

# **2015 Half-Year results**

## **Supplementary information**

(To be read in conjunction with the 2015 Half-Year results briefing presentation)

19 February 2015

# Presentation outline



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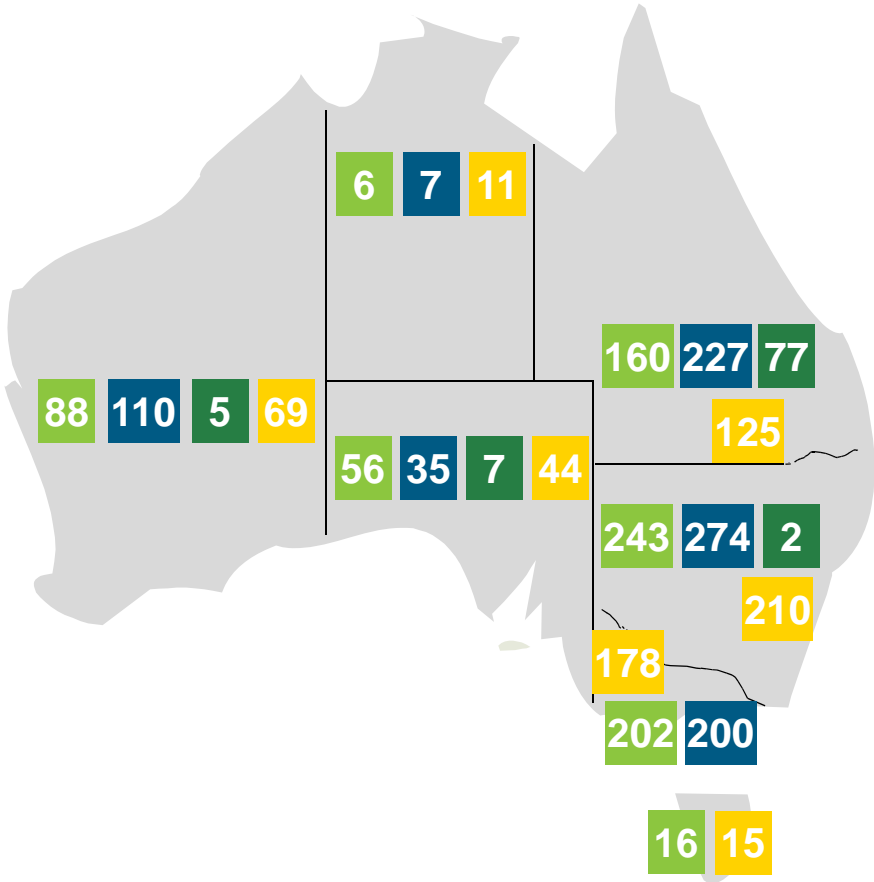
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# Coles network

As at 31 December 2014



### Selling Area

Supermarkets (sqm)	1,728,445
Liquor (sqm) – ex hotels	209,293

- 771 Supermarkets
- 853 Liquor stores
- 91 Hotels
- 652 Convenience

# Store network movements



	Open at 30 June 2014	Opened	Closed	Re- branded	Open at 31 Dec 2014
<b>Supermarkets</b>					
Coles	745	14	(4)	10	765
Bi-Lo	17	-	(1)	(10)	6
<b>Total Supermarkets</b>	<b>762</b>	<b>14</b>	<b>(5)</b>	<b>-</b>	<b>771</b>
<b>Liquor</b>					
1 <sup>st</sup> Choice	98	3	(1)	-	100
Vintage Cellars	77	5	(2)	-	80
Liquorland	656	30	(13)	-	673
Hotels	90	1	-	-	91
<b>Total Liquor</b>	<b>921</b>	<b>39</b>	<b>(16)</b>	<b>-</b>	<b>944</b>
<b>Convenience</b>	<b>642</b>	<b>12</b>	<b>(2)</b>	<b>-</b>	<b>652</b>

# Revenue reconciliation



6 months ended 31 December (\$m)	2014			2013		
	Food & Liquor	Convenience	Total	Food & Liquor	Convenience	Total
<b>Segment revenue (Gregorian)<sup>1</sup></b>	<b>15,559</b>	<b>3,924</b>	<b>19,483</b>	<b>14,770</b>	<b>4,176</b>	<b>18,946</b>
<i>Less: Other revenue</i>	(141)	(7)	(148)	(146)	6	(152)
<b>Headline sales (Gregorian)</b>	<b>15,418</b>	<b>3,917</b>	<b>19,335</b>	<b>14,624</b>	<b>4,170</b>	<b>18,794</b>
<i>Add: Gregorian adjustment<sup>2</sup></i>	379	83	462	371	96	467
<b>Headline sales revenue (Retail)<sup>3</sup></b>	<b>15,797</b>	<b>4,000</b>	<b>19,797</b>	<b>14,995</b>	<b>4,266</b>	<b>19,261</b>

<sup>1</sup> Segment revenue for Food & Liquor includes property revenue for the half-year ended 31 December 2014 of \$15 million & for the half-year ended 31 December 2013 of \$13 million.

<sup>2</sup> Adjustment to headline sales revenue to reflect retail period.

<sup>3</sup> Retail period relates to the 27 week period 30 June 2014 to 4 January 2015 for the half-year ended 31 December 2014 & to the 27 week period 1 July 2013 to 5 January 2014 for the half-year ended 31 December 2013.

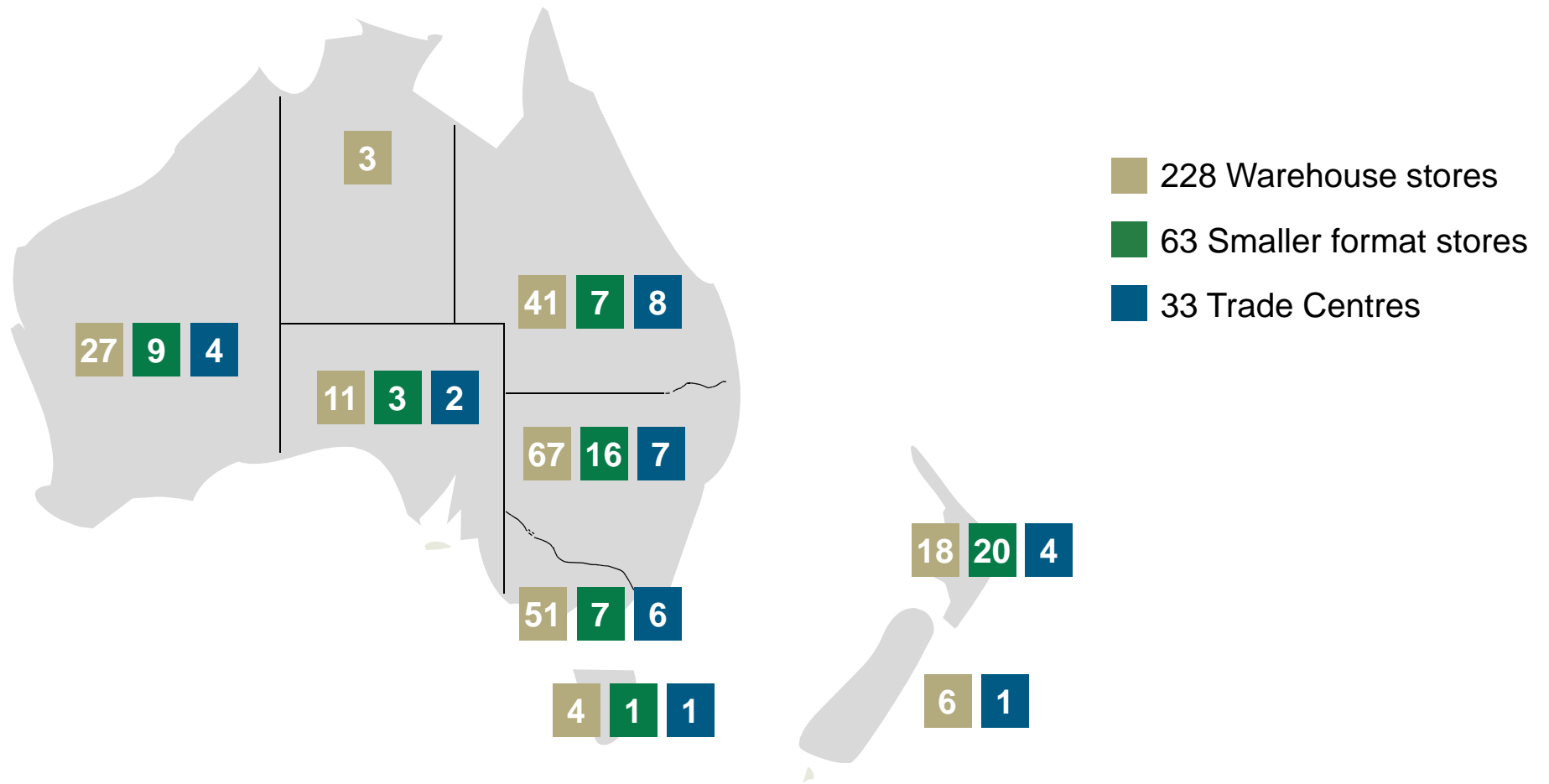


# Home Improvement & Office Supplies



# Bunnings network

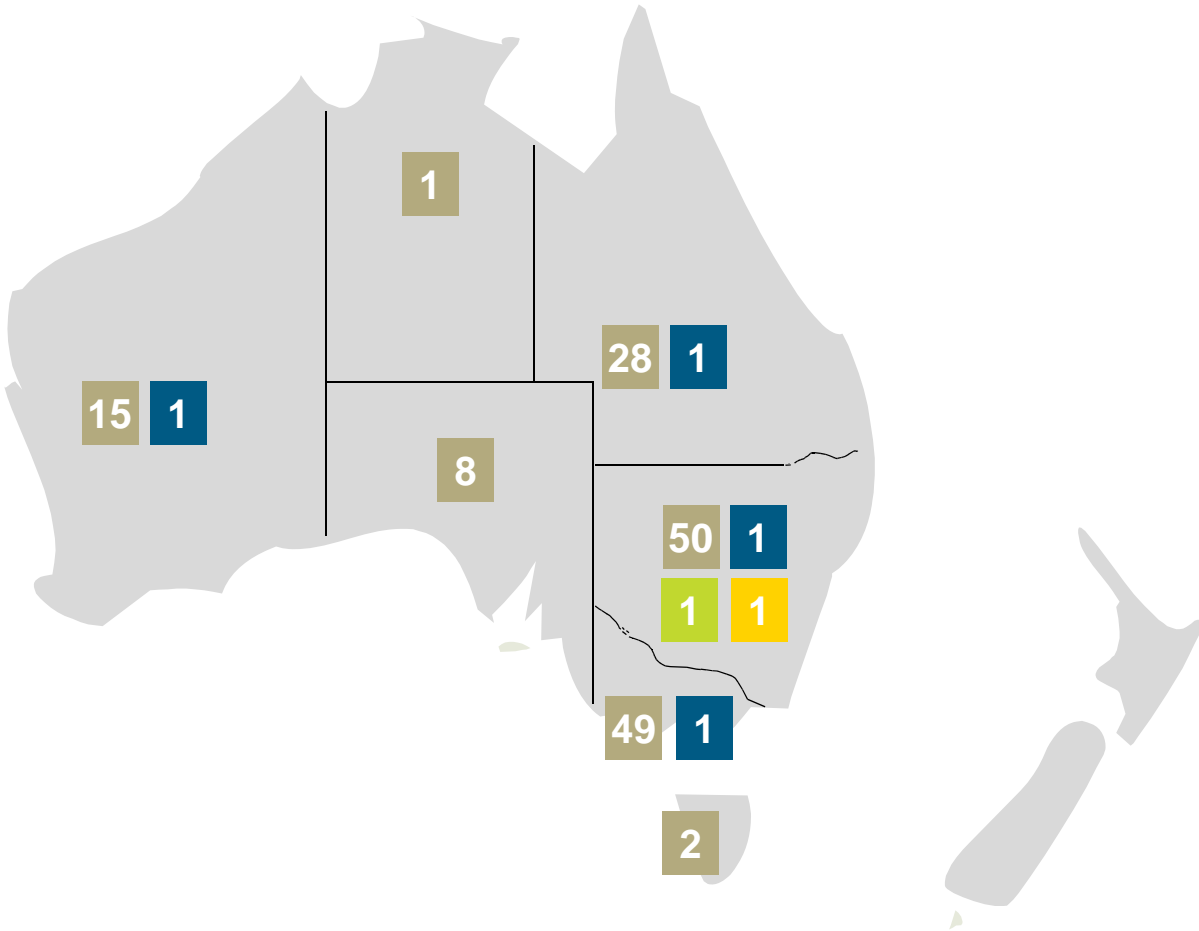
## As at 31 December 2014





# Officeworks network

## As at 31 December 2014



- 153 Officeworks Stores
- 4 Fulfilment Centres
- 1 Service Centres
- 1 Print Hub



# Store network movements



	Open at 1 July 2014	Opened	Closed	Open at 31 Dec 2014	Under construction at 31 Dec 2014
<b>Home Improvement</b>					
Bunnings Warehouse	223	8	(3)	228	19
Bunnings smaller formats	64	1	(2)	63	3
Bunnings Trade Centres	33	3	(3)	33	0
<b>Office Supplies</b>					
Officeworks	151	3	(1)	153	2
Harris Technology	1	-	(1)	-	-

# Home Improvement performance summary



Half-Year ended 31 December (\$m)	2014	2013	↑↓%
<b>Revenue</b>	4,959	4,434	11.8
EBITDA	686	625	9.8
Depreciation & amortisation	(68)	(63)	(7.9)
<b>EBIT</b>	618	562	10.0
EBIT margin (%)	12.5	12.7	
Less: Net property contribution <sup>1</sup>	14	6	
<b>Trading EBIT</b>	604	556	
Trading EBIT margin (%)	12.2	12.6	

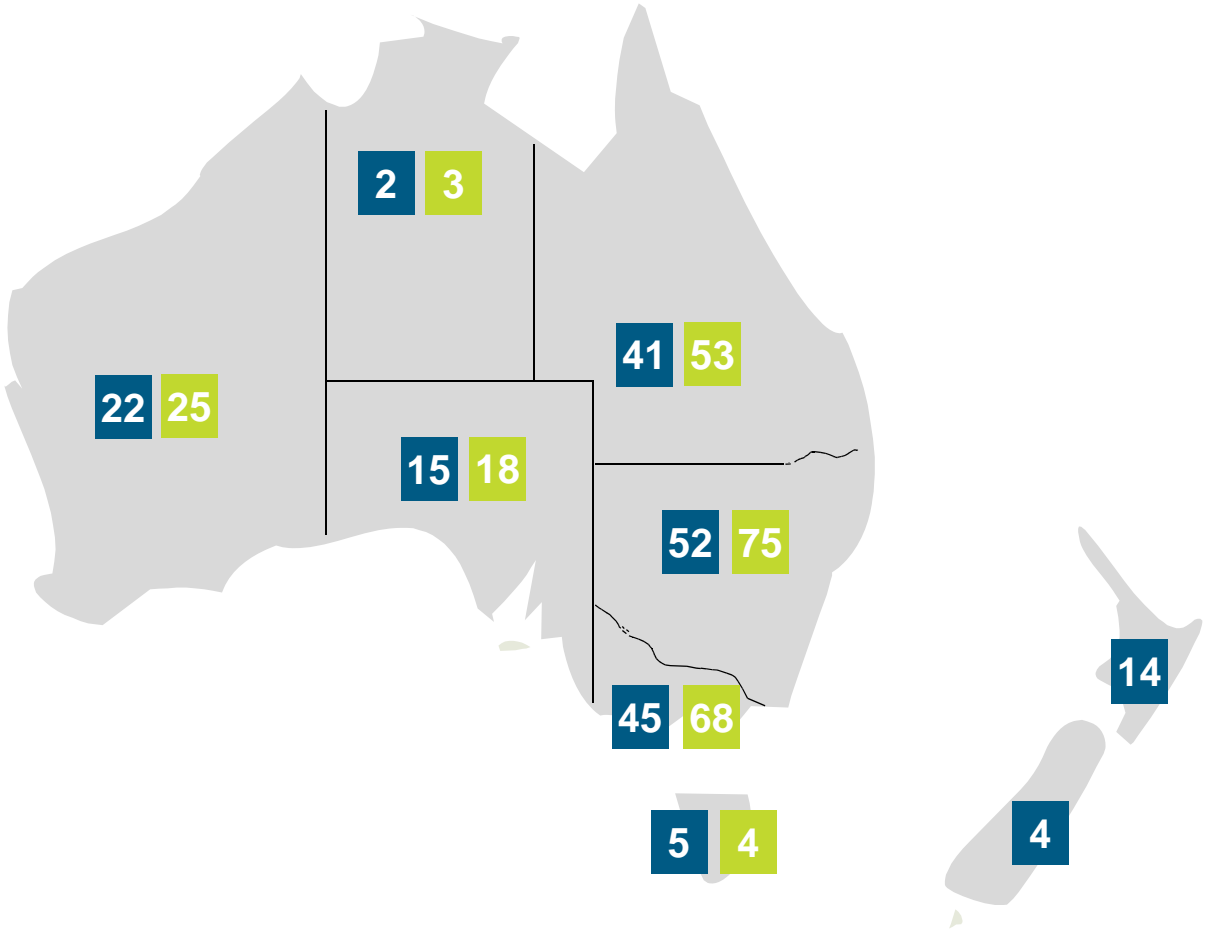
<sup>1</sup> Net property contribution includes external property income & expenses & gain or losses on disposals of freehold property.

Kmart



# Kmart network

As at 31 December 2014



- 200 Kmart stores
- 246 KTAS centres



# Store network movements



	Open at 1 July 2014	Opened	Closed	Open at 31 Dec 2014
<b>Kmart</b>	192	8	-	200
<b>Kmart Tyre &amp; Auto</b>	243	5	(2)	246

# Revenue reconciliation



Half-year ended 31 December (\$m)	2014	2013
<b>Segment revenue (Gregorian)</b>	<b>2,442</b>	<b>2,321</b>
<i>Less: Non sales revenue</i>	(2)	(3)
<b>Headline sales (Gregorian)</b>	<b>2,440</b>	<b>2,318</b>
<i>Add: Gregorian adjustment<sup>1</sup></i>	50	47
<b>Headline sales revenue (Retail<sup>2</sup>)</b>	<b>2,490</b>	<b>2,365</b>

<sup>1</sup> Adjustment to headline sales revenue to reflect retail period end.

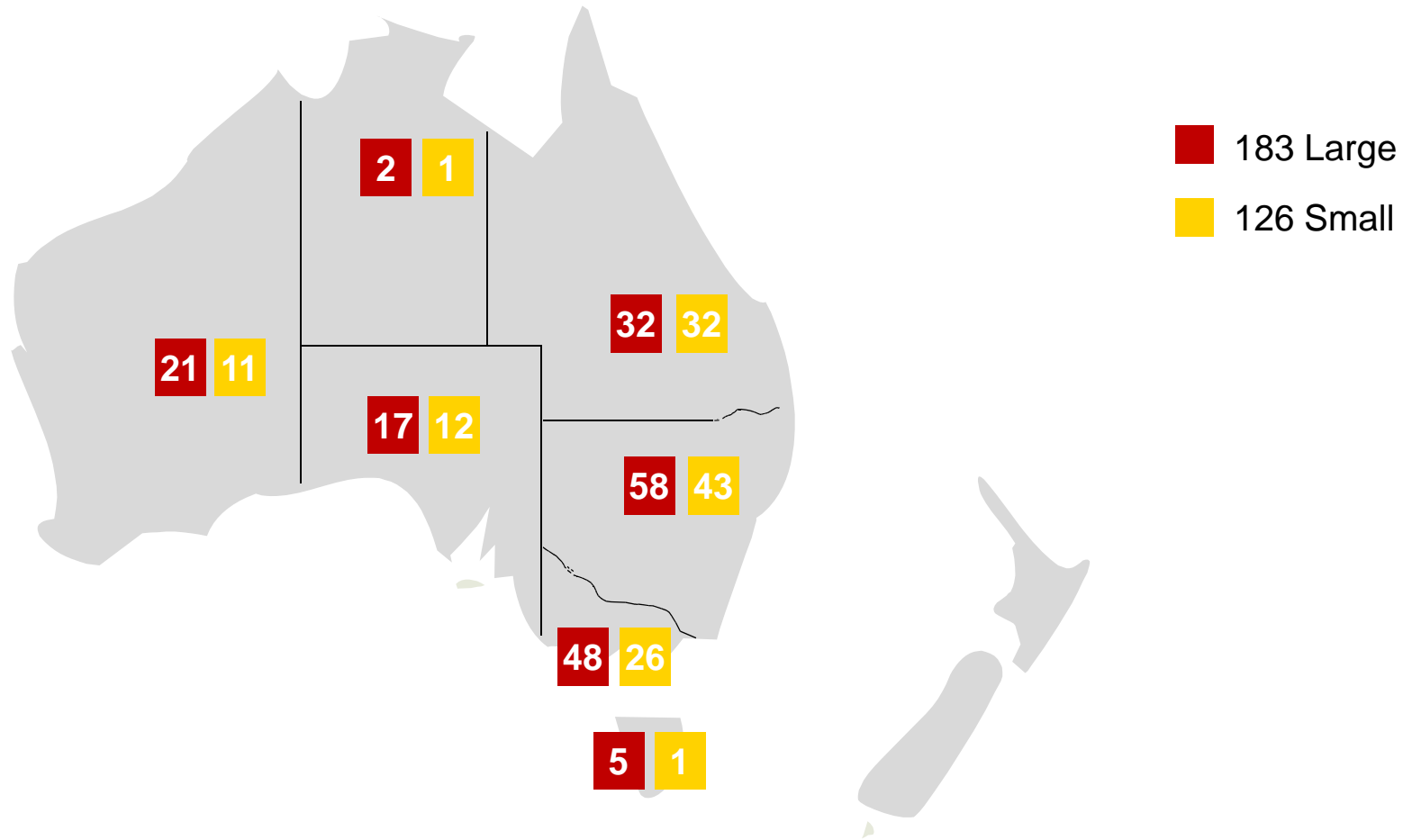
<sup>2</sup> Retail period relates to the 27 week period 30 June 2014 to 4 January 2015 and the 27 week period 1 July 2013 to 5 January 2014.

Target



# Target network

## As at 31 December 2014



# Store network movements



	Open at 1 July 2014	Opened	Closed	Open at 31 Dec 2014	Under construction at 31 Dec 2014
Large	180	5	(2)	183	-
Small	128	4	(6)	126	-



# Revenue reconciliation



Half-year ended 31 December (\$m)	2014	2013
<b>Segment revenue (Gregorian)</b>	<b>1,935</b>	<b>1,965</b>
<i>Less: Non sales revenue</i>	-	-
<b>Headline sales (Gregorian)</b>	<b>1,935</b>	<b>1,965</b>
<i>Add: Gregorian adjustment<sup>1</sup></i>	42	48
<b>Headline sales revenue (Retail<sup>2</sup>)</b>	<b>1,977</b>	<b>2,013</b>

<sup>1</sup> Adjustment to headline sales revenue to reflect retail period end.

<sup>2</sup> Retail period relates to the 27 week period 29 June 2014 to 3 January 2015 and the 27 week period 30 June 2013 to 4 January 2014.

# Target transformation plan



## Fixing the basics (FY14-15)

## Growth & efficiency (FY16-17)

## The Target difference (FY18)

	Fixing the basics (FY14-15)	Growth & efficiency (FY16-17)	The Target difference (FY18)
Outstanding customer experience	<ul style="list-style-type: none"> <li>Improve availability</li> <li>Enhance online functionality</li> <li>Improve service &amp; refresh stores</li> </ul>	<ul style="list-style-type: none"> <li>Maximise SKUs on replenishment</li> <li>Roll-out renewal program</li> </ul>	<ul style="list-style-type: none"> <li>Integrated 'bricks &amp; clicks'</li> <li>Differentiated store format</li> <li>Outstanding customer service</li> </ul>
Right product choices	<ul style="list-style-type: none"> <li>Reduce SKUs</li> </ul>	<ul style="list-style-type: none"> <li>Right range in the right store</li> </ul>	<ul style="list-style-type: none"> <li>Edited ranges</li> </ul>
Fashion & style backed by good quality	<ul style="list-style-type: none"> <li>Refresh in-house design &amp; trend capability</li> </ul>	<ul style="list-style-type: none"> <li>Shorter lead times</li> <li>Consistent fit &amp; quality</li> </ul>	<ul style="list-style-type: none"> <li>On-trend &amp; known for fashion &amp; style backed by good quality</li> </ul>
Low prices	<ul style="list-style-type: none"> <li>Restructure sourcing team &amp; consolidate supplier base</li> </ul>	<ul style="list-style-type: none"> <li>Reinvest sourcing benefits in price</li> </ul>	<ul style="list-style-type: none"> <li>Amazing low prices for the fashion &amp; quality provided</li> </ul>
Better, simpler, cheaper	<ul style="list-style-type: none"> <li>Simplify store rostering model</li> <li>Rationalise supply chain network</li> <li>Optimise support structure</li> </ul>	<ul style="list-style-type: none"> <li>Realise benefits of investment in systems &amp; processes</li> </ul>	<ul style="list-style-type: none"> <li>Lean, flexible &amp; sustainable operations</li> </ul>
Team with personality & pride	<ul style="list-style-type: none"> <li>Top team &amp; structure for transformation in place</li> <li>Embed new values &amp; performance management</li> </ul>	<ul style="list-style-type: none"> <li>Recruitment, development &amp; performance aligned to values</li> </ul>	<ul style="list-style-type: none"> <li>Our values are embedded, driving a high performance culture that has transformed our business</li> </ul>

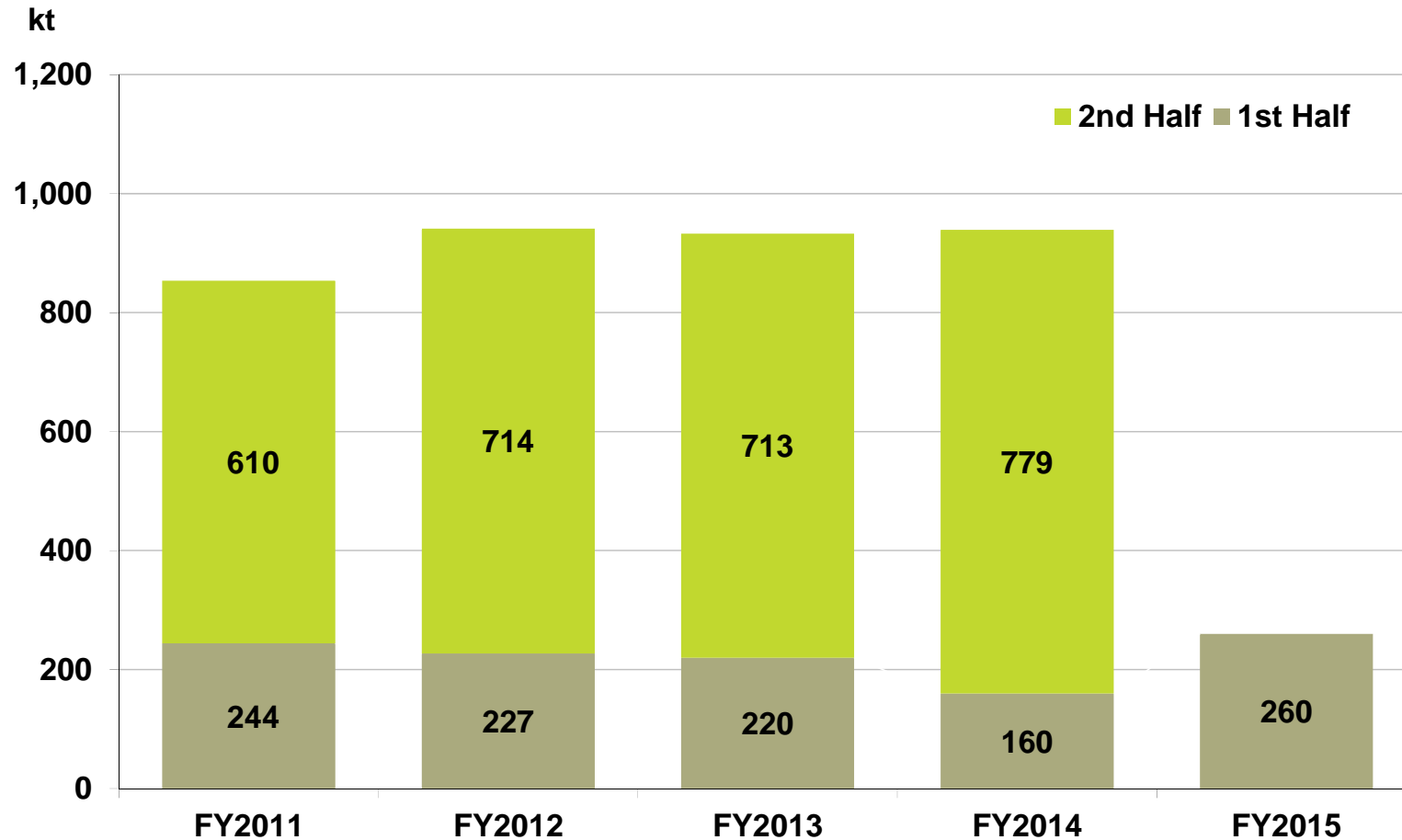
**A clear plan for FY15 & beyond**

# Chemicals, Energy & Fertilisers



# Fertiliser sales

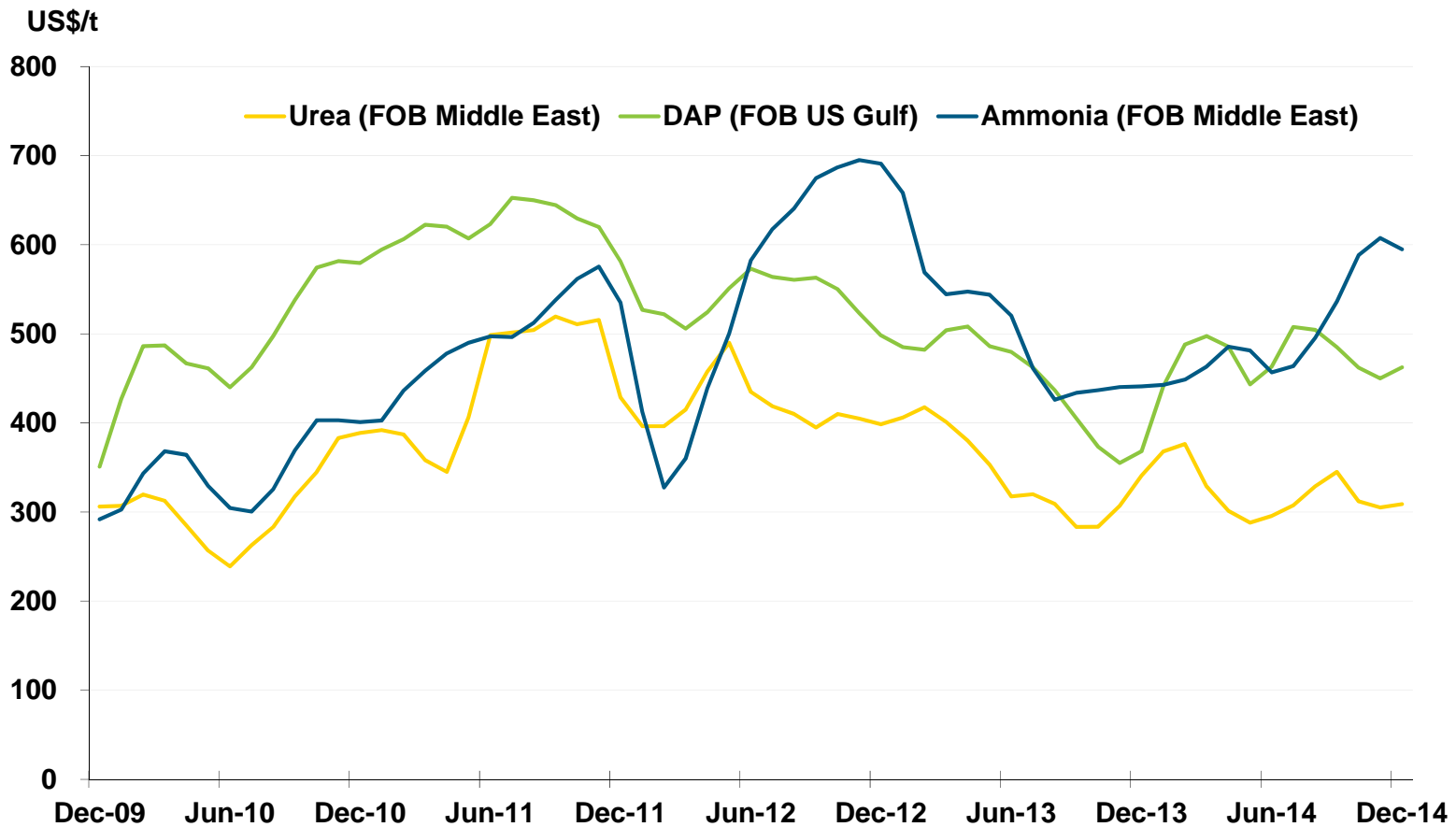
## Strong Nitrogen sales resulting in 63% higher sales volumes in 1H15



# Global fertiliser & ammonia pricing



## Continued volatility in Fertiliser pricing

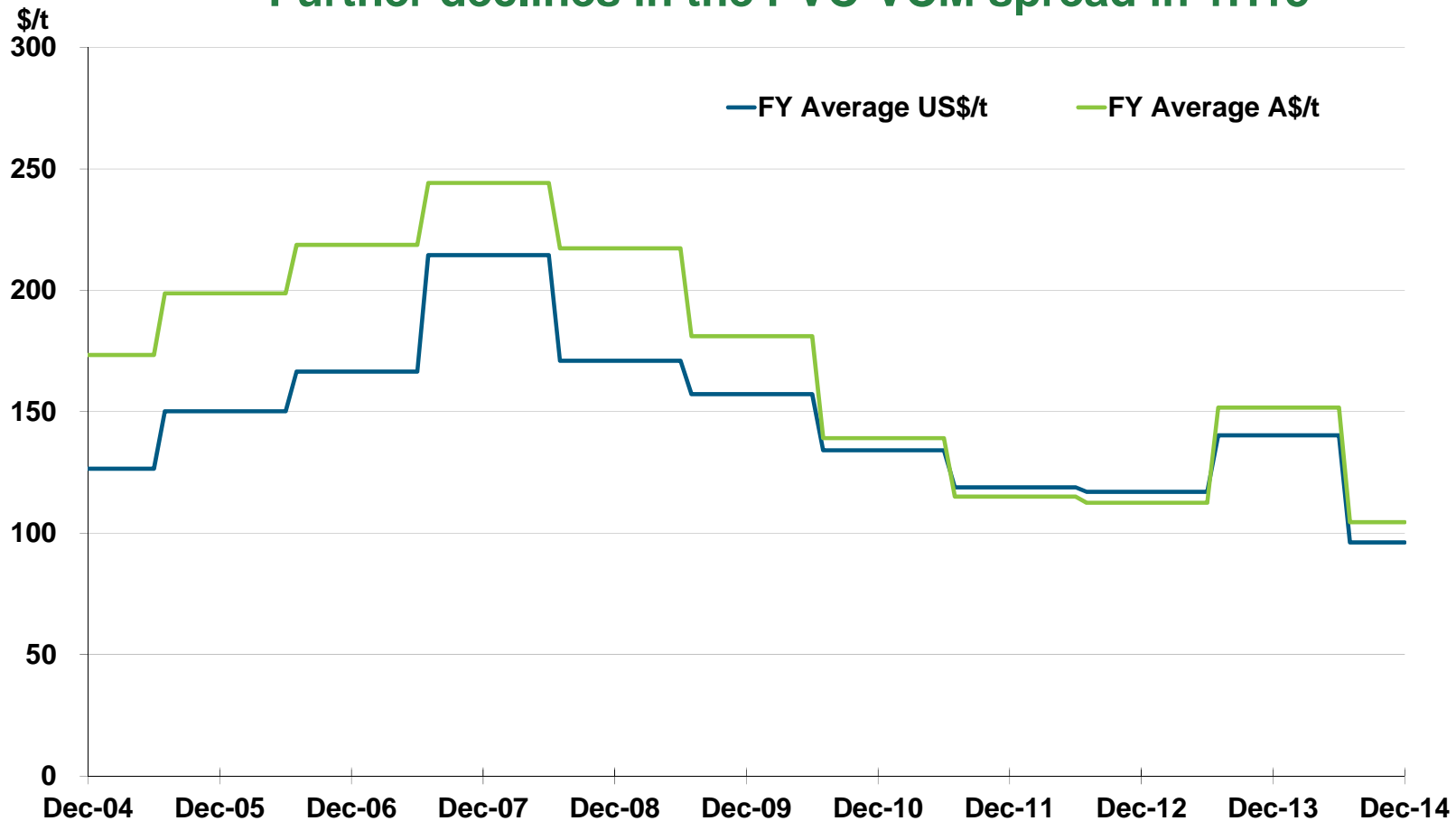




# PVC-VCM spread

- The 'PVC – VCM spread' refers to the difference between the Asian PVC selling price & VCM input cost

## Further declines in the PVC-VCM spread in 1H15

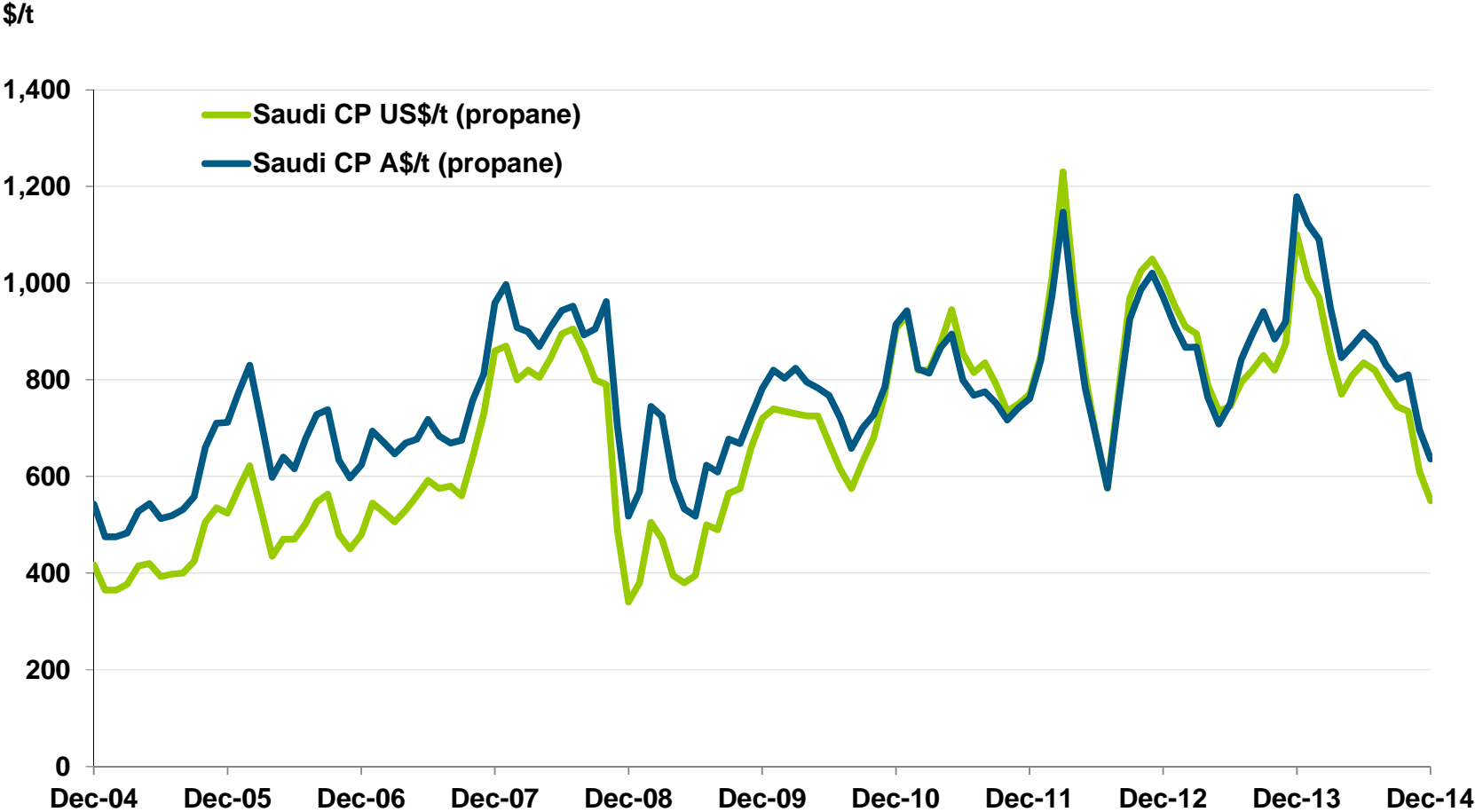


Source: Harriman Front Page Asian mid points

# World LPG prices – Saudi CP

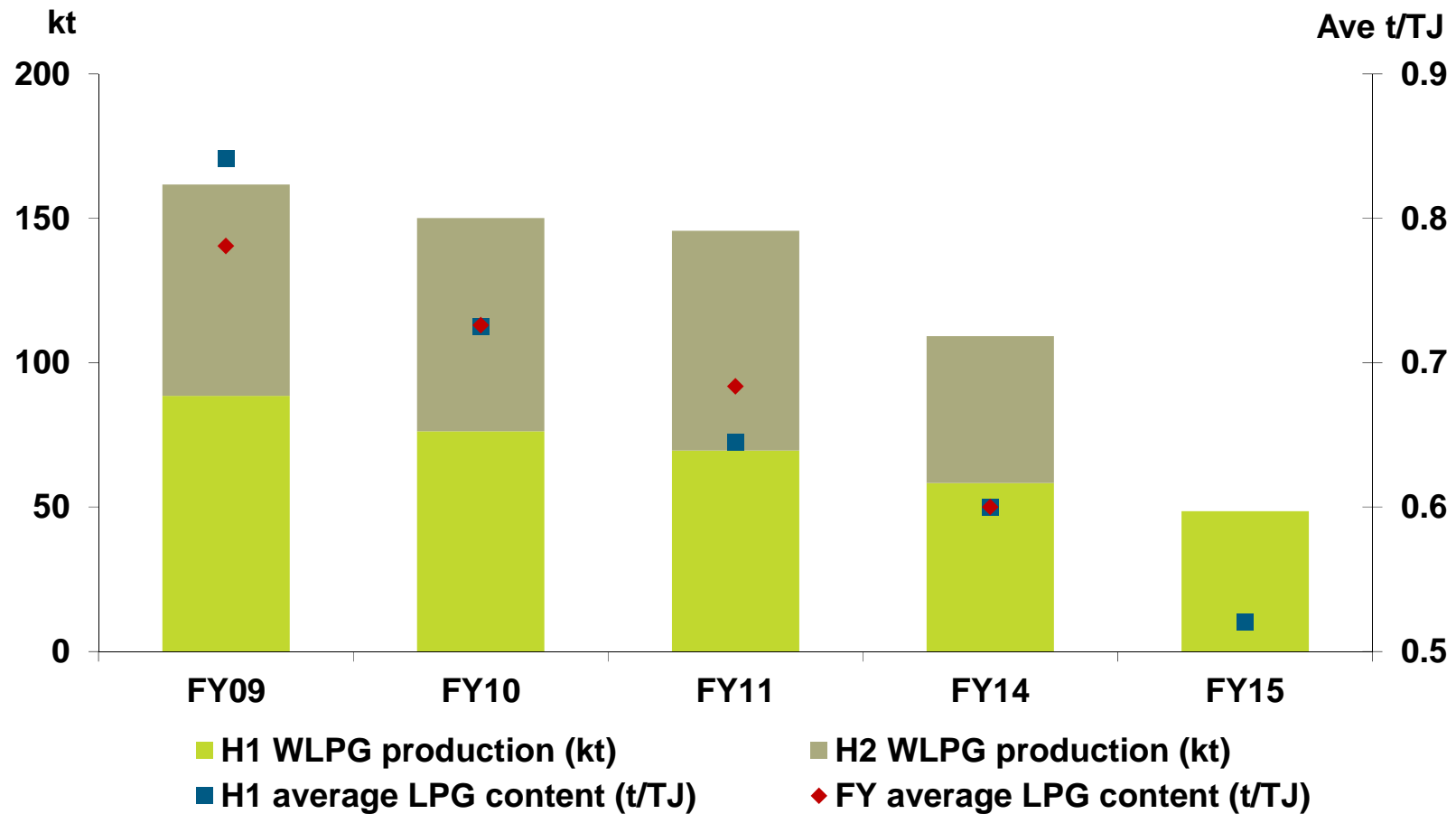


Significant & sharp decline in 1H15



# LPG production

Further declines in content leading to 17% lower production in 1H15



# Resources



# Business environment

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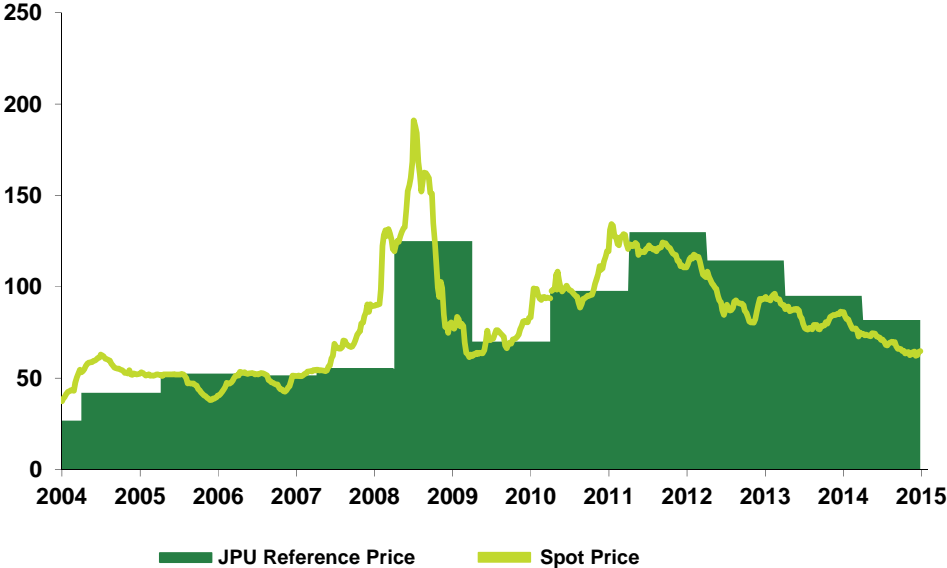
- Continued challenging global trading conditions for coal producers
- Metallurgical coal market remains in near term over supply
  - Significant supply side volume reduction & mine closure announcements yet to impact price
  - Demand side volatility remains, driven by China
- Curragh March 2015 quarter export metallurgical coal pricing settlement
  - Weighted average US\$ export prices for metallurgical coal down ~1% on December 2014 quarter
- Recent A\$:US\$ exchange rate decline
- Continued trend from steel makers towards lower quality metallurgical coals to reduce costs
- Long-term metallurgical coal outlook fundamentals remain sound
  - Driven by demand growth in India & China

# Australian coal market prices



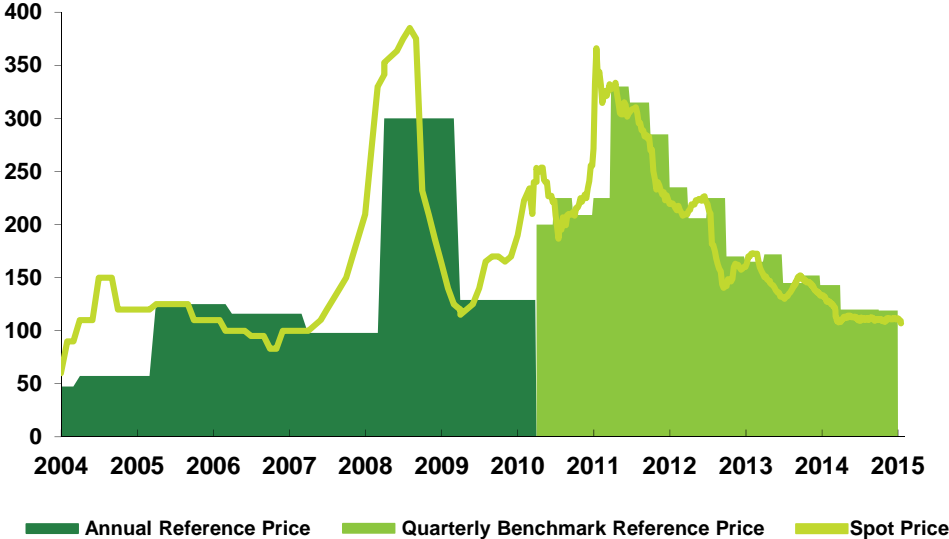
## Australian steaming coal prices

US\$/tonne (nominal) FOB Australia (annual verse spot)



## Australian hard coking coal prices

US\$/tonne (nominal) FOB Australia (annual verse spot)



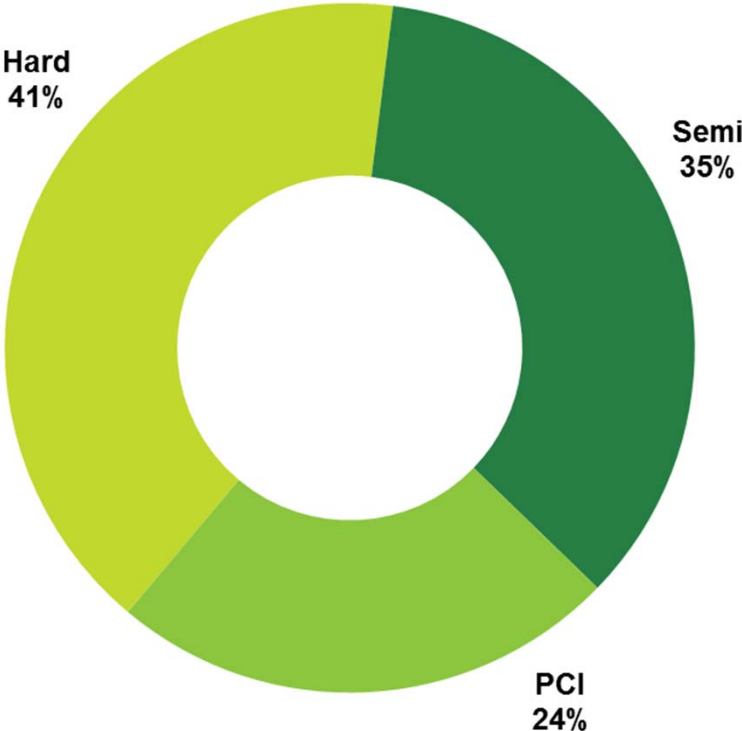
Source: Energy Publishing, Tex Report, Macquarie Research, CRU



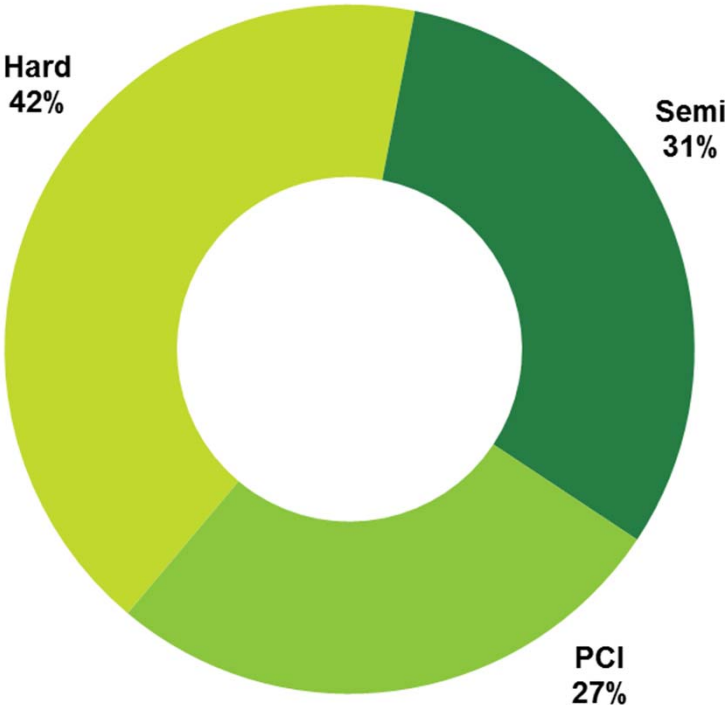
# Curragh export metallurgical sales product mix



**1H FY15 Actual**  
**4.3 million tonnes**



**FY15 Forecast**  
**8.0 - 9.0 million tonnes**



# Coal production volumes



Mine	Ownership	Coal Type	Half-Year Ended ('000 tonnes)	
			Dec 2014	Dec 2013
Curragh, QLD	100%	Metallurgical	4,580	4,029
		Steaming	1,543	1,740
Bengalla, NSW <sup>1</sup>	40%	Steaming	1,658	1,685
<b>Total<sup>1</sup></b>			<b>7,781</b>	<b>7,454</b>

<sup>1</sup> Wesfarmers attributable production.

# Coal sales volumes



Mine	Ownership	Coal Type	Half-Year Ended ('000 tonnes)	
			Dec 2014	Dec 2013
Curragh, QLD <sup>1</sup>	100%	Metallurgical	4,271	4,053
		Steaming	1,542	1,829
Bengalla, NSW <sup>2</sup>	40%	Steaming	1,726	1,787
<b>Total<sup>1</sup></b>			<b>7,539</b>	<b>7,669</b>

<sup>1</sup> Curragh metallurgical coal sales excludes traded coal.

<sup>2</sup> Wesfarmers attributable sales.

# FX hedging profile: 31 December 2014

Curragh			Bengalla		
Year end 30 Jun	Current US\$ sold forward (US\$m)	Average A\$ / US\$ hedge rate	Year end 30 Jun	Current US\$ sold forward (US\$m)	Average A\$ / US\$ hedge rate
2015	282	0.87	2015	79	0.89
2016	430	0.88	2016	154	0.89
2017	258	0.86	2017	81	0.86
2018	108	0.81	2018	40	0.81

<sup>1</sup> 2015 represents six month period ending 30 June 2015.

<sup>2</sup> Incremental hedging activity is continuing in line with market conditions.

# Resources financial summary

Half-Year ended 31 December	2014	2013	Commentary
<b>Production tonnes – ('000 tonnes)</b>			
Curragh & Bengalla <sup>1</sup>	7,781	7,454	Record metallurgical coal production achieved at Curragh for the first half
<b>Revenue (\$m)</b>			
Produced	681	761	
Traded	8	3	
<b>Total</b>	689	764	Lower average export prices, partially offset by higher sales volumes
<b>Government royalties (\$m)</b>			
Stanwell rebate	(34)	(62)	Lower rolling 12 month average coal price for 1H15
Other	(46)	(59)	Comparatively weaker exchange rate in 1H15 offset the impact of reduced revenues
<b>Total</b>	(80)	(121)	
<b>Mining &amp; other costs (\$m)</b>			
Total traded cost	(7)	(3)	
Mining & other costs <sup>2</sup>	(494)	(505)	
<b>Total</b>	(501)	(508)	Curragh unit mine cash costs for 1H15 ~ 6% lower than 1H14
Depreciation & amortisation (\$m)	(73)	(76)	
<b>EBIT (\$m)</b>	35	59	

<sup>1</sup> Bengalla reported at 40% share.

<sup>2</sup> Simple unit cost averages will be impacted by tonnage & cost structure variances between mines.

# Coal Reserves and Resources Notes

- On 28 November 2014, Rio Tinto announced that it had increased its assessment of total ROM coal reserves for the Bengalla mine to 271 million tonnes.<sup>1</sup> Wesfarmers is evaluating Rio Tinto's updated assessment preparatory to its own usual annual 30 June resources and reserves statement.
- The information in Rio Tinto's announcement of 28 November 2014 which is cross referenced in this statement that relates to coal reserves is based on, and fairly represents, information compiled by Mr Andrew Prentice and Mr Richard Ruddock.
  - Mr Prentice is a Competent Person who is a member of the Australasian Institute of Mining and Metallurgy and is employed by Rio Tinto Coal Australia Pty Ltd. Mr Prentice has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Prentice consents to the inclusion in this statement of the matters based on his information in the form and context in which it appears.
  - Mr Ruddock is a Competent Person who is a member of the Australasian Institute of Mining and Metallurgy and is employed by Rio Tinto Coal Australia Pty Ltd. Mr Ruddock has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Ruddock consents to the inclusion in this statement of the matters based on his information in the form and context in which it appears.

<sup>1</sup> Comprising 165 million tonnes of proved coal reserves and 106 million tonnes of probable coal reserves (at 27.4MJ/kg and 0.5% sulphur content). For full details see Rio Tinto's announcement at <http://www.asx.com.au/asxpdf/20141128/pdf/42v31ywb30jrn2.pdf>.



# Industrial & Safety



# Our business portfolio

## Generalists

*The broadest range of industrial & safety supplies and services at competitive prices.*



**Blackwoods Protector**  
One stop for industrial and safety

## Safety Specialists

*Ensuring every person is safe, every day, through market leading products & service solutions.*



## Industrial Specialists

*Depth of expertise in technical fields critical to customer operations.*



## Workwear Group

*Pride in what you do, starts with what you wear.*

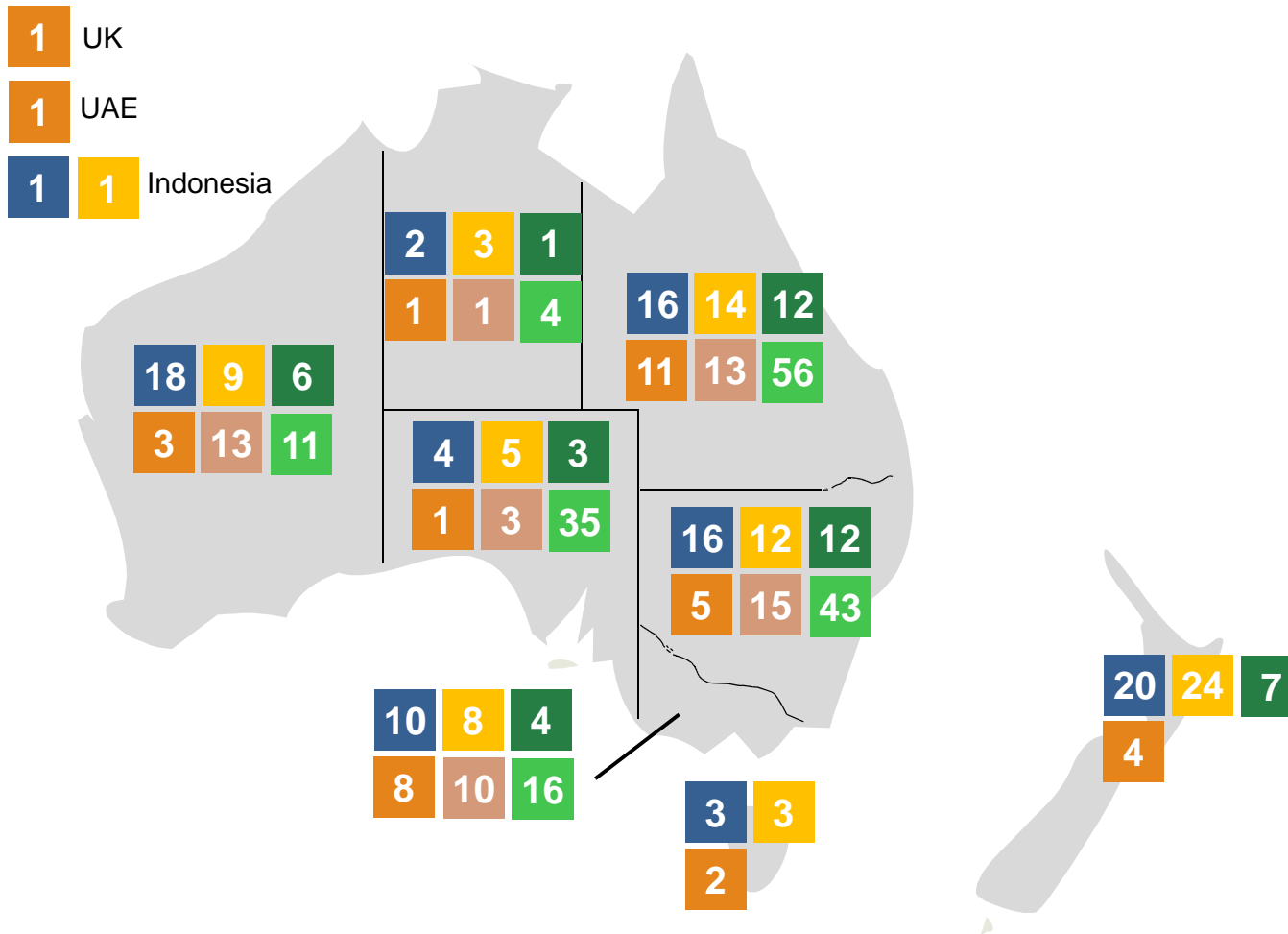


# Distribution network: 471 locations

## As at 31 December 2014



251 branches, 165 gas distribution points & 55 Workwear franchise locations



### 90 Generalists

- 70 Blackwoods (incl Indonesia)
- 20 Blackwoods Protector

### 79 Safety Specialists

- 37 Protector Alsafe
- 23 NZ Safety
- 16 Greencap
- 3 Safety Source

### 45 Industrial Specialists (+ 165)

- 11 Coregas + 165 distribution points
- 22 Bullivants
- 7 Packaging House
- 5 Fastener & Welding Specialists

### 37 Workwear Group (+ 55)

- 37 Workwear Group + 55 franchised

Note: Blackwoods includes Bakers and Total Fasteners locations; Greencap includes NSCA locations.



# Balance Sheet & Cash Flow



# Overview of the Group balance sheet



(\$m) <sup>1</sup>	1H14 Restated <sup>2</sup>	FY14	1H15	Commentary
Inventories	5,781	5,336	6,080	Detailed working capital discussion provided on slide 41.
Receivables & prepayments	1,672	1,805	1,644	
Trade & other payables	(5,933)	(5,424)	(6,383)	
Other	521	403	501	
<b>Net working capital</b>	<b>2,041</b>	<b>2,120</b>	<b>1,842</b>	
Property, plant & equipment	9,957	9,952	10,123	Increased net capital expenditure from Retail businesses. Lower intangibles following non-cash impairment of Target's goodwill, partially offset by goodwill on the acquisition of Workwear Group.
Intangibles	19,608	18,956	19,150	
Other assets	704	721	705	
Provisions & other liabilities	(2,649)	(2,884)	(3,031)	Higher due to acquisition of Workwear Group, higher unredeemed loyalty points & gift cards, liquor restructuring & higher self-insurance costs post Insurance division sale (both 2H14), partially offset by Coles meat contract unwind.
<b>Total capital employed</b>	<b>29,661</b>	<b>28,865</b>	<b>28,789</b>	
Net financial debt <sup>3</sup>	(5,489)	(3,050)	(4,508)	Higher on June 2014 due to December 2014 capital management distribution.
Net tax balances	15	172	464	Higher on 1H14 due to lower tax payable (move to monthly instalments) & higher deferred tax assets.
<b>Total net assets</b>	<b>24,187</b>	<b>25,987</b>	<b>24,744</b>	

<sup>1</sup> The above balances reflect the management balance sheet, which is based on different classification & groupings than the balance sheet in the Appendix 4D.

<sup>2</sup> 1H14 restated for the removal of Insurance assets & liabilities (discontinued operations).

<sup>3</sup> Net debt net of interest rate swap liabilities.

# Balance sheet – working capital

(\$m) <sup>1</sup>	1H14 Restated <sup>2</sup>	FY14	1H15	Commentary
Inventories	5,781	5,336	6,080	<ul style="list-style-type: none"> <li>Retail divisions seasonally higher against June</li> <li>Inventory increased by \$299m (1H15 v 1H14)</li> </ul> <p><b>HIOS:</b> Higher inventory following store network expansion  <b>WIS:</b> Increase due to acquisition of Workwear Group  <b>WesCEF:</b> Higher Fertilisers &amp; Kleenheat inventories</p>
Receivables & prepayments	1,672	1,805	1,644	<ul style="list-style-type: none"> <li>Receivables decreased by \$28m (1H15 v 1H14)</li> <li>Receipt of ALWA sale proceeds partially offset commercial sales growth (Home Improvement)</li> </ul>
Trade & other payables	(5,933)	(5,424)	(6,383)	<ul style="list-style-type: none"> <li>Retail divisions seasonally higher against June</li> <li>Payables increased by \$450m (1H15 v 1H14)</li> <li>Sales growth in retail &amp; timing of creditor payments (Coles)</li> </ul>
Other	521	403	501	
<b>Net working capital</b>	2,041	2,120	1,842	<ul style="list-style-type: none"> <li>Net decrease in net working capital of \$199m (1H15 v 1H14)</li> </ul>

<sup>1</sup> The above table refers to balance sheet movements only. Working capital movements as shown on slide 49 of the presentation exclude non-cash movements which are included in the table above.

<sup>2</sup> 1H14 restated for the removal of Insurance division assets & liabilities (discontinued operations).





**Wesfarmers**