

## 2016 First Quarter Retail Sales Results

22 October 2015

First Quarter Sales (\$m)	2016	2015	Variance (%)
Food & Liquor <sup>1,2</sup>	7,631	7,286	4.7
Convenience <sup>1,3</sup>	1,795	1,946	(7.8)
<b>Total Coles</b>	<b>9,426</b>	<b>9,232</b>	<b>2.1</b>
Home Improvement <sup>4,5</sup>	2,476	2,218	11.6
Office Supplies <sup>4</sup>	429	403	6.5
<b>Total Home Improvement &amp; Office Supplies</b>	<b>2,905</b>	<b>2,621</b>	<b>10.8</b>
<b>Kmart<sup>1</sup></b>	<b>1,123</b>	<b>998</b>	<b>12.5</b>
<b>Target<sup>6</sup></b>	<b>776</b>	<b>753</b>	<b>3.1</b>

Refer to appendix three for footnotes.

Wesfarmers Limited today announced its retail sales results for the first quarter of the 2016 financial year. Managing Director Richard Goyder said that the continued strong sales performance of the Group's retail businesses during the quarter was pleasing.

"Good momentum in our retail portfolio continued through the first quarter of the 2016 financial year," Mr Goyder said. "This was supported by the continued reinvestment of productivity improvements into lower prices, improved customer service, better ranges and further store network optimisation.

"Coles' headline food and liquor sales increased 4.7 per cent during the quarter, with growth in customer transactions and fresh participation reflecting the ongoing execution of Coles' value-led strategy and improvements to its fresh offer.

"Bunnings' total sales increased 11.6 per cent during the quarter, driven by value creation, continued merchandise innovation and strong store network growth.

"Officeworks' total sales growth of 6.5 per cent built on the strong growth recorded in recent years, with customers continuing to respond positively to Officeworks' every channel strategy.

"Kmart recorded strong total sales growth of 12.5 per cent for the quarter, supported by good performances in Home, Kids and Apparel categories and a solid contribution from renewal and new stores.

"Target's total sales increased 3.1 per cent during the quarter, reflecting positive customer responses to its transition to a 'first price, right price' strategy and range improvements, notably in womenswear and childrenswear.

"Our retail divisions remain focused on delivering increased value, better service and improved ranges to customers with actions for the Christmas trading period well advanced."

## Coles

### Food and Liquor

Headline food and liquor sales for the first quarter<sup>1</sup> were \$7.6 billion, up 4.7 per cent on the previous corresponding period.

Comparable food and liquor store sales increased 3.6 per cent and comparable food store sales increased 4.0 per cent for the quarter<sup>1</sup>. Coles recorded food and liquor price deflation of 1.3 per cent during the quarter<sup>1</sup>, the strongest level of quarterly deflation recorded in two years. Price deflation was recorded across most categories during the quarter<sup>1</sup>, particularly in fresh produce and grocery.

Coles Managing Director John Durkan said the continued positive sales momentum was underpinned by a relentless focus on productivity and simplicity across the business to enable further investment in lowering prices, improving the fresh offer and increasing customer service levels.

“Customers responded positively to continued strong price investment, and this was evident in the growth in volumes, transactions and basket size recorded during the quarter,” Mr Durkan said. “Our absolute focus remains on delivering trusted value to Australian households through Every Day low prices, compelling promotions and innovation in Coles Brand. Customers are unwavering in their feedback that they want great prices, not just on key lines but across the product range, combined with great customer service, and this is exactly what we’re determined to deliver right across Australia.”

Coles continued to improve and optimise its store network during the quarter<sup>1</sup>, opening three supermarkets and closing three supermarkets, leaving a total of 776 supermarkets at the end of the quarter<sup>1</sup>.

During the quarter<sup>1</sup>, Coles also announced the first six recipients of grants from Coles’ \$50 million Nurture Fund, which included garlic, quinoa and berry producers.

“Coles is proud to support innovators in the food industry who are breaking new ground by supplying locally-grown products, which are difficult to source in Australia,” Mr Durkan said.

The transformation of the Liquor business remains on track with early results including increased transaction growth during the quarter.

“The customer experience within Coles Liquor continued to improve during the quarter, and reflected the work completed over the past 12 months,” Mr Durkan said. “Whilst the early improvements are encouraging, more work needs to be done to improve the range, value proposition and store network.”

### Convenience

Coles Express sales, including fuel, for the quarter<sup>1</sup> were \$1.8 billion, a decrease of 7.8 per cent on the previous corresponding period driven by lower fuel prices.

For the quarter<sup>1</sup>, headline fuel volumes increased 1.4 per cent and comparable fuel volumes decreased 1.8 per cent despite increased investment in fuel offers.

Convenience store sales continued to grow strongly during the quarter<sup>1</sup>, with total convenience store sales increasing 12.9 per cent for the quarter<sup>1</sup> and comparable store sales increasing 9.1 per cent.

Following strong network growth in the 2015 financial year, Coles Express continued to expand its network during the quarter<sup>1</sup>, opening four new sites, bringing the total store network to 666 sites.

Refer to appendix three for footnotes.

## Home Improvement and Office Supplies

### Home Improvement

Total sales for the quarter<sup>4</sup> were \$2.5 billion, up 11.6 per cent on the previous corresponding period. Total store sales for the quarter<sup>4</sup> increased 11.6 per cent, while store-on-store growth was 8.2 per cent.

Sales growth was achieved in consumer and commercial areas, across all product categories and in all key trading regions.

Home Improvement and Office Supplies Managing Director John Gillam said the good sales momentum was the result of pleasing contributions from each growth driver in Bunnings' strategic agenda.

"Our work creating more value, improving experiences and extending our brand reach is resonating well with consumer and commercial customers," Mr Gillam said.

During the quarter, three Bunnings Warehouses and one smaller format store were opened. A further 14 sites were under construction at the end of September.

### Office Supplies

Total sales for the quarter<sup>4</sup> were \$429 million, 6.5 per cent above the previous corresponding period, with sales growth recorded both in stores and online.

Mr Gillam said the good result continued to build on the strong results achieved over the past three years.

"Officeworks continues to drive its 'every channel' strategy by providing customers with a unique one-stop shopping experience anywhere, anyhow, anytime," Mr Gillam said. "Investments made over the past two to three years to enhance the physical and digital offers, combined with investments in new and expanded ranges and the customer service proposition, all contributed to the positive sales growth."

During the quarter, Officeworks closed one store. Four new Officeworks stores were under construction at the end of September.

Refer to appendix three for footnotes.

## Department Store Retailing

### Kmart

Total sales for the quarter<sup>1</sup> were \$1.1 billion, an increase of 12.5 per cent on the previous corresponding period, with comparable<sup>7</sup> store sales increasing 8.6 per cent.

Kmart Managing Director Guy Russo said the first quarter sales performance had been pleasing with growth in both customer transactions and items sold. Kmart delivered sales growth across all categories, with particularly strong results in Home, Kids and Apparel categories. Good performance was recorded in new stores, new formats and across all price tiers.

"Kmart remains committed to delivering great products at the lowest prices to Australian and New Zealand families and we remain unwavering on our lowest prices promise," Mr Russo said. "In July, we completed a Price Drop campaign to reduce prices on everyday products across the range, and notwithstanding the challenge of a weakening Australian dollar, we invested in dropping prices again in October to keep our prices irresistible for customers."

During the quarter, Kmart completed 10 store refurbishments and opened one new store.

Kmart Tyre and Auto opened three stores and closed one store during the quarter.

### Target

Total sales for the quarter<sup>6</sup> were \$776 million, an increase of 3.1 per cent on the previous corresponding period, with comparable<sup>7</sup> store sales increasing 3.2 per cent.

Target Managing Director Stuart Machin said that the sales result was driven by volume growth as customers responded favourably to the investment made in 'Higher Quality. Lower Prices. Every Day'. Growth was achieved in all categories, including good performances in womenswear and childrenswear following further improvements to range and pricing architecture and lower levels of winter clearance activity. Continued strong results were also seen in new and renewal stores, whilst online sales grew 53 per cent during the quarter.

"We are on track with our transformation plan and are making satisfactory progress, but with more still to do," Mr Machin said. "We will continue to listen to our customers and invest in lower prices as we make fashion, style and quality more affordable for the whole family, every day."

During the quarter, Target opened one new store and one replacement store, and closed one store.

Refer to appendix three for footnotes.

### For further information:

#### Media

Cathy Bolt  
Media and External Affairs Manager  
+61 8 9327 4423 or +61 417 813 804

#### Investors

Mark Scatena  
General Manager, Investor Relations  
+61 8 9327 4416 or +61 439 979 398

## APPENDIX ONE

## 2016 FIRST QUARTER RETAIL SALES RESULTS – KEY METRICS

Key Metrics (%)	First Quarter 2016	Fourth Quarter 2015	Third Quarter 2015	Second Quarter 2015	First Quarter 2015
<b>COLES<sup>1</sup></b>					
<b>Food &amp; Liquor<sup>2</sup></b>					
Comparable store sales growth (Food) <sup>8</sup>	4.0	4.3	4.5	4.7	5.0
Comparable store sales growth (Food & Liquor) <sup>8</sup>	3.6	3.6	3.8	4.0	4.3
Price inflation/(deflation)	(1.3)	(1.0)	(1.0)	(0.9)	(0.5)
<b>Convenience</b>					
Total fuel volume growth	1.4	2.1	3.0	(6.0)	(3.0)
Comparable fuel volume growth	(1.8)	(0.4)	0.4	(8.9)	(4.6)
Total convenience store sales growth (excl. fuel sales)	12.9	8.6	7.7	11.8	11.1
Comparable convenience store sales growth (excl. fuel sales)	9.1	5.8	5.2	8.0	8.3
<b>HOME IMPROVEMENT<sup>4,5</sup></b>					
Total store sales growth	11.6	10.1	11.8	12.4	10.9
Store-on-store sales growth	8.2	7.7	9.4	9.8	8.2
<b>OFFICE SUPPLIES<sup>4</sup></b>					
Total sales growth	6.5	10.4	9.0	7.5	8.0
<b>KMART<sup>1</sup></b>					
Comparable store sales growth <sup>7,9</sup>	8.6	8.0	6.3	3.4	0.9
<b>TARGET<sup>6</sup></b>					
Comparable store sales growth <sup>7,9</sup>	3.2	(0.5)	(1.9)	0.0	(2.3)

Refer to appendix three for footnotes.

## APPENDIX TWO

## WESFARMERS RETAIL OPERATIONS - STORE NETWORK

	Open at 1 Jul 2015	Opened	Closed	Re-branded	Open at 30 Sep 2015
<b>COLES</b>					
<b>Supermarkets</b>					
Coles	771	3	(3)	-	771
Bi-Lo	5	-	-	-	5
<b>Total Supermarkets</b>	<b>776</b>	<b>3</b>	<b>(3)</b>	<b>-</b>	<b>776</b>
<b>Liquor</b>					
1st Choice	100	-	-	-	100
Vintage Cellars	79	1	(1)	-	79
Liquorland	679	5	(4)	-	680
Hotels	90	-	(1)	-	89
<b>Total Liquor</b>	<b>948</b>	<b>6</b>	<b>(6)</b>	<b>-</b>	<b>948</b>
<b>Convenience</b>	<b>662</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>666</b>
<b>Selling Area (m<sup>2</sup>)</b>					
Supermarkets	1,749,840	n.a.	n.a.	n.a.	1,751,024
Liquor (excluding hotels)	209,490	n.a.	n.a.	n.a.	209,612
<b>HOME IMPROVEMENT</b>					
Bunnings Warehouse	236	3	(1)	-	238
Bunnings smaller formats	65	1	-	-	66
Bunnings Trade Centres	33	-	-	-	33
<b>OFFICE SUPPLIES</b>					
Officeworks	156	-	(1)	-	155
<b>KMART</b>					
Kmart	203	1	-	-	204
Kmart Tyre & Auto	246	3	(1)	-	248
<b>TARGET</b>					
Large	183	2	(1)	-	184
Small	122	-	-	-	122
<b>Total Target</b>	<b>305</b>	<b>2</b>	<b>(1)</b>	<b>-</b>	<b>306</b>

## APPENDIX THREE

### FOOTNOTES

1. Financial Year 2016 for the 13 week period 29 June 2015 to 27 September 2015 and Financial Year 2015 for the 13 week period 30 June 2014 to 28 September 2014.
2. Includes hotels, excludes gaming revenue and property income.
3. Includes fuel sales.
4. Financial Year 2016 and Financial Year 2015 for the three month period 1 July to 30 September.
5. Includes consumer and commercial sales, excludes property income.
6. Financial Year 2016 for the 13 week period 28 June 2015 to 26 September 2015 and Financial Year 2015 for the 13 week period 29 June 2014 to 27 September 2014.
7. Comparable store sales include lay by sales. Lay by sales are excluded from total sales under Australian Accounting Standards.
8. Adjusting for the later timing of Easter in Financial Year 2014, comparable food and liquor store sales and comparable food store sales for the third quarter of Financial Year 2015 increased 3.4 per cent and 4.1 per cent respectively.

Adjusting for the earlier timing of Easter in Financial Year 2015, comparable food and liquor store sales and comparable food store sales for the fourth quarter of Financial Year 2015 increased 4.0 per cent and 4.6 per cent respectively.

9. Adjusting for the later timing of Easter in Financial Year 2014, comparable store sales at Kmart for the third quarter of Financial Year 2015 increased 5.5 per cent and at Target decreased 3.2 per cent.  
Adjusting for the earlier timing of Easter in the 2015 financial year, comparable store sales at Kmart for the fourth quarter of Financial Year 2015 increased 8.7 per cent at Kmart and at Target were flat.