2011 Half-Year Results Teleconference

17 February 2011

Wesfarmers

Presentation outline

Wesfarmers

Group Performance Highlights

Richard Goyder
Managing Director, Wesfarmers Limited

Wesfarmers

Group financial highlights

- First half profit after tax of $1,173 million, up 33.4%
- Operating revenue of $28,074 million, up 5.8%
- Group EBIT result of $1,917 million, up 23.9%
  - Growth in earnings across most divisions
  - Solid retail performance in challenging trading conditions, up 5.6%
  - Strong growth in industrial businesses with significant improvement in Resources' result
  - Improved Insurance performance up 12.1%
- Earnings per share of 101.7 cents, up 33.3%
- Cash realisation of 120.0% on solid operating cash flows of $1,960 million
- Strong liquidity position, fixed charges cover (R12) of 2.6 times, up from 2.2 times
- Increased capital investment in the business up 11.3% to $992 million
- Interim dividend per share of $0.65 fully franked, up 18.2%

Group performance highlights

Retail

- Coles' performance was pleasing with revenue up 5.9% & EBIT up 18.3%; good progress continues to be made on the turnaround
- Bunnings' result was solid with operational improvements across its three strategic pillars: widest range; lowest price; & best service
- Kmart & Officeworks reported strong results with growth in customer transactions, revenue & earnings
- Target's performance was down from last year's record result due to strong price deflation & wet & cool weather affecting sales of seasonal apparel

Insurance

- Insurance earnings improvement following remediation work in underwriting & solid broking results

Group performance highlights (cont.)

Industrials

- Resources earnings were significantly up on increased coal prices despite higher than average rainfall affecting production & increasing mining costs
- WES CEF & WIS recorded strong results driven by increased resource sector activity, good operational performances & improved fertiliser earnings

Group

- Other businesses negatively affected by non-cash revaluations associated with the Gresham Private Equity Funds & increased provisions for assets damage & writedowns following major weather events

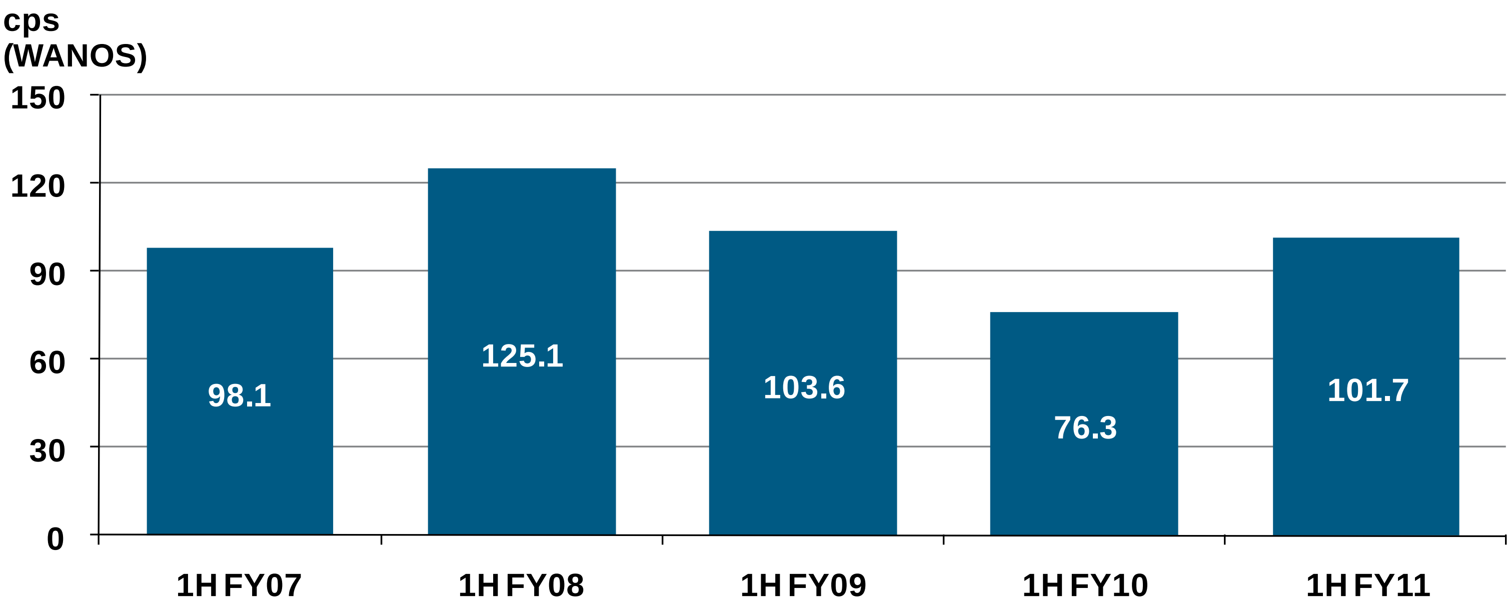
Group performance summary

Half Year ended 31 December ($m)	2010	2009	↕ %
Operating revenue	**28,074**	26,533	*5.8*
EBITDA	**2,378**	1,996	*19.1*
EBIT	**1,917**	1,547	*23.9*
Finance costs	**(272)**	(319)	*14.7*
Tax expense	**(472)**	(349)	*(35.2)*
Net profit after tax	**1,173**	879	*33.4*
Operating cash flow	**1,960**	2,083	*(5.9)*
Earnings per share (excl. employee res. shares) (cps)	**101.7**	76.3	*33.3*
Earnings per share (incl. employee res. shares) (cps)	**101.4**	76.0	*33.4*
Operating cash flow per share (incl. employee res. shares) (cps)	**169.4**	180.0	*(5.9)*
Fully franked dividends per share (cps)	**65**	55	*18.2*
Return on shareholders' funds (R12) (%)	**7.6**	6.5	*1.1pt*

cps: cents per share

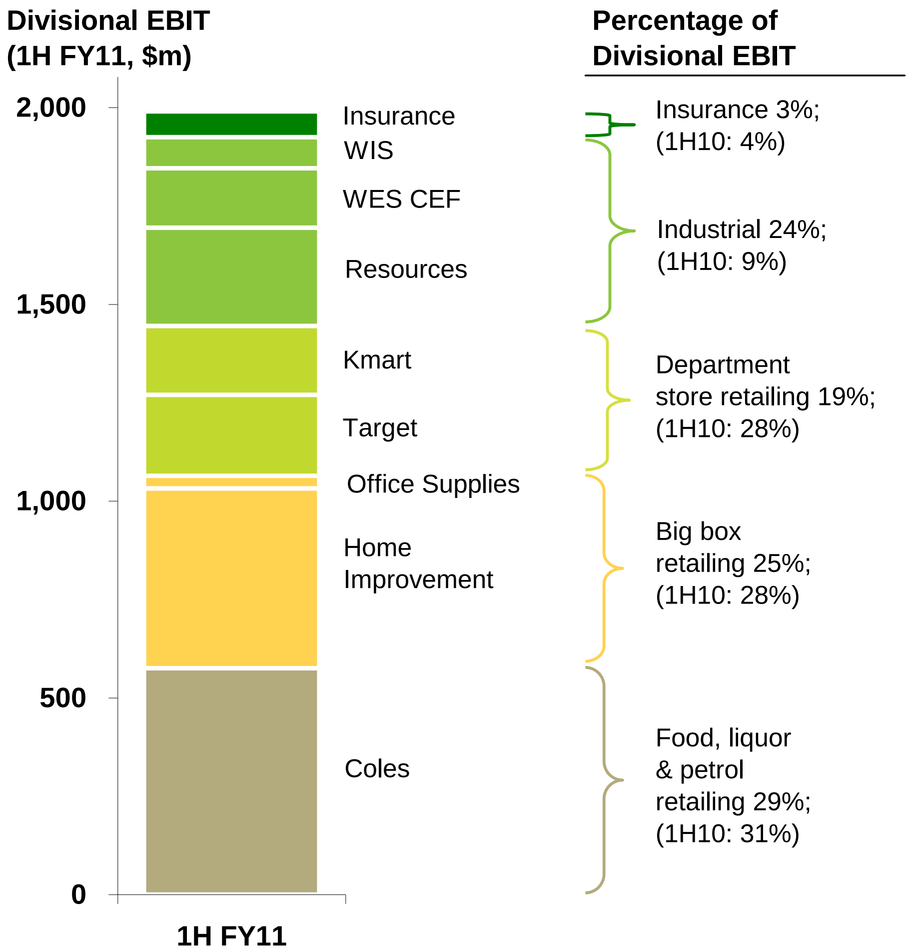
Earnings per share (EPS)

- Return to EPS growth, following impact of equity raisings on 2008 & 2009 result
- 33.3% growth in EPS reflects strong growth in earnings from Retail & Industrial businesses



WANOS: Weighted average number of shares.

Diversified earnings



Half Year ended 31 December ($m)	2010	2009	↕ %
Coles	**575**	486	*18.3*
Home Improvement	**457**	422	*8.3*
Office Supplies	**32**	27	*18.5*
Target	**206**	279	*(26.2)*
Kmart	**175**	154	*13.6*
Insurance	**65**	58	*12.1*
Resources	**250**	2	*n.m.*
Chemicals, Energy & Fertilisers[1]	**151**	69	*118.8*
Industrial & Safety[1]	**79**	65	*21.5*
Divisional EBIT	**1,990**	1,562	*27.4*
Other	**(26)**	31	*n.m.*
Corporate overheads	**(47)**	(46)	*(2.2)*
Group EBIT	**1,917**	**1,547**	*23.9*

1. 2009 restated to reflect current divisional structure.

Continued focus on divisional ROC

- ROC underpins long standing culture of financial discipline
- Divisional focus on growth in ROC through earnings growth & improvements in capital efficiency

Rolling 12 months to 31 December	2010 EBIT $m	2010 Cap Emp $m	2010 ROC %	2009 ROC %
Coles	1,051	14,868	**7.1**	5.9
Home Improvement	763	2,617	**29.2**	31.2
Office Supplies	78	1,191	**6.6**	5.8
Target	308	3,287	**9.4**	12.6
Kmart	217	815	**26.6**	19.8
Insurance	129	1,333	**9.7**	6.3
Resources	413	1,205	**34.3**	20.6
Industrial & Safety[1]	152	1,287	**11.8**	9.5
Chemicals, Energy & Fertilisers[1]	280	1,315	**21.3**	10.0

1. 2009 restated to reflect current divisional structure.

Wesfarmers

Progress on key strategic initiatives

Retail

- Coles: turnaround on track driven by delivering better value, product quality & in-store service; continued focus on '*Delivering Consistently Well*'
- HIOS: increasing authority on lowest price & widest range as well as network expansion
- Kmart: continuing with '*Growth*' phase of turnaround offering lowest prices for families on everyday items
- Target: increasing differentiation of its product offering & productivity improvements to deliver better value to customers

Insurance

- Improving underwriting disciplines & premium growth initiatives

Progress on key strategic initiatives (cont)

Industrials

- Resources: focus on major expansion projects underway at Curragh & Bengalla & productivity improvements
- WES CEF: focus on expansion opportunities (including AN3[1]) & improving plant performance
- WIS: increasing share of existing customers spend & growth in new markets

Group

- Continuing improvements to balance sheet efficiency & funding diversity
- Ongoing portfolio management

[1] Ammonium Nitrate expansion feasibility study for expansion to 780,000tpa as announced on 10 November 2009.

Coles
Ian McLeod
Managing Director

coles

BI-LO

coles express

1ST CHOICE LIQUOR SUPERSTORE

LIQUORLAND

VINTAGE CELLARS
AUSTRALIA'S FINE WINE SPECIALIST

Wesfarmers

Coles performance summary

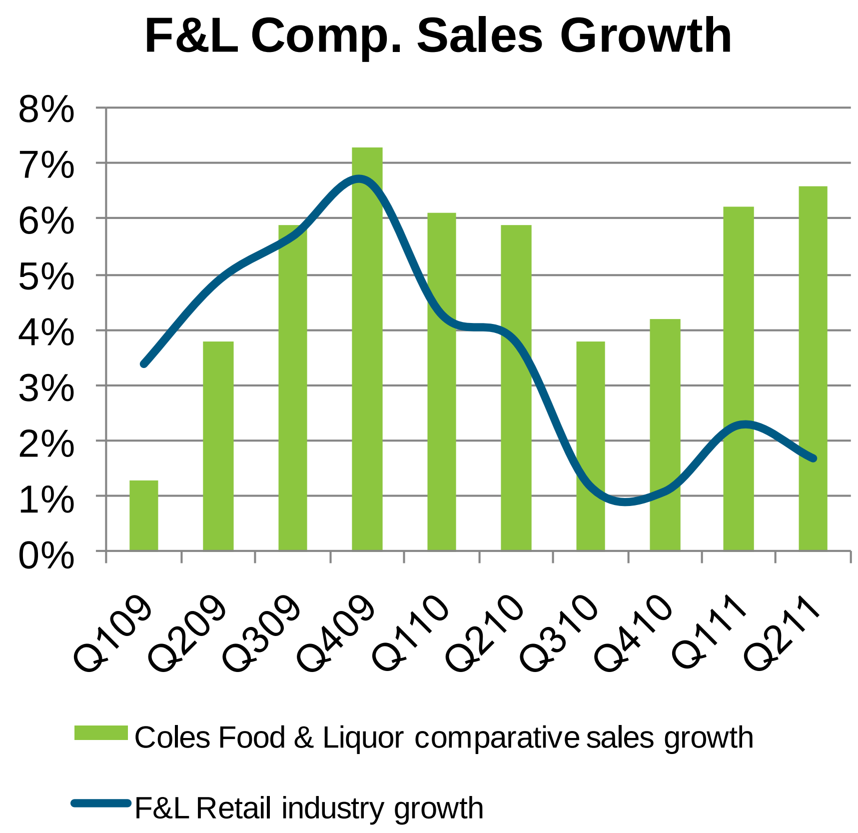
Half-Year ended 31 December 2010 ($m)		2010	2009	↕ %
Coles Division	Revenue	**16,059**	15,161	*5.9*
	EBIT	**575**	486	*18.3*
	ROC (R12 %)	**7.1**	5.9	
	Safety (LTIFR YTD)	**12.0**	12.2	
Food & Liquor	Revenue[1]	**12,804**	12,028	*6.5*
	Total store sales growth %[3,4]	**6.3**	7.1	
	Comp store sales growth %[3,4]	**6.4**	6.0	
	Trading EBIT[1,2]	**524**	429	*22.1*
	EBIT margin %	**4.1**	3.6	
Convenience	Revenue[1]	**3,244**	3,121	*3.9*
	Total store sales growth %[3,5]	**1.9**	6.6	
	Comp store sales growth %[3,5]	**1.5**	4.8	
	Trading EBIT[1]	**49**	47	*4.3*

1. Excludes property. 2. Excludes non-trading items expense of 2010: nil (2009: $6m). 3. 2010 for the 27 weeks 28 June 2010 to 2 January 2011, 2009 for the 27 weeks 29 June 2009 to 3 January 2010. 4. Includes hotels, excludes gaming revenue & property. 5. Excludes fuel.

Strong sales continue

- Food & liquor 1H FY11 comparable store sales up 6.4%
  - Seven consecutive quarters of industry outperformance
  - Increasing customer numbers
  - Fresh food growing basket size
  - Lower prices driving food & liquor deflation of 1.7%[1]
- Efficiency gains from systems & the supply chain
  - Easy ordering in over 600 stores
  - Stronger inventory management
  - Reduced waste & markdowns in fresh
  - Improving productivity programs

1. Excludes effect of increase in tobacco excise



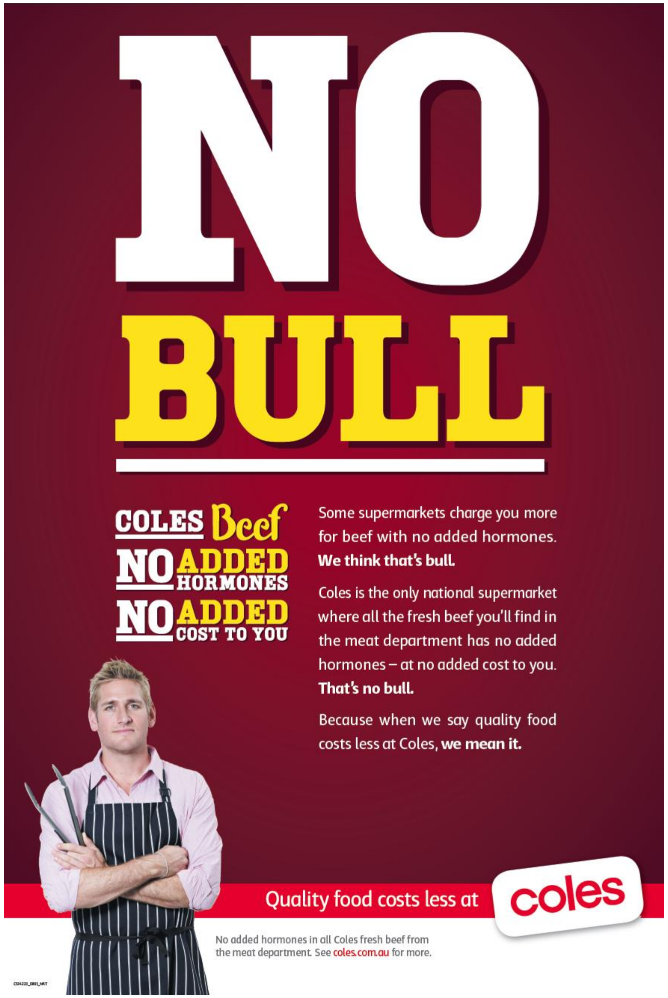
Source: Coles data & Australian Bureau of Statistics

Building trust in our value

- Price investment delivering value
  - State based uniform pricing
  - Prices lowered on 5,000 products
  - Driving value on key family items
- Growing trust in Coles brand
  - Coles brand relaunch
  - Coles Finest quality driven
  - Smart Buy relaunch planned
- Customer & community engagement with personality
  - Feed your family for under $10
  - Masterchef & My Kitchen Rules
  - Sports for Schools

Building trust in our quality

- Ethical sourcing & animal welfare
  - Responding to customer concern
  - HGP free beef for 2011
  - Removal of caged eggs by 2013
  - Sow stall free pork by 2014
- Trust in freshness & quality
  - Fruit & vegetable quality & value
  - Fresh meat quality & value
  - Seafood Christmas credibility
  - Bakery Christmas innovation



Building trust in our service

- Renewal roll-out with scale
  - 99 stores now live
  - 49 stores landed in FY11 so far
  - Target circa 100 stores delivered by end of FY11
- Scale roll-out of new concepts
  - Health & beauty facelift in 677 stores
  - Entertainment & Paper Shop in 115 stores
  - Fresh curry takeaway in 280 stores
  - Self scanning in 103 stores

Driving growth in Liquor & Convenience

Coles Liquor

- Difficult market environment
  - Coles growing market share
- Driving product innovation
  - Private label growth
  - Strong price position
- Cost reduction focus
  - New network development system by end FY11

Convenience

- Comp. fuel volumes up 2.1% in 1H FY11
  - Success of 8 cpl double fuel discount
- Revitalising network
  - Light refurbishment of 450 stores in FY11
  - Starting to co-locate sites with supermarkets

Coles outlook

- Turnaround progressing to plan
  - Encouraging progress to date
  - Significant work still to come
  - Delivery challenge remains
- External challenges
  - Flood & cyclone supply challenges & supplier impact
  - Future inflation risks
  - Strong competitive environment

Home Improvement & Office Supplies

John Gillam
Managing Director

BUNNINGS Officeworks

Wesfarmers

HIOS performance summary

Half-Year ended 31 December ($m)		2010	2009	↕ %
Revenue	Home Improvement	**3,572**	3,402	5.0
	Office Supplies	**706**	662	6.6
		4,278	4,064	5.3
EBIT	Home Improvement	**457**	422	8.3
	Office Supplies	**32**	27	18.5
		489	449	8.9

Home Improvement
Performance summary

Half-Year ended 31 December ($m)	2010	2009	↕ %
Revenue	**3,572**	3,402	*5.0*
Trading Revenue (excl. property & non-trading items)	**3,549**	3,400	*4.4*
EBIT	**457**	422	*8.3*
Trading EBIT margin (%)	**12.8**	12.4	
Net property contribution	**1**	(1)	
ROC (R12 %)	**29.2**	31.2	
Safety (R12 AIFR)	**35.2**	38.7	

Home Improvement highlights

- Trading revenue growth of 4.4%
  - 4.1% total store sales growth (store-on-store growth of 1.7%)
  - 3.7% lift in commercial sales
  - Deflationary impact of ‘value focus’ work continued
  - Adverse weather impacts in many locations
- EBIT growth of 8.3%
  - Good merchandising execution
  - Strong focus on cost management
- Opened 16 trading locations
  - 8 new warehouse stores
  - 5 smaller format stores & 3 trade centres
- Continued strategic investment in existing store network

Home Improvement outlook

- Continued sales growth
  - Further strengthening of key strategic pillars
- Sale of 13 retail warehouse properties
- Focus to continue in five key areas
  - Service
  - Category expansion & optimisation
  - Network expansion & optimisation
  - Commercial customer focus ‘in-store’ & via trade centres
  - Business fitness to drive lower CODB

Office Supplies
Performance summary

Half-Year ended 31 December ($m)	2010	2009	↕ %
Revenue	**706**	662	6.6
EBIT	**32**	27	18.5
EBIT margin (%)	**4.5**	4.1	
ROC (R12 %)	**6.6**	5.8	
Safety (R12 AIFR)	**37.7**	56.9	

Office Supplies highlights

- Officeworks retail store sales growth of 7.5%
  - Underpinned by strong transaction growth
- OW Business offer continues to gain traction
- Double digit earnings growth in challenging conditions
- Focus on growth through ongoing investment & improvement
  - Seven new stores, five full store upgrades
  - One-third of stores with new layout & design
- Good progress on actions to improve operational effectiveness
  - Supply chain & system enhancements

Office Supplies outlook

- Challenging retail environment
- Increased competitive pressure on sales & margin
- Continued focus on reducing costs
- Focus on executing strategic agenda
  - Drive sales
  - Improve customer offer & service
  - Expand & upgrade network
  - Reduce complexity & CODB

Target
Launa Inman
Managing Director

Target.

Target performance summary

Half-Year ended 31 December ($m)	2010	2009	↕ %
Revenue	**2,120**	2,182	(2.8)
EBIT	**206**	279	(26.2)
EBIT margin (%)	**9.7**	12.8	
ROC (R12 %)	**9.4**	12.6	
Safety (R12 LTIFR)	**8.2**	9.2	
Total sales growth[1] (%)	**(3.1)**	3.5	
Comparative store sales growth[1](%)	**(3.3)**	1.7	

1. 2010 for the 27 weeks 27 June 2010 to 1 January 2011, 2009 for the 27 weeks 28 June 2009 to 2 January 2010.

Target highlights

- Sales results affected by a difficult retail environment
  - Significant price deflation due to strong Australian dollar & competition
  - Summer apparel sales affected by wet & cool weather across the east coast of Australia
  - Overall increase in customer numbers & sales volumes
  - Sales growth in Intimate Apparel & Childrenswear
- Gross Margins pressured by significant deflation & discounting across the market
  - Record margin in 1H FY10 benefited from early transition to summer
- Continued investment in the in-store experience
  - 39 refurbishments completed during the half
  - Positive customer response to new store design standards

Target outlook

- Customers remain cautious & driven by value
  - Challenge of mitigating commodity cost pressures
- Continued focus on the customer
  - Style, quality & value: Speciality store product at Target prices
  - Differentiated product: Delivery of in-house designs to commence 3Q FY11 in homewares & childrenswear
  - First price right price: Maintain price trust
- Further improvement in the ‘in-store’ experience
  - 33 refurbishments planned for 2H FY11
  - New fixtures to Nursery & Baby areas in all stores by end of FY11
- Continue use of alternative communication channels
  - Launch of online retailing via target.com.au

Kmart

Guy Russo
Managing Director

Kmart performance summary

Half-Year ended 31 December ($m)	2010	2009	↕ %
Revenue	**2,271**	2,226	2.0
EBIT[1,2]	**174**	154	13.0
EBIT margin (%)	**7.7**	6.9	
ROC (R12 %)[3]	**25.8**	19.8	
Safety (R12 LTIFR)	**8.3**	9.6	
Total sales growth[4] (%)	**1.9**	(1.2)	
Comparative store sales growth[4] (%)	**1.7**	(1.6)	

1. Excludes non-trading items expense of $33m relating to supply chain restructuring in 2009.
2. Excludes $1m earnings relating to Coles Group Asia overseas sourcing operations utilised by both Kmart & Target (2009: nil).
3. Excludes $7m earnings (R12 basis) relating to Coles Group Asia (2009: nil).
4. 2010 for the 27 weeks 28 June 2010 to 2 January 2011, 2009 for the 27 weeks 29 June 2009 to 3 January 2010.

Kmart highlights

- Improved underlying profitability
  - 13.0% increase in profit to $174 million, driven by gross margin improvement & cost control
- Customers continue to respond well to lowest prices on everyday items & improved in-store offer
  - 1.7% increase in comparable sales
  - Consistent transaction growth
  - Seven million additional transactions completed in the half
- Supply chain initiatives progressed
  - New Victorian distribution centre near completion
- Store network development
  - Continued investment in store fleet; supported by dedicated property team
  - 34 floors & fitting rooms upgraded & four refurbishments completed
- Pleasing sales & profit growth from Kmart Tyre & Auto

Kmart outlook

- Continue with *'Growth'* phase of the turnaround
- Attract more customers into stores more often
  - Ongoing refinement of the product offer to deliver lowest price on everyday items for families
  - Deliver on lowest price: source product at lowest cost
  - Improve the in-store experience: environment, service & convenience
- Reinvest in the store network
  - On-going development of in-store concepts
  - Renew & refresh existing stores
  - Continue to pursue new store opportunities
- Rising sourcing costs & raw material prices

Insurance

Rob Scott
Managing Director

wfi

OAMPS

CROMBIE LOCKWOOD
New Zealand's Insurance Brokers

Lumley

Wesfarmers

Insurance performance summary

Half-Year ended 31 December ($m)	2010	2009	↕ %
Gross Written Premium Underwritten	**659**	680	*(3.1)*
Total Revenue	**872**	868	*0.5*
EBITA Underwriting	**42**	38	*10.5*
EBITA Broking	**28**	25	*12.0*
EBITA Other	**-**	-	-
EBITA Insurance Division	**70**	63	*11.1*
EBIT Insurance Division	**65**	58	*12.1*
ROC (R12%)	**9.7**	6.3	
Safety (R12 LTIFR)	**1.0**	0.7	
Net earned loss ratio (%)	**65.2**	64.2	
Combined operating ratio (%)	**98.6**	97.0	
EBITA margin (Broking) (%)	**27.3**	25.2	

Insurance highlights

- Increased earnings across underwriting & broking
- Revenue in line with 1H FY10 notwithstanding underwriting portfolio remediation
- Strong underlying performance despite specific event claims from:
  - Christchurch earthquake (net impact of $10.8 million)
  - Natural peril events in Australia above expectations
- Continued progress with growth opportunities including:
  - Coles Insurance offer launched nationally in July 2010 with further extensions
  - Strong growth in EDI with intermediaries (especially SME)
  - New WFI referral arrangement with Victorian Farmers Federation
- Improved investment income from higher yields on term deposits
- Sale of OAMPS Super for $10.6 million (4.1% of funds under management)

Insurance outlook

- Severe weather events since 1 January including Queensland & Victorian floods & cyclone Yasi will adversely affect second half earnings by $30 million to $35 million, net of reinsurance recoveries
- Expectation of further improvement in underlying underwriting performance
- Business will continue to benefit from improved risk selection & portfolio remediation
- Further growth expected from Wesfarmers Insurance personal lines initiatives
- Bolt-on acquisitions continue to be assessed

Resources

Stewart Butel
Managing Director

Resources performance summary

Half-Year ended 31 December ($m)	2010	2009	↕ %
Revenue[1]	**957**	624	*53.4*
EBITDA	**305**	61	*400.0*
Depreciation & amortisation	**(55)**	(59)	*(6.8)*
EBIT[2]	**250**	2	*n.m.*
ROC (R12%)	**34.3**	20.6	
Coal production ('000 tonnes)	**7,080**	7,278	*(2.7)*
Safety (R12 LTIFR)[3]	**0.9**	2.3	

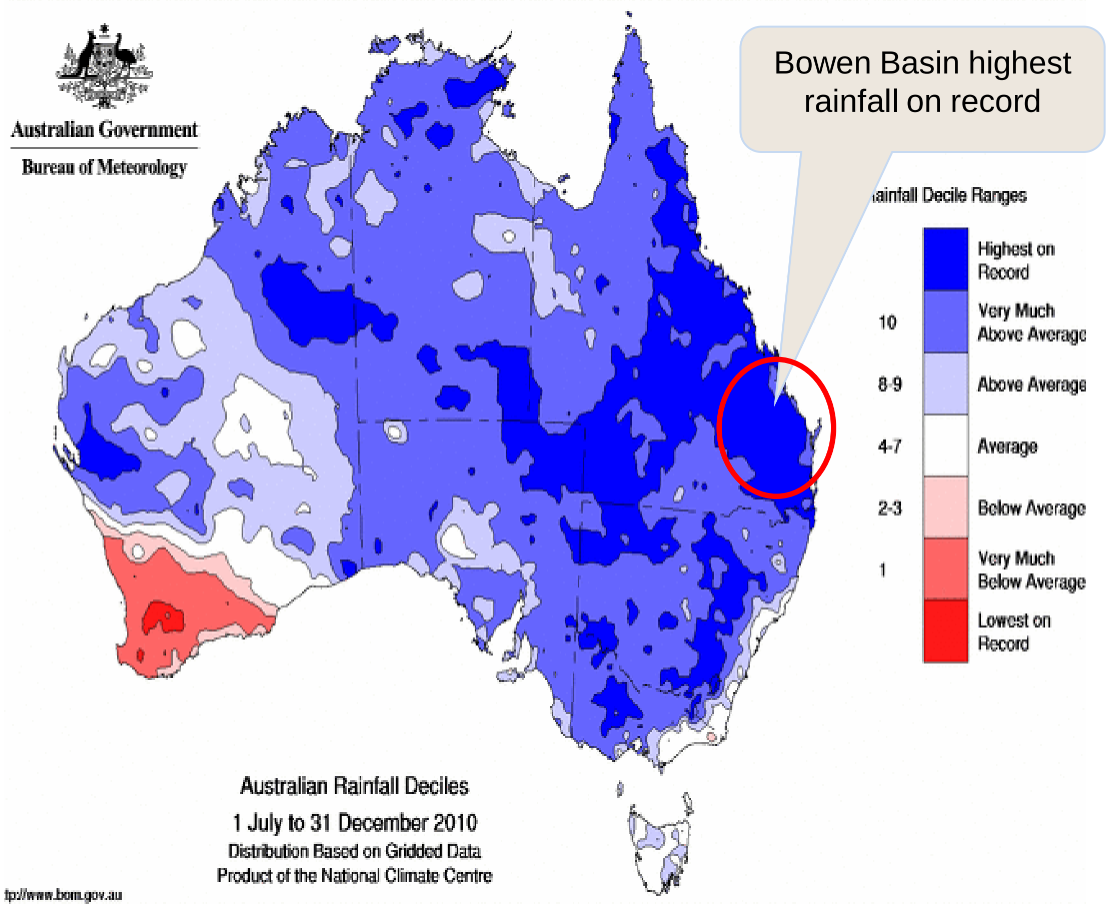
1. Includes traded coal revenue of $51m in 2010 (2009: $30m) & locked-in exchange rate losses of nil in 2010 (2009: $65m).
2. Includes Stanwell royalty expense of $60m (2009: $106m).
3. Curragh & Premier only.

Resources highlights

- Performance
  - Strong 1H FY11 financial result given difficult weather conditions
  - Curragh mine cash costs ($/t) increased 19.9% 1H FY11 vs. 1H FY10
    - Mine cash costs ($/t) reduced 9.2% in FY10
  - Exceptional effort by Curragh team during flood period
  - Increase in sales volumes from all mines
- Export markets
  - Strong global demand for coal in supply-constrained environment
  - Significant increase in export coal prices against previous year
- Progress on growth projects
  - Curragh: $286 million Curragh expansion to 8.0 - 8.5mtpa export metallurgical capacity continuing on budget; completion expected late CY11/early CY12
  - Bengalla: $56 million expansion to 9.3mtpa run of mine (ROM) announced November 2010

Record rainfall – impact on production

- Record rainfall in central Queensland during 1H FY11
- Three major flood events – one in September & two in December
- Southern Bowen Basin mines & rail infrastructure most affected
- December rainfall at Curragh of 452mm was seven times monthly average
- Forecast Curragh metallurgical sales 5.8mt – 6.2mt for FY11



Resources outlook

- Financial year 2011
  - December wet weather will impact production & costs per tonne during March quarter
  - March quarter metallurgical coal pricing negotiations completed: 12% increase on December quarter
  - Supply shortfall anticipated to affect export coal prices
  - Estimated FY11 sales mix (Hard 44%; Semi-Hard 21%; PCI 35%)
  - Stanwell royalty estimate for full year A$130 - A$140 million assuming A$:US$ of $0.95, dependent upon fourth quarter pricing
- Financial year 2012 onward
  - Potential for continued tight labour market & industry cost pressures
  - Curragh expansion to 8.0 – 8.5mtpa export capacity completion late CY11/early CY12
  - Bengalla expansion to 9.3mtpa ROM due for completion Q1 CY12
  - Curragh to participate in Wiggins Island Coal Export Terminal at Gladstone Port
  - Next-stage expansion studies continuing (Curragh to 10mtpa exports, Bengalla to 10.7mtpa ROM)

Chemicals, Energy & Fertilisers

Tom O'Leary
Managing Director

Wesfarmers Chemicals, Energy & Fertilisers

Wesfarmers

Chemicals, Energy & Fertilisers
Performance summary

Half-Year ended 31 December ($m)		2010	2009[2]	↕ %
Revenue	Chemicals	**315**	292	*7.9*
	Energy[3]	**286**	252	*13.5*
	Fertilisers	**121**	141	*(14.2)*
		722	685	*5.4*
EBITDA[1]		**199**	116	*71.6*
Depreciation & amortisation		**(48)**	(47)	*2.1*
EBIT[1]		**151**	69	*118.8*
EBIT (excl insurance proceeds)		**110**	69	*59.4*
Sales volume ('000t):	Chemicals	**392**	385	*1.8*
	Fertilisers	**244**	264	*(7.6)*
	LPG	**173**	166	*4.2*
ROC (R12 %)[1]		**21.3**	10.0	
Safety (R12 LTIFR)		**5.8**	2.9	

1. Includes insurance proceeds of $41m in 2010 (2009: nil).
2. Restated to exclude Coregas following the merger of Chemicals & Fertilisers & Energy from 1 July 2010.
3. Includes Kleenheat Gas, enGen & ALWA.

Chemicals, Energy & Fertilisers
Highlights

- Increased earnings from ammonia & ammonium nitrate
  - Strong demand & plant performances
- Increased sodium cyanide sales offset by increased gas input costs & higher Australian dollar
- Record low PVC selling price relative to VCM input cost[1], compounded by a strong Australian dollar
- Kleenheat earnings marginally higher than previous year despite higher gas input costs & reduced LPG content in the pipeline
- Recovery in fertiliser margins following inventory writedowns & carryover of highly-priced inventory in the previous year
- Varanus Island gas disruption insurance claim now settled

1. The relatively of the PVC selling price & VCM input cost is known as the ‘PVC – VCM Spread’.

Chemicals, Energy & Fertilisers
Outlook

- Continuing strong production & demand for ammonium nitrate & sodium cyanide
- Board consideration for ammonium nitrate expansion in 2H FY11
- PVC – VCM spread showing signs of improvement albeit still below historical long-term average
- LPG earnings dependent on international LPG prices & LPG content in the pipeline
- Growing demand for LNG from the heavy-duty vehicle market remains challenging
- Fertiliser earnings will be heavily dependent on 2H FY11 seasonal break & farmers' terms of trade
  - Volumes likely to be lower than FY10 following drought in Western Australia

Industrial & Safety

Olivier Chretien
Managing Director

Wesfarmers
Industrial and Safety

Wesfarmers

Industrial & Safety
Performance summary

Half-Year ended 31 December ($m)	2010	2009[1]	% ↕
Revenue	**774**	689	*12.3*
EBITDA	**92**	78	*17.9*
Depreciation & amortisation	**(13)**	(13)	-
EBIT	**79**	65	*21.5*
EBIT margin (%)	**10.2**	9.4	
ROC (R12 %)	**11.8**	9.5	
Safety (R12 LTIFR)	**2.7**	1.3	

1. Restated to include Coregas following the divisional restructure on 1 July 2010.

Industrial & Safety highlights

- Strong results supported by market conditions & competitive position
  - 12.3% sales growth (first half last year affected by GFC)
  - 21.5% EBIT growth; EBIT improvement in all businesses
- Strengthened business portfolio
  - Transitioned Coregas into the division
  - Divested Motion Industries
  - Merged Blackwoods Paykels & Protector Safety
  - Acquired small gas detection services business
  - Opened two new stores & three gas depots; closed five small locations
- Solid sales momentum supported by strong service levels
  - Contracts, projects, services & eBusiness growth
  - Continued industry diversification
- Strong operational & capital management contributing to improved returns

Industrial & Safety outlook

- Leveraging strong growth platform to take advantage of improving conditions
  - Growing share of customers' product & service spend
  - Increasing diversification & exposure to high growth sectors
  - Continued investment in organisational effectiveness
  - Acquisition opportunities
- A number of factors potentially offsetting momentum
  - Impact of Queensland floods on customer activity (short term)
  - Slower recovery in New Zealand
  - Ongoing competitive margin pressure
  - Growing labour access & costs challenges

Other Businesses & Capital Management

Terry Bowen
Finance Director, Wesfarmers Limited

Wesfarmers

Balance sheet & dividend

- Strong balance sheet provides financial flexibility
- Operating cash flows continue to provide balance sheet support
  - Working capital focus remains
  - Seasonally stronger working capital cash flows in the first half
- Credit ratings maintained
  - Standard & Poor's BBB+ (positive)
  - Moody's Baa1 (stable)
- Interim dividend of $0.65 per share, fully-franked
  - Dividend investment plan; no underwrite; shares to be purchased on market
  - Dividend record date 28 February; interim dividend payable 31 March

Working capital management

- Slow down in working capital improvement as foreshadowed
  - 1H FY10 cash flows reflect supplier reset work, Kmart off-site closures, strong seasonal stock sell through & significant fertiliser price declines at CSBP
- Overall net working capital days improvement for retail operations
  - Pleasing reduction in Coles' net working capital days
  - Working capital investment due to Bunnings & Officeworks network expansion
  - Inventory well controlled & good quality due to proactive clearance activity where required
- WES CEF affected by commodity price increases & inventory build ahead of anticipated second half sales

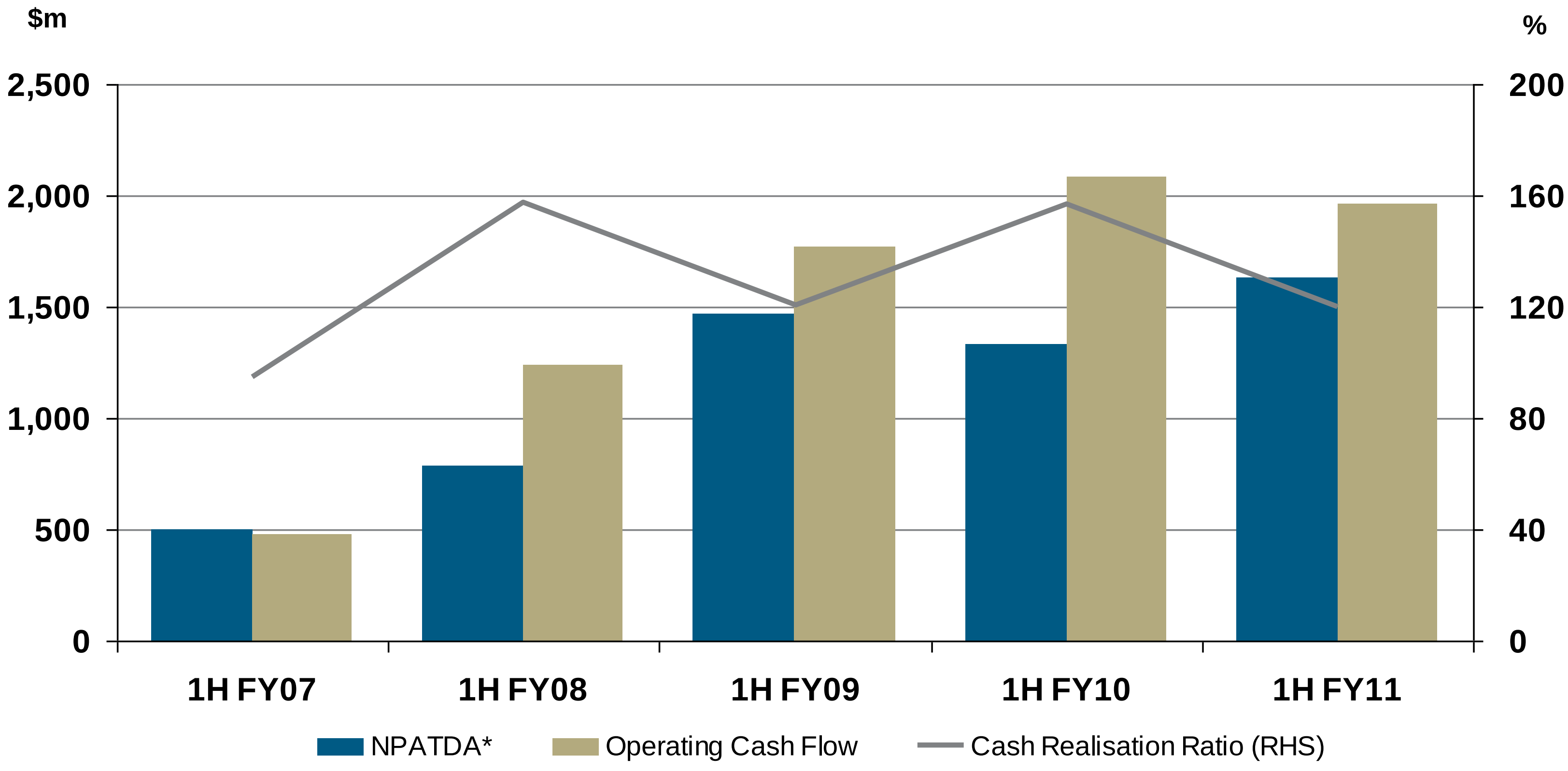
Inflow/(Outflow)[1] ($m)	**1H FY11**	1H FY10
Retail	**113**	578
All other businesses	**(135)**	(1)
Total	**(22)**	577

1. Cash movement relating to inventories, trade & other receivables, prepayments & trade & other payables.

Note: Further detail in relation to working capital movements included on slide 48 of the supplementary pack.

Portfolio of strong cash generating assets

- Cash realisation ratio remained strong at 120.0%
- Seasonally stronger first half cash flows

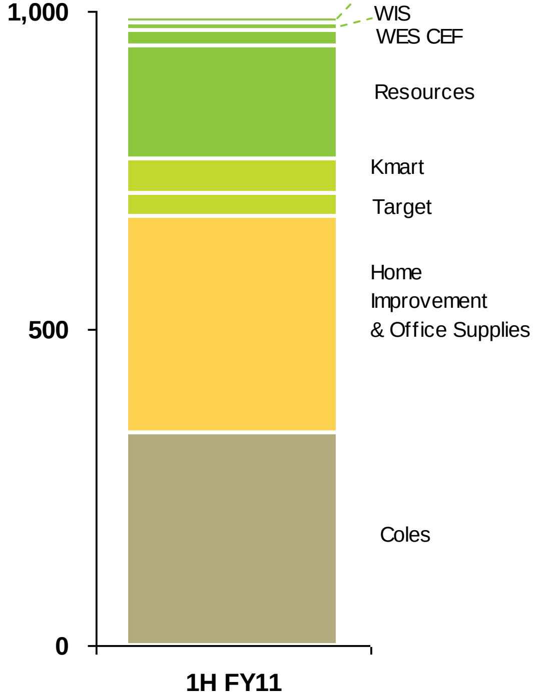


* 1H FY07 – 1H FY08 adjusted for Stanwell. 1H FY07 – 1H FY11 adjusted for significant non-cash, non-trading items

Investment expenditure (cash basis)

- Continued investment to drive future growth, including $345 million on land & buildings
- FY11 capital expenditure estimate $2.2 to $2.4 billion, subject to changes in freehold property activity

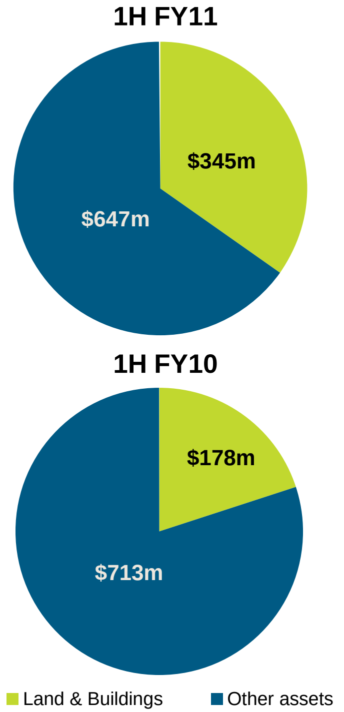
Capital Expenditure (1H FY11, $m)



Half Year ended 31 December ($m)	2010	2009	%
Coles	**334**	442	(24.4)
Home Improvement & Office Supplies	**343**	207	65.7
Target	**37**	47	(21.3)
Kmart	**54**	34	58.8
Resources	**178**	108	64.8
Insurance	**9**	11	(18.2)
Industrial & Safety[1]	**11**	13	(15.4)
Chemicals, Energy & Fertilisers[1]	**24**	27	(11.1)
Other	**2**	2	-
Total	**992**	891	11.3
Capex/D&A (%)	215%	198%	n.m.

1. 2009 restated to reflect current divisional structure

Capital Expenditure

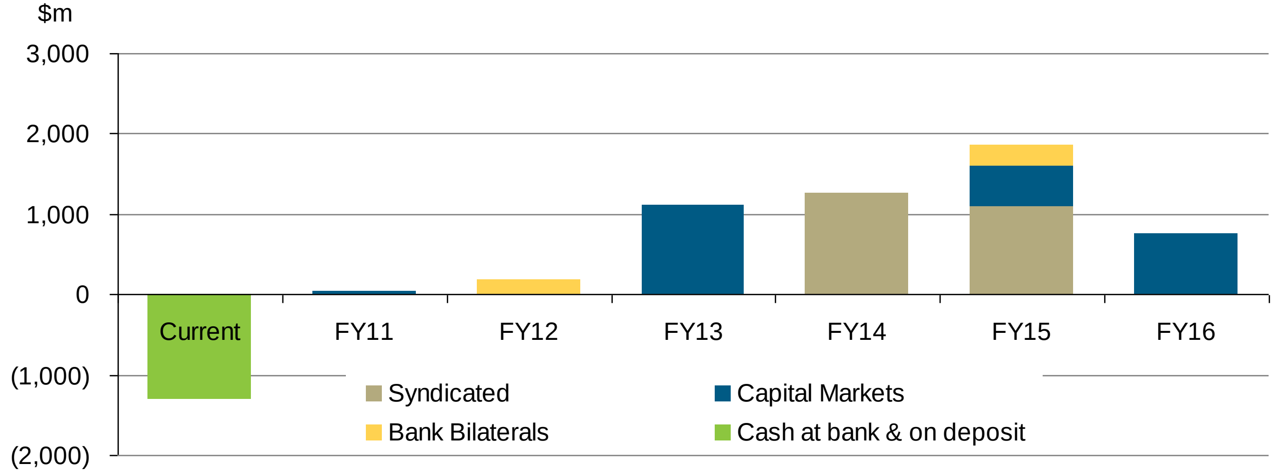


Debt financing

- Further strengthening of the Group's liquidity position
  - Cash interest cover (R12) improved to 7.7 times
  - Fixed charges cover (R12) improved to 2.6 times
  - Net debt to equity reduced to 14.8%
- Gross debt of $5.0 billion, net debt of $3.7 billion
  - Established new syndicated facility in 1H FY11
- Total liquidity at 31 December of $2.9 billion provides balance sheet capacity for divisional growth & development
- Weighted average cost of debt, including margins & fees, for 1H FY11 approximately 8.8%
- Forecast weighted average cost of debt for FY11 8.8% to 9.0%
  - 68% of gross debt hedged to December 2011

Extension of debt tenor

- Further lengthening of Group's debt maturity profile
  - Established $2.5 billion revolving syndicated facility with equal maturities in December 2013 & December 2014
  - Proceeds used to repay $2.5 billion of syndicated debt facility maturing in December 2011 ($1.8 billion) & December 2012 ($0.8 billion)
  - Weighted average term of maturity for debt extended from 2.8 years to 3.3 years[1]
  - Debt restructure provides greater flexibility
- Continued pro-active management of Group's liquidity position



1. Calculated on face value of debt instruments. Improvement is stated over weighted average maturity of gross debt for the previous corresponding period, being as at 31 December 2009.

Other businesses performance summary

Half-Year ended 31 December ($m)	Holding %	2010	2009	↕ %
Associates share of profit/(loss):				
Gresham Private Equity Funds	*Various*	**(28)**	29	*n.m.*
Gresham Partners	*50*	**(1)**	2	*n.m.*
Wespine	*50*	**5**	4	*25.0*
Bunnings Warehouse Property Trust	*23*	**12**	10	*20.0*
Associates sub-total		**(12)**	45	*n.m.*
Interest revenue		**23**	29	*(20.7)*
Non-trading items		**-**	(39)	*n.m.*
Other		**(37)**	(4)	*n.m.*
Other business sub-total		**(26)**	31	*n.m.*
Group overheads		**(47)**	(46)	*2.2*
Total Other		**(73)**	(15)	*n.m.*

Outlook

Richard Goyder
Managing Director, Wesfarmers Limited

Wesfarmers

Flood & storm events
(Post 31 December 2010)

- Second half earnings will be negatively affected by severe flood & storm events, including cyclone Yasi, experienced in Q3 FY11
- The financial impact, estimated to date, on the Group's retail businesses includes:
  - Writedown of damaged plant, equipment and inventory of $40 to $50 million
  - Business interruption costs of $30 to $40 million
- Replacement of damaged assets & additional costs associated with disruption to operations are subject to an insurance recovery process
- The Insurance division has experienced higher than expected claims associated with the severe flood & storm events, with an expected cumulative impact of approximately $30 to $35 million
- As previously announced, Resources sales guidance for FY11 has been reduced to 5.8 to 6.2 million tonnes of export metallurgical coal, with production & overburden costs expected to temporarily increase

Outlook

- Strong first half result provides a solid foundation for the remainder of the financial year

Retail

- The Group's retail businesses are well placed but performance is subject to any adverse impact to consumer confidence & a competitive retail environment
- Coles will continue to implement its turnaround strategy
- Bunnings & Officeworks are well positioned for growth, enhanced by a strong property pipeline
- Department store retailing is expected to remain challenging in the short term
  - Target is focused on differentiating its product range around style, quality & value
  - Kmart is continuing to refine its repositioned product offer & to deliver strong value for customers

Outlook

Insurance

- Underwriting performance before one-off events is expected to continue to benefit from improved risk selection & portfolio remediation

Industrials

- Strong demand & increased price prospects for coal; tempered by difficult mining conditions, industry cost pressures and carryover tonnage
- Industrial businesses are well positioned to take advantage of stronger conditions in industrial markets led by the resources sector

Group

- Continuing focus on ensuring all divisions are managed for long term sustainable growth

Questions

Wesfarmers

For all the latest news visit

www.wesfarmers.com.au