**	**1,088**	***11.6***
Bunnings Aust & NZ	1,213	1,088	*11.5*
Bunnings UK & Ireland[1] ($)	1	n.a.	
Bunnings UK & Ireland[1] (£)	0.5	n.a.	

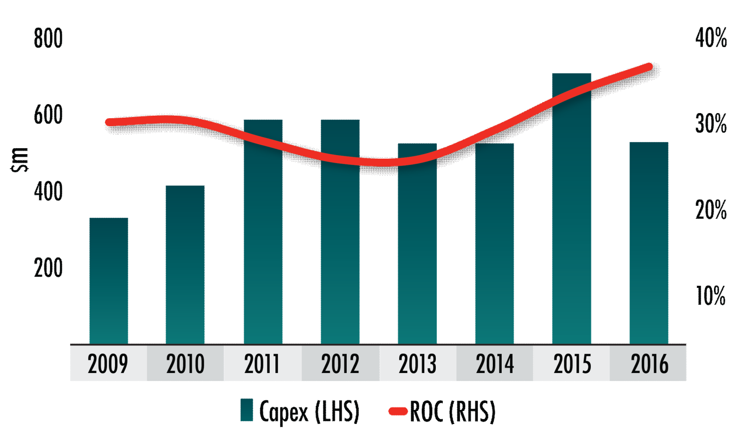
[1] Includes trading from the Homebase acquisition from 28 February 2016.
[2] Includes net property contribution for FY16 of $46m & FY15 of $40m.

Home Improvement highlights

Bunnings Australia and New Zealand

- Strong sales growth
  - Total store sales growth of 11.1%
    - » Store-on-store growth of 8.1%
  - Positive across Australia (all regions) & New Zealand
  - Good momentum in consumer & commercial
  - Solid growth across all categories
- Good increase in EBIT
  - Gains from all parts of growth agenda
  - Productivity initiative benefits
  - Absorbing value creation & development impacts
- Pleasing RoC levels given the strength of reinvestment

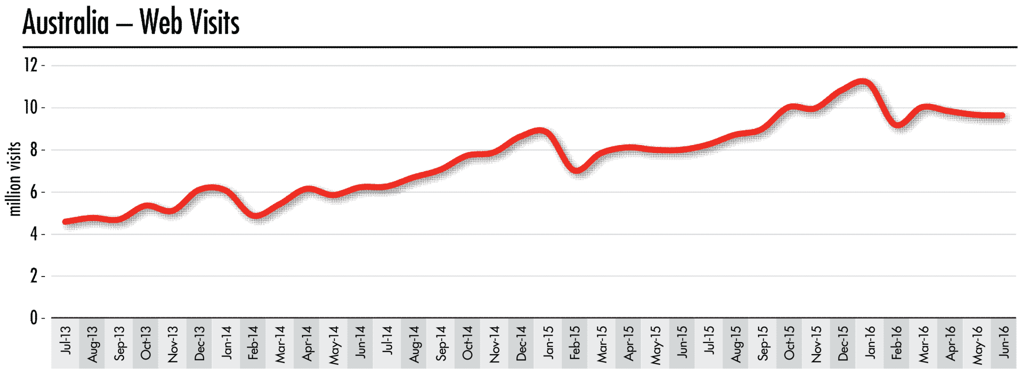
BANZ – Strong capex investment for future growth



Home Improvement highlights (continued)

Bunnings Australia and New Zealand (cont.)

- Wider brand reach
  - Deeper engagement in digital eco-system
  - 22 new trading locations opened
- Continued team investment
  - More training investment (product, project)
  - Improved safety & enhanced diversity
- Better for customers
  - Improved stock availability & service intensity
  - More value funded by process efficiencies
- Continued commercial expansion
  - Broader market engagement
- Smooth transition to new leadership structure
  - Talent depth supporting Homebase related changes



Home Improvement highlights (continued)

Bunnings United Kingdom and Ireland (Homebase)

- Repositioning of Homebase well underway
  - New trading strategies implemented
    - » Merchandising, pricing, marketing & operations
    - » Reshaped with home improvement & garden market focus
  - Wider product choices & deeper stock holdings supported by ~£60 million ($115 million) inventory investment
  - Pleasing team engagement; development investments
- Steady trading across initial four months of ownership
  - Disruption from change agenda well managed
  - Encouraging increase in underlying participation
    - » 7.5% increase in store transactions (like-for-like)
- FY16 EBIT result includes restructuring & one-off repositioning costs

Home Improvement highlights (continued)

Bunnings United Kingdom and Ireland (cont.)

- New leadership team well established
- Special purpose Advisory Board in place
- Transition, integration & separation activity well advanced
  - Many transitional services already terminated
- Preparation commenced for Bunnings Warehouse pilots
  - Expect to open 4 to 6 pilot stores in FY17
  - Successful pilots a pre-cursor to further investment
- Acquisition accounting largely complete
  - Goodwill in line with forecast

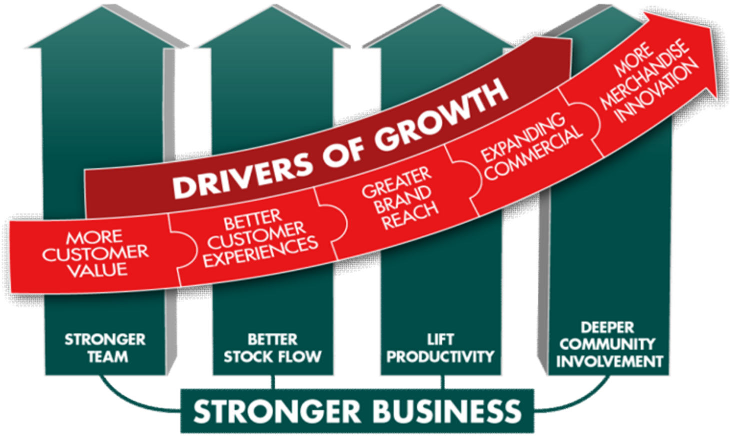
ALWAYS LOW PRICES

MORE BRANDS YOU CAN TRUST

Home Improvement outlook

Australia and New Zealand

- Significant long-term opportunities
- Increase traction from strategic agenda
  - Creating better experiences
  - Strengthening the core
  - Driving stronger growth



UK and Ireland

- Focused on Phase 1 of Acquisition Plans
  - Establish strong foundations
- Drive stronger operating performance in Homebase
- Implement pilot Bunnings Warehouse stores

Department Stores

Guy Russo

Chief Executive Officer
Department Stores

Managing Director
Target

Department Stores performance summary

Year ended 30 June ($m)		2016	2015	var %
Revenue	Kmart	5,190	4,553	*14.0*
	Target	3,456	3,438	*0.5*
	Total	**8,646**	**7,991**	***8.2***
EBITDA	Kmart	571	521	*9.6*
	Target[1]	(105)	176	*n.m.*
	Total	**466**	**697**	***(33.1)***
EBIT	Kmart	470	432	*8.8*
	Target[1]	(195)	90	*n.m.*
	Total	**275**	**522**	***(47.3)***

[1] 2016 excludes pre-tax non-cash impairment of $1,266m & includes $145m of restructuring costs & provisions.

Target

Guy Russo

Managing Director
Target

Target performance summary

Year ended 30 June ($m)	2016	2015	var %
Revenue	**3,456**	**3,438**	***0.5***
EBITDA[1]	(105)	176	*n.m.*
Depreciation & amortisation	(90)	(86)	*(4.7)*
EBIT[1]	**(195)**	**90**	***n.m.***
EBIT excluding significant items[1,2]	**(50)**	**90**	***n.m.***
EBIT margin excluding significant items[1,2] (%)	(1.4)	2.6	
RoC (R12 %)	(8.2)	3.6	
Safety (R12 LTIFR)	4.3	4.7	
Total sales growth[3] (%)	0.2	(1.8)	
Comparable store sales growth[3] (%)	(0.4)	(1.0)	

[1] 2016 excludes pre-tax non-cash impairment of $1,266m.
[2] 2016 excludes $145m of restructuring costs & provisions.
[3] 2016 growth reflects the period 28 June 2015 to 25 June 2016 & the period 29 June 2014 to 27 June 2015. 2015 growth reflects the period 29 June 2014 to 27 June 2015 & the period 30 June 2013 to 28 June 2014.

Target highlights

- Progress since creation of Department Stores division in February 2016
  - Renewed vision, values & strategy
  - Cost base reduction & business reset
    - » Right-sized store support centre & advanced office relocation
    - » Accelerated supply chain streamlining, with further eight off-sites exited
    - » Rationalised ranges & exited slow moving & deleted products
  - Inventory levels reduced to ~15 weeks from ~20 weeks in March 2016
  - Advanced store network & renewal program review
- 2H FY16 earnings adversely affected by restructuring costs of $145m, high levels of seasonal clearance & a lower Australian dollar
- Pre-tax non-cash impairment of $1,266m reflecting short-term outlook & changes in the strategic plan
- Continued improvements in safety performance
  - 9% reduction in LTIFR; 18% reduction in new claims

Target outlook

- FY17 reflects a transitional year
  - Embed the revised strategy
  - Accelerate the conversion to EDLP
    - » Exit unprofitable sales
    - » Exit Toy Sale
    - » Prioritise volume / 365 lines
  - Reduce inventory levels & improve range quality
  - Moderate capital expenditure, including renewal review & reset
  - Working capital focus to support increased cash flow generation

Kmart

Ian Bailey

Managing Director
Kmart

Tyre & Auto Service

Kmart performance summary

Year ended 30 June ($m)	2016	2015	var %
Revenue	**5,190**	**4,553**	***14.0***
EBITDA	571	521	*9.6*
Depreciation & amortisation	(101)	(89)	*(13.5)*
EBIT	**470**	**432**	***8.8***
EBIT margin (%)	9.1	9.5	
RoC (R12 %)	37.7	32.9	
Safety (R12 LTIFR)	6.7	7.0	
Total sales growth[1] (%)	13.5	8.2	
Comparable store sales growth[1] (%)	10.5	4.6	

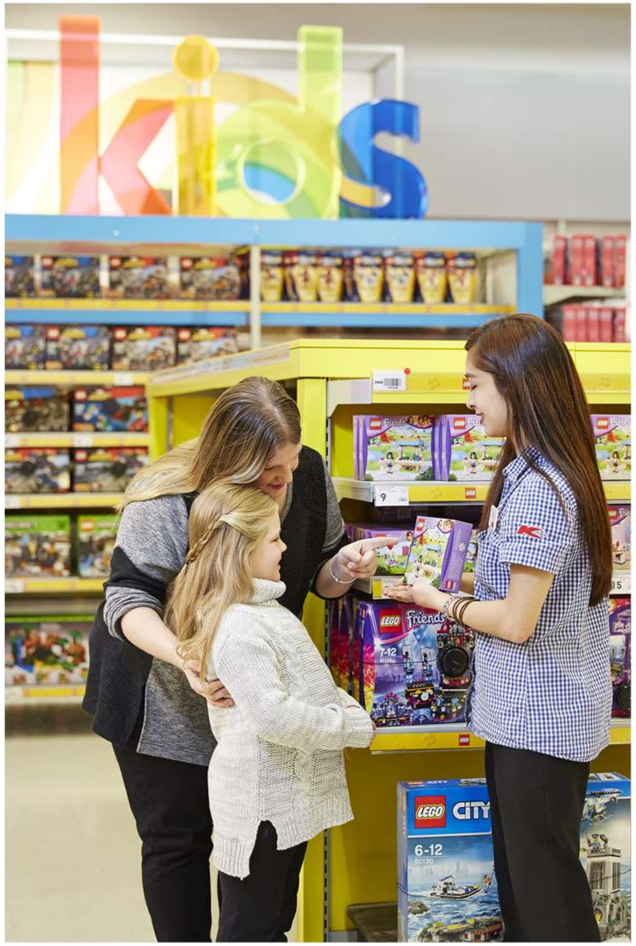
[1] 2016 growth reflects the period 29 June 2015 to 26 June 2016 & the period 30 June 2014 to 28 June 2015. 2015 growth reflects the period 30 June 2014 to 28 June 2015 & the period 1 July 2013 to 29 June 2014.

Kmart highlights

- Revenue growth across all categories, underpinned by increased customer transactions & units sold
- Strong growth in EBIT & RoC
  - Improvement in range architecture
  - Greater value across all price tiers
  - Improved efficiency in all operational areas
  - Strong working capital management
- Successfully managing exchange rate headwind
- Continued investment in the store network
  - Opened six new Kmart stores
  - Completed 37 major Kmart store refurbishments
  - Opened four new Kmart Tyre & Auto Service centres

Kmart outlook

- Remain focused on growth strategies
  - Volume retailer
  - Operational excellence
  - Adaptable stores
  - High performance culture
- Relentless pursuit of lowest cost
- Better products at even lower prices
- Further understanding of customers to make better commercial decisions
- Develop & enhance the multi-channel offer
- Continue to expand & invest in the store network
- Safety, diversity & ethical sourcing remain high priorities



Officeworks

Mark Ward

Managing Director
Officeworks

Officeworks performance summary

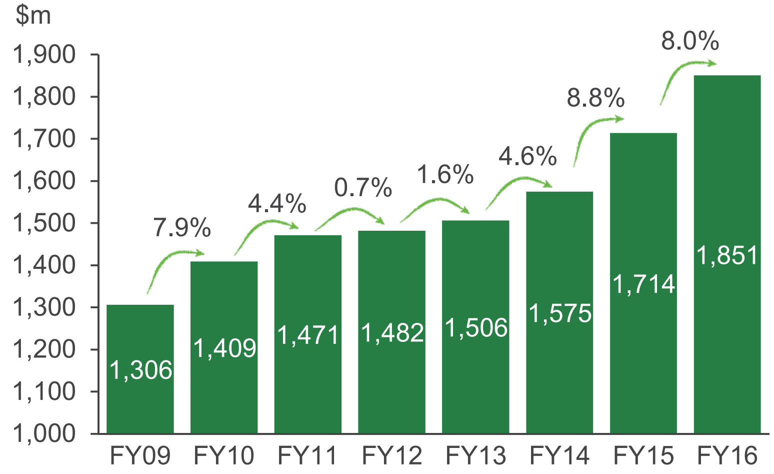
Year ended 30 June ($m)	2016	2015	var %
Revenue	**1,851**	**1,714**	***8.0***
EBITDA	156	139	*12.2*
Depreciation & amortisation	(22)	(21)	*(4.8)*
EBIT	**134**	**118**	***13.6***
EBIT margin (%)	7.2	6.9	
RoC (R12 %)	13.5	11.4	
Safety (R12 AIFR)	15.9	19.2	
Total sales growth[1] (%)	8.1	8.8	

[1] 2016 growth reflects the period 1 July 2015 to 30 June 2016 & the period 1 July 2014 to 30 June 2015. 2015 growth reflects the period 1 July 2014 to 30 June 2015 & the period 1 July 2013 to 30 June 2014.

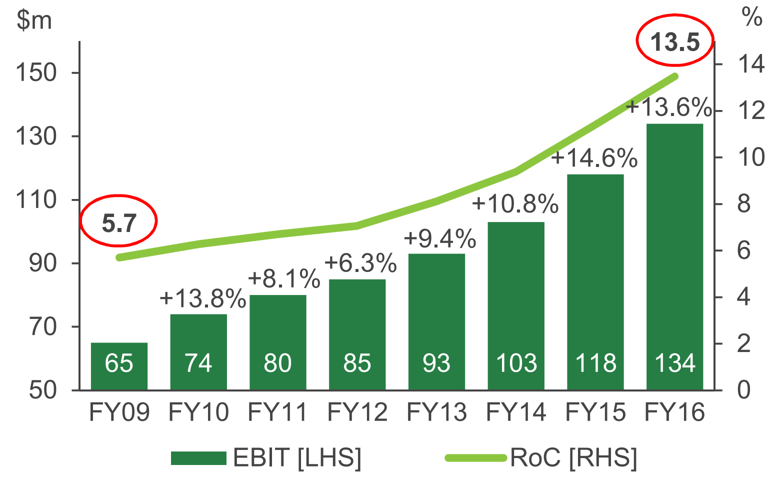
Officeworks highlights

- Strong headline results
  - Revenue growth of 8.0%
  - EBIT growth of 13.6%, six year CAGR of 10.9%
  - RoC up 207 basis points to 13.5%
- Continued investment in 'every channel' strategy
  - Clicks & bricks working together
  - Six new stores
  - Store layout & design changes lifting sales & margin
  - Online offer (including mobile)
- Ongoing investment in the offer
  - New & expanded ranges, exclusive international brands
  - Price investments delivering more value
  - Engaged team providing great service
  - Strong momentum maintained in B2B segment

Revenue growth momentum

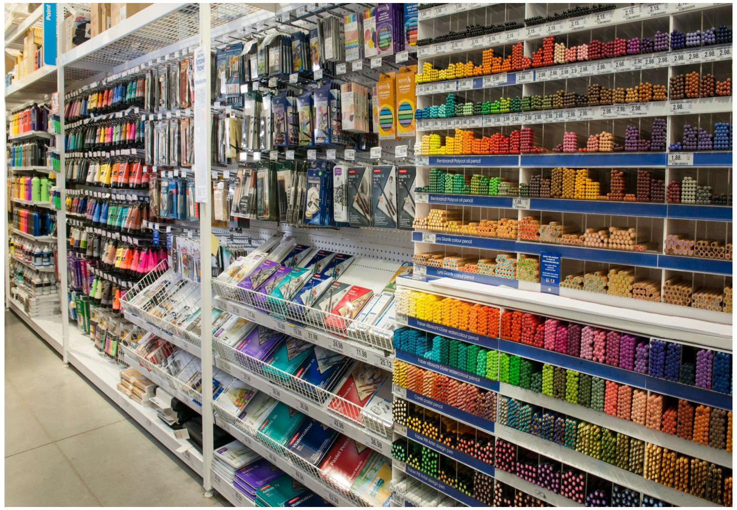


Strong earnings & RoC growth



Officeworks outlook

- Disciplined execution of strategic agenda
  - Driving ‘every channel’ strategy – anywhere, anytime, anyhow
  - A compelling offer – ‘one stop shop’
  - Delivering great service through an engaged team
  - Increasing value for customers
  - Maintaining strong relationships with stakeholders – customers, suppliers, community
- Variable trading conditions to continue
  - Confidence expected to remain subdued
  - Competitive pressure expected to remain strong



Industrials

Rob Scott
Managing Director

Wesfarmers Chemicals, Energy & Fertilisers

Wesfarmers Industrial and Safety

Wesfarmers Resources

Industrials performance summary

Year ended 30 June ($m)		2016	2015	var %
Revenue	Chemicals, Energy & Fertilisers	1,820	1,839	*(1.0)*
	Industrial & Safety	1,844	1,772	*4.1*
	Resources	1,008	1,374	*(26.6)*
	Total	**4,672**	**4,985**	***(6.3)***
EBITDA	Chemicals, Energy & Fertilisers[1]	400	345	*15.9*
	Industrial & Safety[2]	105	108	*(2.8)*
	Resources[3]	(164)	215	*n.m.*
	Total	**341**	**668**	***(49.0)***
EBIT	Chemicals, Energy & Fertilisers[1]	294	233	*26.2*
	Industrial & Safety[2]	63	70	*(10.0)*
	Resources[3]	(310)	50	*n.m.*
	Total	**47**	**353**	***(86.7)***

[1] 2016 includes $32m of one-off restructuring costs associated with the closure of PVC manufacturing. 2015 includes net $10m gain from one-off restructuring, comprising a gain on sale of Kleenheat's east coast LPG distribution business and asset writedowns, as well as insurance proceeds.

[2] 2016 includes $35m of restructuring costs associated with the 'Fit for Growth' transformation. 2015 includes $20m of restructuring costs.

[3] 2016 excludes $850m pre-tax non-cash impairment of Curragh assets.

Chemicals, Energy & Fertilisers performance summary

Year ended 30 June ($m)		2016	2015	var %
Revenue	Chemicals	910	840	*8.3*
	Energy[1]	325	435	*(25.3)*
	Fertilisers	585	564	*3.7*
	Total	**1,820**	**1,839**	***(1.0)***
EBITDA		400	345	*15.9*
Depreciation & amortisation		(106)	(112)	*5.4*
EBIT		**294**	**233**	***26.2***
EBIT excluding restructuring costs[2]		**326**	**223**	***46.2***
External[3] sales volume ('000 tonnes)	Chemicals	1,021	912	*12.0*
	LPG	120	185	*(35.1)*
	Fertilisers	1,080	1,036	*4.2*
RoC (R12 %)		18.9	15.2	
Safety (R12 LTIFR)		2.6	1.6	

[1] Includes interest revenue from Quadrant Energy loan notes & excludes intra-division sales. 2015 includes revenue from Kleenheat east coast LPG prior to sale.
[2] 2016 excludes $32m in costs relating to ceasing PVC manufacturing. 2015 excludes net $10m gain from one-off restructuring, comprising a gain on sale of Kleenheat's east coast LPG distribution business and asset writedowns, as well as insurance proceeds.
[3] External sales exclude AN volumes transferred between chemicals & fertilisers business segments.

Chemicals, Energy & Fertilisers highlights

- Strong growth in earnings & RoC
  - Higher Chemicals earnings with plants operating at full capacity (excluding the planned major shutdown of the ammonia plant in 2H FY16)
  - Significant increase in Kleenheat earnings following improved terms for gas feedstock & growth in natural gas retailing
  - Strong Fertilisers earnings with above average 2015 WA harvest & positive start to the current season
- PVC manufacturing ceased in 2H FY16 ($32m of closure costs incurred in the 1H FY16)
  - Commenced PVC import business
- Divisional result includes full-year earnings contribution from 13.7% interest in Quadrant Energy (acquired in June 2015)

Industrial & Safety performance summary

Year ended 30 June ($m)	2016	2015	var %
Revenue	**1,844**	**1,772**	***4.1***
EBITDA	105	108	*(2.8)*
Depreciation & amortisation	(42)	(38)	*(10.5)*
EBIT	**63**	**70**	***(10.0)***
EBIT excluding restructuring costs[1]	**98**	**90**	***8.9***
EBIT margin excluding restructuring costs[1] (%)	5.3	5.1	
RoC (R12 %)	4.7	5.5	
Safety (R12 LTIFR)	1.5	2.2	

[1] 2016 excludes $35m of restructuring costs associated with the 'Fit for Growth' transformation & 2015 excludes $20m of restructuring costs.

Industrial & Safety highlights

- Revenue increase of 4.1% largely due to the full-year contribution of Workwear Group (acquired in December 2014)
  - Lower demand from mining & construction customers
  - Strong growth in Coregas driven through the Blackwoods platform & ‘Trade n Go’ rollout
  - Sales & margin pressure in Workwear Group’s Industrial business, partially offset by growth in Corporate Wear
- Improvement in underlying earnings driven by ‘Fit for Growth’ cost savings & simplifications
- ‘Fit for Growth’ restructure largely complete
  - Completed 17 branch & 4 DC mergers in Australia & 7 branch mergers in NZ
  - Reduced FTEs by over 700
  - Sales & merchandising functions consolidated to create national capabilities
  - One-off restructuring costs of ~$35m in FY16
  - ~$35m annualised cost savings with ~$20m achieved in FY16
  - Some cost savings to be reinvested in improving capabilities

Resources performance summary

Year ended 30 June ($m)	2016	2015	↕ %
Revenue	**1,008**	**1,374**	***(26.6)***
Royalties[1]	(143)	(167)	*14.4*
Mining & other costs[2]	(1,029)	(992)	*(3.7)*
EBITDA[2]	(164)	215	*n.m.*
Depreciation & amortisation	(146)	(165)	*11.5*
EBIT[2]	**(310)**	**50**	***n.m.***
RoC (R12%)	(22.9)	3.4	
Coal production ('000 tonnes)	13,963	15,557	*(10.2)*
Safety (R12 LTIFR)[3]	0.0	0.3	

[1] Includes Stanwell export rebate for 2016 of $65m & for 2015 of $67m.
[2] 2016 excludes $850m pre-tax non-cash impairment of Curragh assets.
[3] Resources excluding Bengalla.

Resources highlights

- Continued improvements in safety with no LTIs recorded in Curragh for the 21 months to 30 June 2016
- 26.6% decline in revenue
  - Seaborne metallurgical coal markets remain in oversupply, resulting in lower export prices
  - Unfavourable metallurgical coal sales mix, driven by customer demand & mine sequencing
  - Benefits of lower exchange rate more than offset by $147m of hedge book losses
  - Sales volumes negatively affected by wet weather events in 2H FY16 (force majeure declared)
- Stanwell obligations reduced FY16 EBIT by $148m
- FY16 Curragh unit mine cash costs ~30% below 1H FY12 peak & ~3% below FY15 despite Q3 wet weather events
  - An expert panel review was completed to identify further cost & productivity improvements
- Curragh recorded a pre-tax non-cash impairment charge of $850m
- Mining leases granted over the MDL162 tenement, extending Curragh's mine life
  - State approvals received & Commonwealth approvals ongoing
- Bengalla management internalisation completed in March 2016

Industrials outlook

Chemicals, Energy & Fertilisers

- Continue focus on strong operational performance
- International commodity prices, seasonal & competitive factors expected to impact FY17 earnings
  - Prevailing global ammonia & Saudi CP prices are lower (in AUD) than at this time last year
  - Cycling strong Fertilisers earnings in FY16
- Chemicals earnings largely supported by contracted volumes & pricing

Industrial & Safety

- Market conditions in traditional customer segments expected to remain challenging in the near term
- 'Fit for Growth' cost savings & simplifications provide a platform for future growth
- Continue to execute performance improvement plans in Blackwoods & Workwear Group
  - Reinvest in sales, service, merchandising, supply chain & digital
- Further develop new distribution channels in Coregas

Industrials outlook

Resources

- Earnings dependent upon export coal pricing & exchange rates, with export market conditions expected to remain challenging in the near-term
- Continue strong focus on operational productivity, cost control & capital discipline
  - Implementation of expert panel recommendations expected to deliver savings in 2H FY17
- Curragh's forecast metallurgical coal sales volume for FY17 to be in the range of 8.0m to 8.5m tonnes, subject to mine operating performance, weather & key infrastructure availability
  - Estimated FY17 sales mix: Hard 38%; Semi 26%; PCI 36%
- Locked in hedge losses of $92m for FY17
- Curragh depreciation expected to be ~$90m lower in FY17 due to impairment of assets in FY16
- Stanwell Corporation obligations expected to continue to adversely impact earnings
  - Stanwell export rebate $45m to $55m
- Reviewing strategic options to maximise shareholder value

Outlook

Richard Goyder

Managing Director
Wesfarmers Limited

Outlook

Retail

- Well positioned to continue delivering growth in an increasingly competitive environment where consumers are expected to remain value-conscious
- Ongoing focus on delivering further value, better service & improved ranges supported by merchandise innovation & productivity improvements
- Continue to invest in digital engagement & growing & refurbishing store networks
- Establishing Bunnings UK & Ireland pilot stores & restructuring underlying business infrastructure to drive long-term earnings growth

Industrials

- Outlook remains challenged in the short-term
  - Resources to seek further cost structure reductions, with revenue subject to commodity price & exchange rate volatility
  - Industrial & Safety has largely completed the ‘Fit for Growth’ transformation, with cost savings to be reinvested in capability & performance improvements to drive long-term earnings growth
- WesCEF performance subject to commodity prices, exchange rates, seasonal conditions & competitive factors

Outlook (continued)

Group

- Maintain a strong balance sheet & cash flow generation
- Secure growth opportunities through entrepreneurial initiatives
- Ensure sustainability through responsible long-term management
- Leverage & build human resource capability

Questions

Wesfarmers