

# 2017 Half-year Results Supplementary Information

To be read in conjunction with the 2017 Half-year Results Briefing  
Presentation to be held on Wednesday, 15 February 2017



**Wesfarmers**

## Presentation outline

---

<b>Item</b>	<b>Page</b>
Group Balance Sheet	3
Coles	6
Home Improvement	10
Department Stores	13
- Target	14
- Kmart	18
Officeworks	22
Industrials	25

---

---

# Group Balance Sheet



## Group management balance sheet – overview

(\$m) <sup>1</sup>	1H16	FY16	1H17	Commentary
Inventories	6,580	6,260	6,852	Detailed working capital discussion provided on slide 5
Receivables & prepayments	1,810	1,950	2,083	
Trade & other payables	(7,063)	(6,492)	(7,624)	
Other	520	411	580	
<b>Net working capital</b>	<b>1,847</b>	<b>2,129</b>	<b>1,891</b>	
Property, plant & equipment	10,207	9,612	9,436	• Decrease since 1H16 due to Curragh impairment; decrease since FY16 due to property divestments by Bunnings & Coles
Intangibles	19,298	19,073	18,998	• Decrease since 1H16 due to impairment of Target goodwill partially offset by goodwill on acquisition of Homebase
Other assets	711	619	797	
Provisions & other liabilities	(3,141)	(3,770)	(3,665)	• Increase since 1H16 mainly due to Homebase acquisition; decrease since FY16 due to seasonally lower employee provisions & release of Stanwell litigation provision
<b>Total capital employed</b>	<b>28,922</b>	<b>27,663</b>	<b>27,457</b>	
Net debt excluding financial services debt <sup>2</sup>	(4,470)	(5,727)	(4,492)	• Decrease since FY16 due to repayment of \$500m domestic medium term notes & a reduction in seasonal facilities
Net tax balances	510	1,013	802	• Increase since 1H16 due to Homebase acquisition; decrease since FY16 due to a downward revaluation of DTA for BUKI following expected reductions in UK corporate tax rate
<b>Total net assets</b>	<b>24,962</b>	<b>22,949</b>	<b>23,767</b>	

<sup>1</sup> The above balances reflect the management balance sheet, which is based on different classifications & groupings to the balance sheet in the 2017 Half-year Report.

<sup>2</sup> Net debt including cross currency swap assets / liabilities & excluding financing of credit book relating to the Coles credit card.

## Balance sheet – working capital

(\$m) <sup>1</sup>	1H16	FY16	1H17	Commentary <sup>2</sup>
Inventories	6,580	6,260	6,852	<ul style="list-style-type: none"> <li>Acquisition of Homebase, partially offset by reduction in inventory at Target</li> </ul>
Receivables & prepayments	1,810	1,950	2,083	<ul style="list-style-type: none"> <li>Higher average selling prices in Resources</li> <li>Acquisition of Homebase</li> <li>Lower in WesCEF due to conversion to PVC import model</li> </ul>
Trade & other payables	(7,063)	(6,492)	(7,624)	<ul style="list-style-type: none"> <li>Acquisition of Homebase</li> <li>Increased inventory purchases in Coles to improve availability</li> </ul>
Other	520	411	580	
<b>Net working capital</b>	<b>1,847</b>	<b>2,129</b>	<b>1,891</b>	

<sup>1</sup> The above table refers to balance sheet movements only. Working capital movements as shown on slide 10 of the 2017 Half-year Briefing Presentation exclude non-cash movements which are included in the table above.

<sup>2</sup> Commentary refers to movements between 1H16 & 1H17. Movements between FY16 and 1H17 largely reflect seasonal variations.

# Coles



coles

coles.com.au

coles  
express

VINTAGE CELLARS

first CHOICE liquor

BI-LO

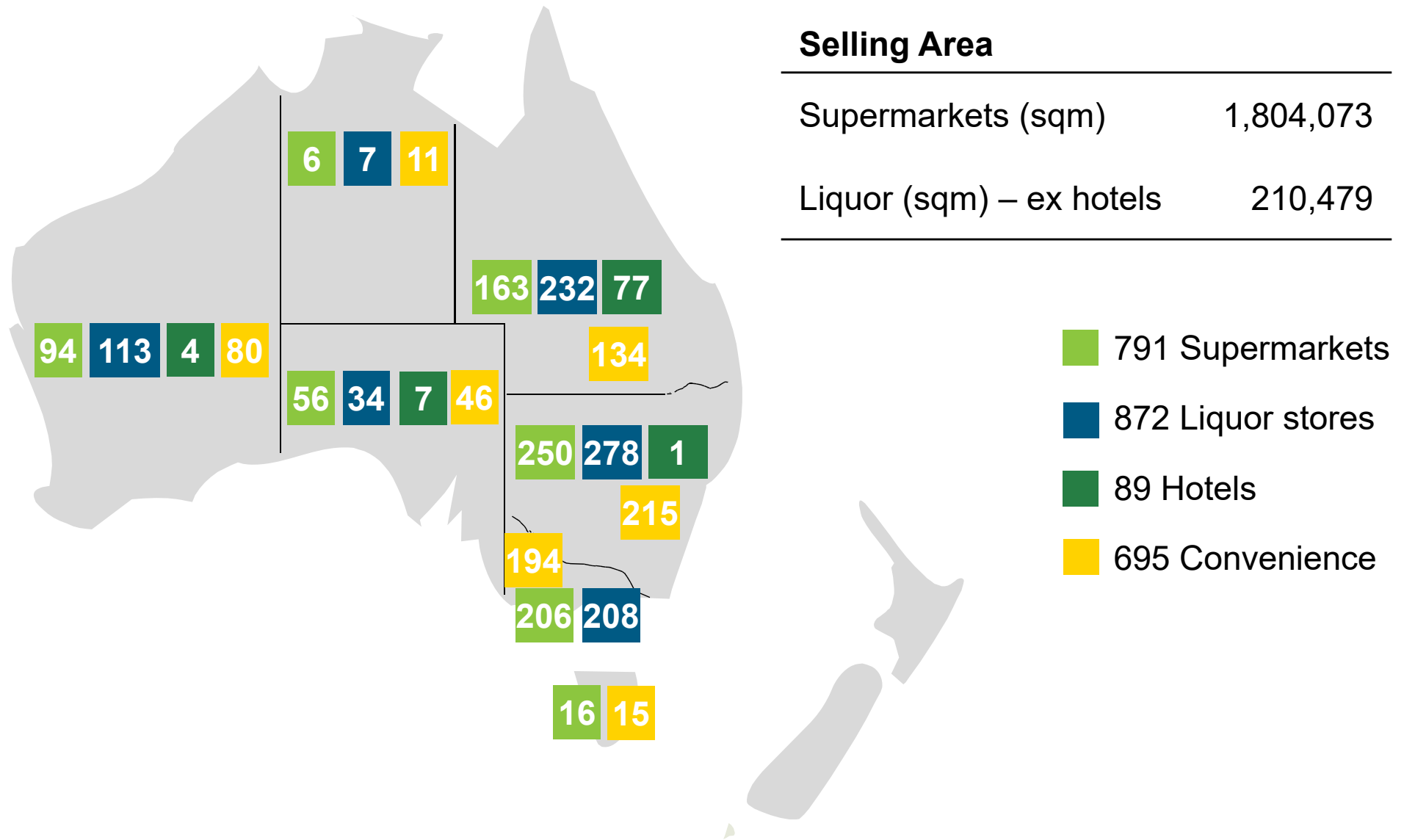
LIQUORLAND

spirit  
HOTELS

coles Financial Services

# Coles network

as at 31 December 2016



## Store network movements

	Open at 30 June 2016	Opened	Closed	Re-branded	Open at 31 Dec 2016
<b>Supermarkets</b>					
Coles	786	8	(5)	1	790
Bi-Lo	1	-	-	-	1
<b>Total Supermarkets</b>	<b>787</b>	<b>8</b>	<b>(5)</b>	<b>1</b>	<b>791</b>
<b>Liquor</b>					
1 <sup>st</sup> Choice	97	2	-	-	99
Vintage Cellars	81	-	-	-	81
Liquorland	687	11	(6)	-	692
Hotels	89	-	-	-	89
<b>Total Liquor</b>	<b>954</b>	<b>13</b>	<b>(6)</b>	<b>-</b>	<b>961</b>
<b>Convenience</b>	<b>690</b>	<b>7</b>	<b>(2)</b>	<b>-</b>	<b>695</b>



## Revenue reconciliation

Half-year ended 31 Dec (\$m)	2016			2015		
	Food & Liquor	Convenience	Total	Food & Liquor	Convenience	Total
<b>Segment revenue (Gregorian)<sup>1</sup></b>	<b>16,878</b>	<b>3,178</b>	<b>20,056</b>	<b>16,496</b>	<b>3,591</b>	<b>20,087</b>
Less: Other revenue	(226)	(6)	(232)	(212)	(7)	(219)
<b>Headline sales (Gregorian)</b>	<b>16,652</b>	<b>3,172</b>	<b>19,824</b>	<b>16,284</b>	<b>3,584</b>	<b>19,868</b>
Plus: Gregorian adjustment <sup>2</sup>	368	85	453	373	82	455
<b>Headline sales revenue (Retail)<sup>3</sup></b>	<b>17,020</b>	<b>3,257</b>	<b>20,277</b>	<b>16,657</b>	<b>3,666</b>	<b>20,323</b>

<sup>1</sup> Segment revenue for Food & Liquor includes property revenue for 2016 of \$10m & 2015 of \$13m.

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

<sup>3</sup> 2016 reflects the 27 week period 27 June 2016 to 1 January 2017 & the 27 week period 29 June 2015 to 3 January 2016 .

---

# Home Improvement



**BUNNINGS**  
warehouse

**BUNNINGS**

**BUNNINGS**  
TRADE

**HOME**BASE

# Home Improvement: store network locations

as at 31 December 2016

## Australia & New Zealand

	Warehouse stores	Smaller format stores	Trade Centres
New Zealand	26	20	7
New South Wales / ACT	72	16	7
Queensland	42	11	7
South Australia / NT	16	4	2
Tasmania	6	-	1
Victoria	57	12	5
Western Australia	29	10	4
<b>Total</b>	<b>248</b>	<b>73</b>	<b>33</b>

## United Kingdom & Ireland

	Homebase stores
Republic of Ireland	11
Northern Ireland	9
Scotland	21
Yorkshire & The North	35
The Midlands	37
East England <sup>1</sup>	32
South England	69
London	29
Wales	12
<b>Total</b>	<b>255</b>

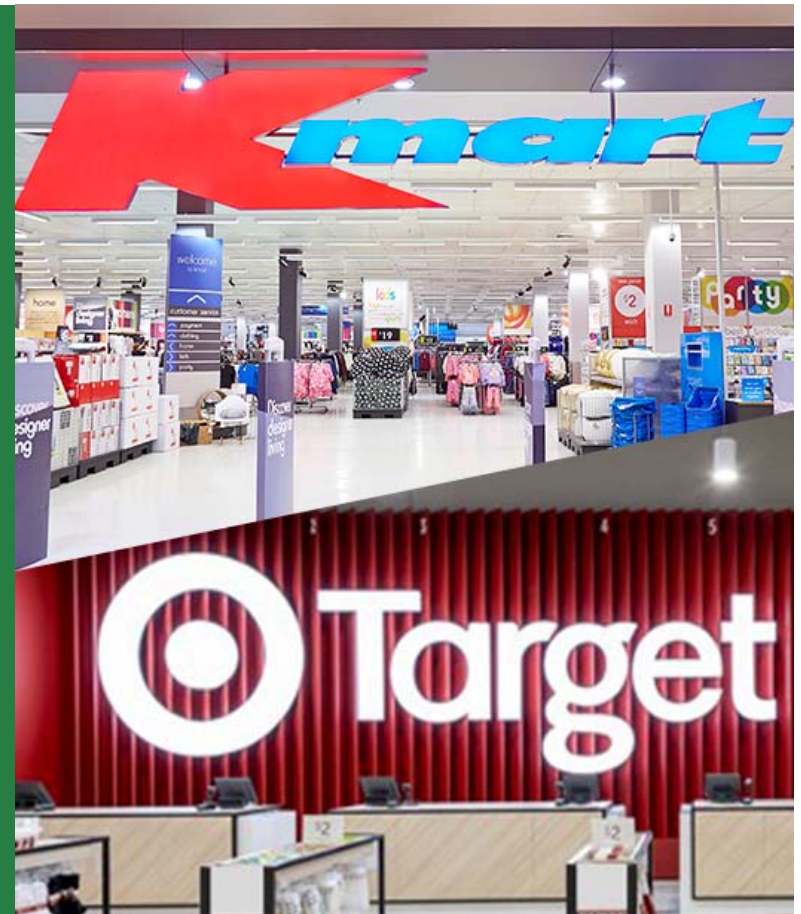
<sup>1</sup> Excluding St Albans Griffiths Way, which closed in November 2016 and reopened as Bunnings on 2 February 2017.

## Home Improvement: store network movements

	Open at 30 June 2016	Opened	Closed	Open at 31 Dec 2016	Expanded	Under construction 31 Dec 2016
<u>Australia &amp; New Zealand</u>						
Bunnings Warehouse	244	5	(1)	248	-	9
Bunnings smaller formats	70	4	(1)	73	-	1
Bunnings Trade Centres	33	-	-	33	-	1
<u>UK &amp; Ireland</u> <i>(acquired 265 stores at end Feb 16)</i>						
Homebase	260	-	(5)	255	-	1 <sup>1</sup>

<sup>1</sup> St Albans Griffiths Way closed in November 2016 and reopened as Bunnings on 2 February 2017.

# Department Stores



---

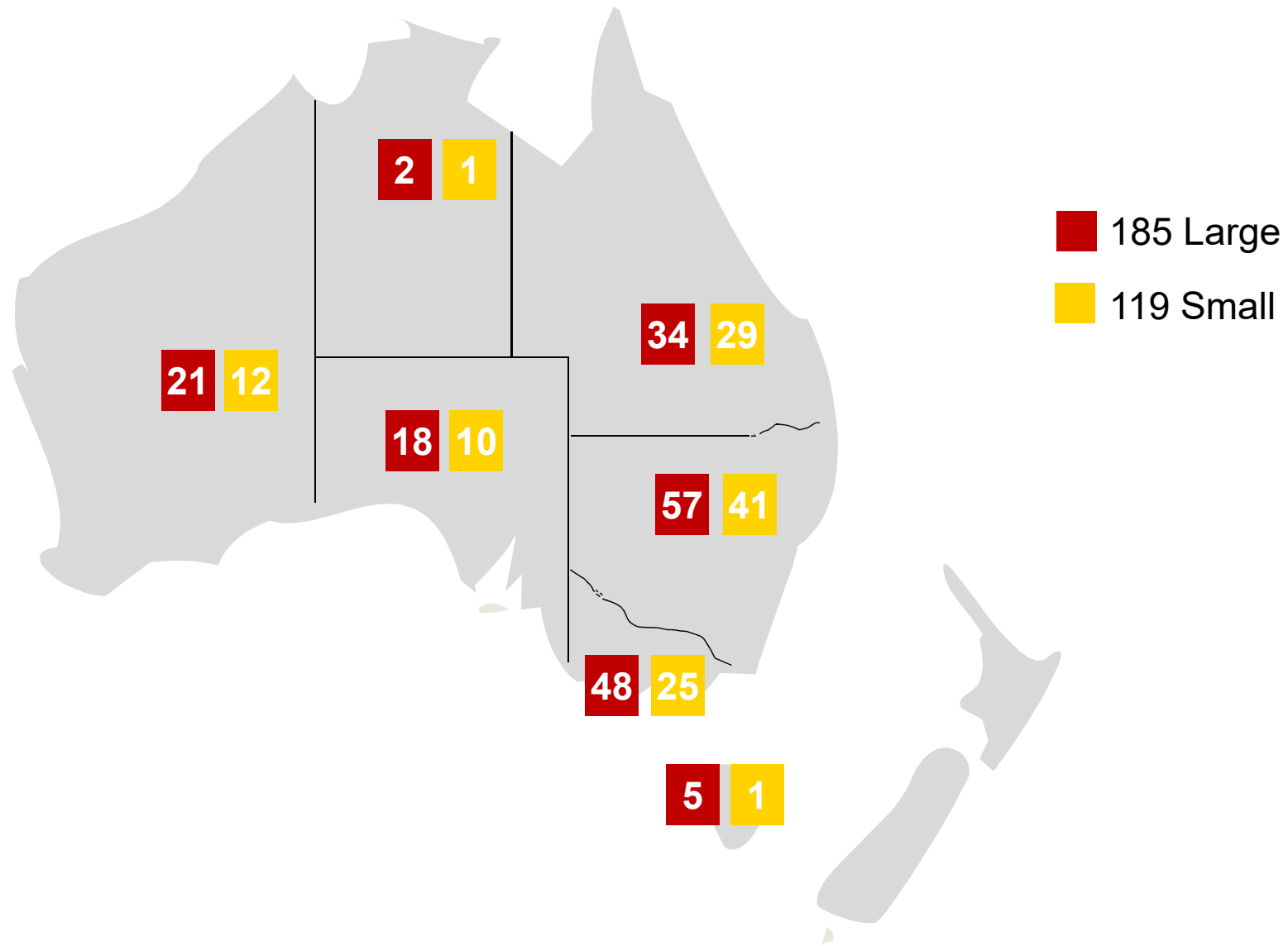
# Target



# Target network

as at 31 December 2016

---



## Target network

	Open at 30 June 2016	Opened	Closed	Open at 31 Dec 2016
Large	186	1	(2)	185
Small	120	-	(1)	119
<b>Total</b>	<b>306</b>	<b>1</b>	<b>(3)</b>	<b>304</b>



## Revenue reconciliation

Half-year ended 31 December (\$m)	2016	2015
<b>Segment revenue (Gregorian)</b>	<b>1,623</b>	<b>1,972</b>
Less: Non sales revenue	(1)	-
<b>Headline sales (Gregorian)</b>	<b>1,622</b>	<b>1,972</b>
Add: Gregorian adjustment <sup>1</sup>	36	36
<b>Headline sales revenue (Retail)<sup>2</sup></b>	<b>1,658</b>	<b>2,008</b>

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

<sup>2</sup> 2016 reflects the 27 week period 26 June 2016 to 31 December 2016 & the 27 week period 28 June 2015 to 2 January 2016.

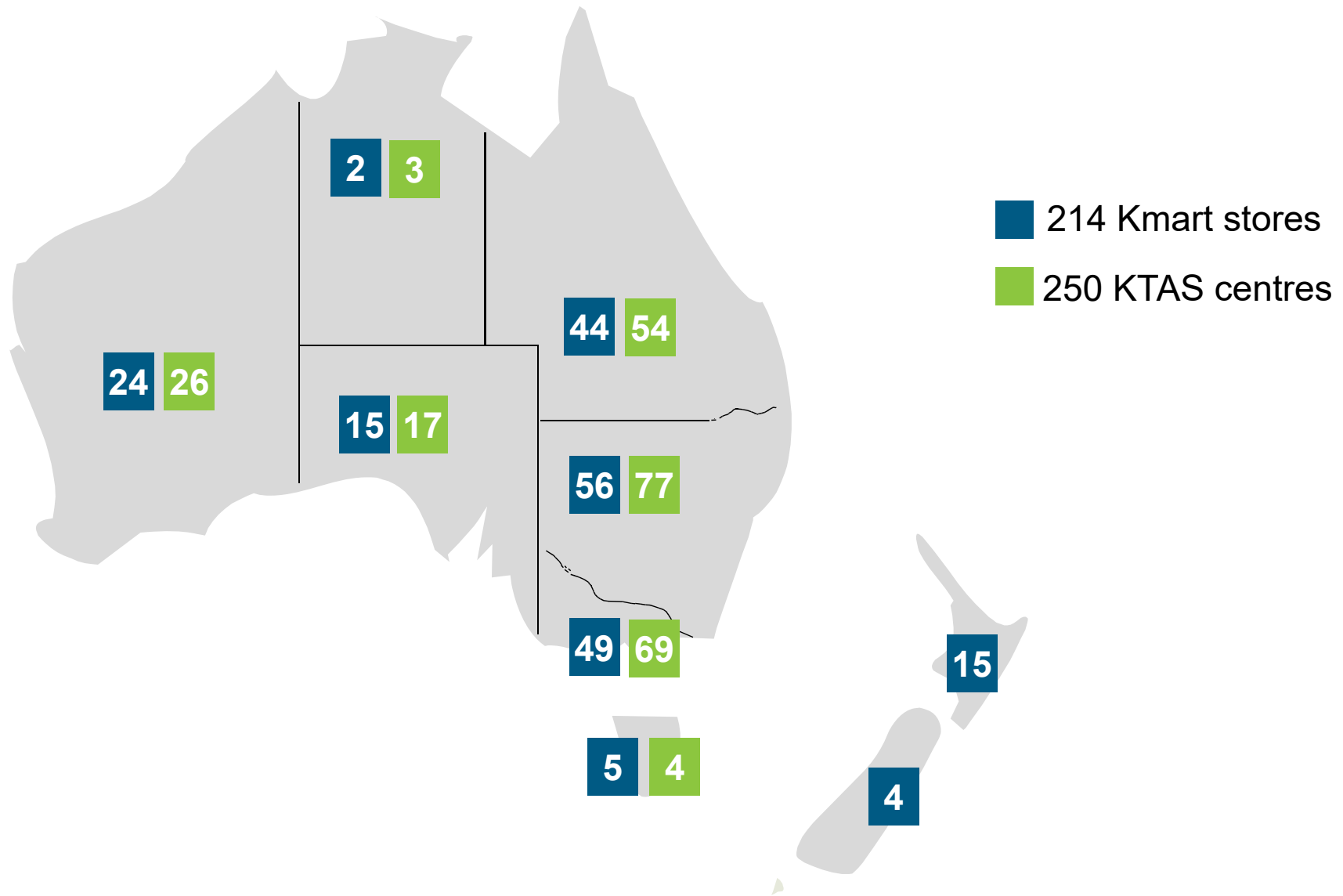
---

# Kmart



# Kmart network

as at 31 December 2016



## Store network movements

	Open at 30 June 2016	Opened	Closed	Open at 31 Dec 2016
<b>Kmart</b>	209	5	-	214
<b>Kmart Tyre &amp; Auto</b>	248	5	(3)	250

## Revenue reconciliation

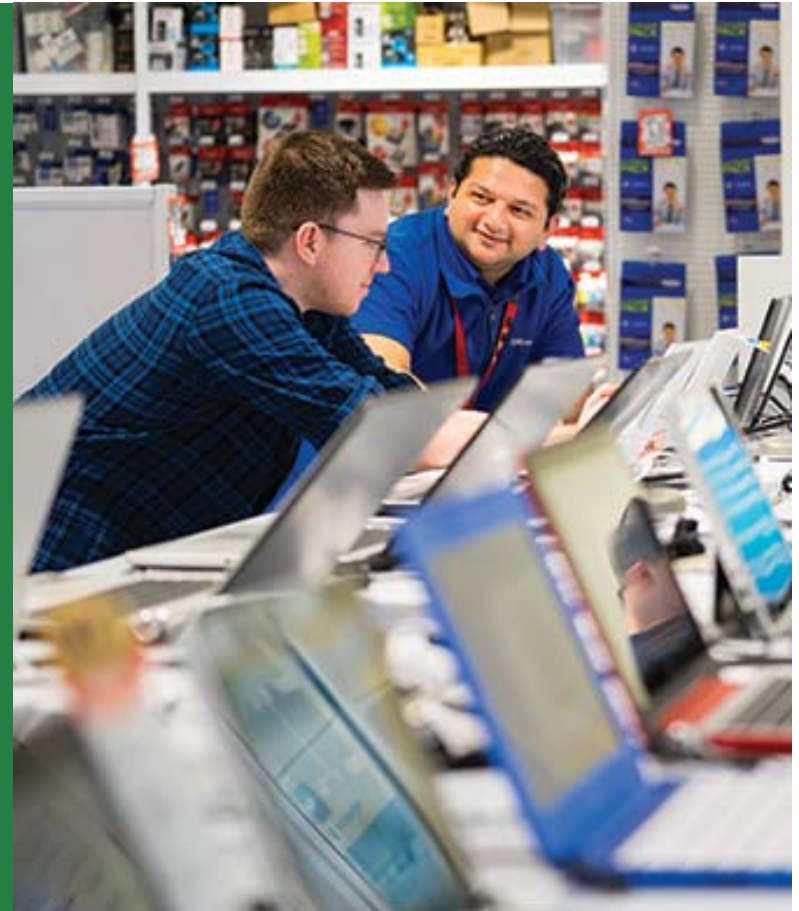
Half-year end 31 Dec (\$m)	2016	2015
<b>Segment revenue (Gregorian)</b>	<b>2,996</b>	<b>2,750</b>
Less: Non sales revenue	(1)	(1)
<b>Headline sales (Gregorian)</b>	<b>2,995</b>	<b>2,749</b>
Add: Gregorian adjustment <sup>1</sup>	60	50
<b>Headline sales revenue (Retail)<sup>2</sup></b>	<b>3,055</b>	<b>2,799</b>

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

<sup>2</sup> 2016 reflects the 27 week period 27 June 2016 to 1 January 2017 & the 27 week period 29 June 2015 to 3 January 2016.

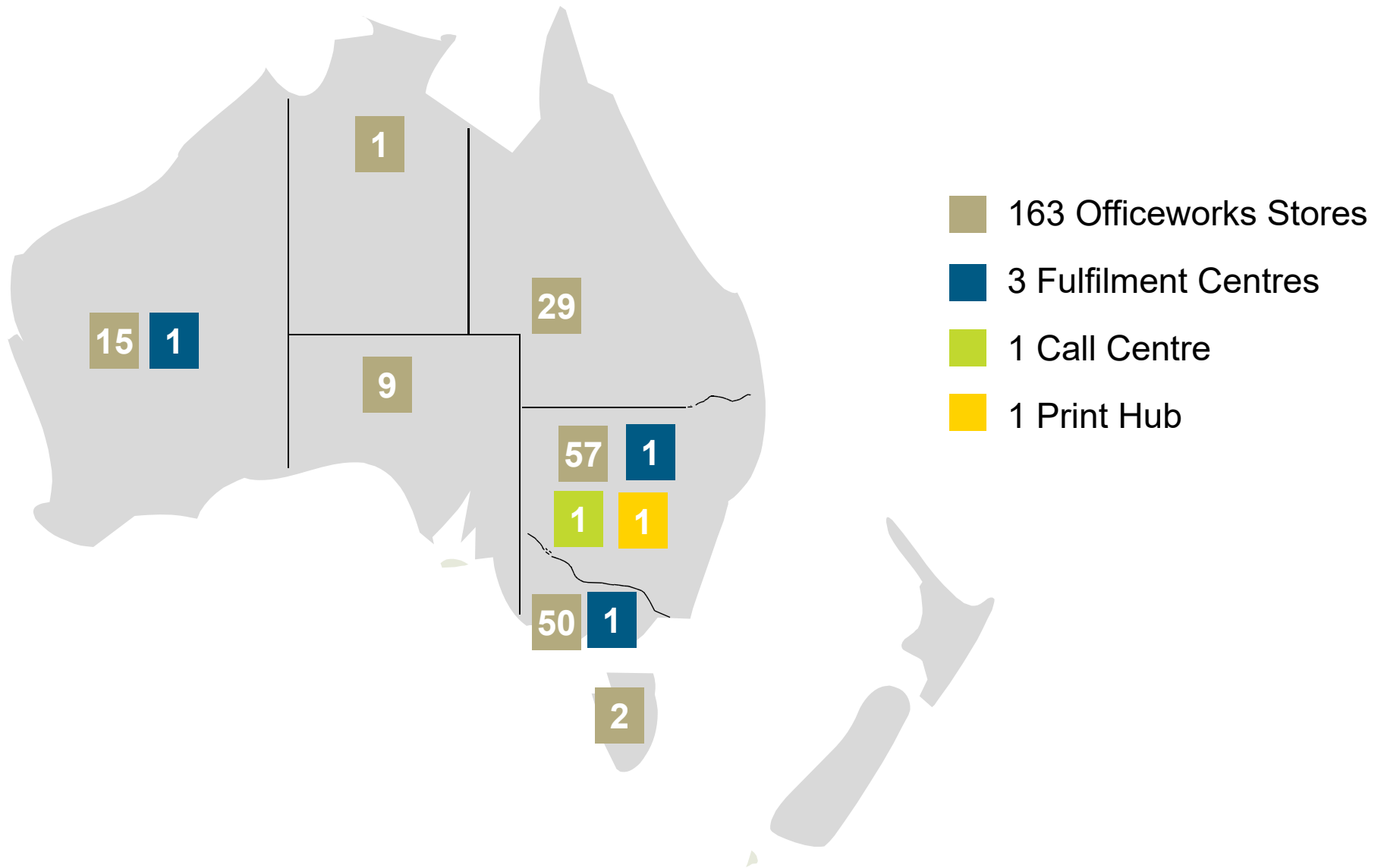
---

# Officeworks



# Officeworks network

as at 31 December 2016



## Store network movements

---

	Open at 30 June 2016	Opened	Closed	Open at 31 Dec 2016
<b>Officeworks</b>	159	4	-	163



# Industrials

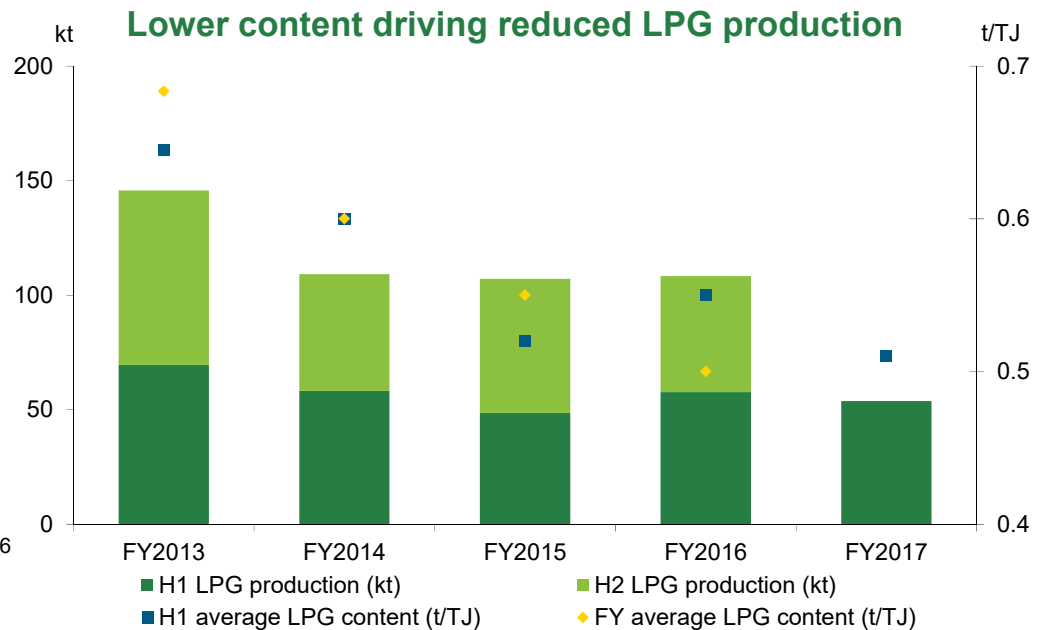
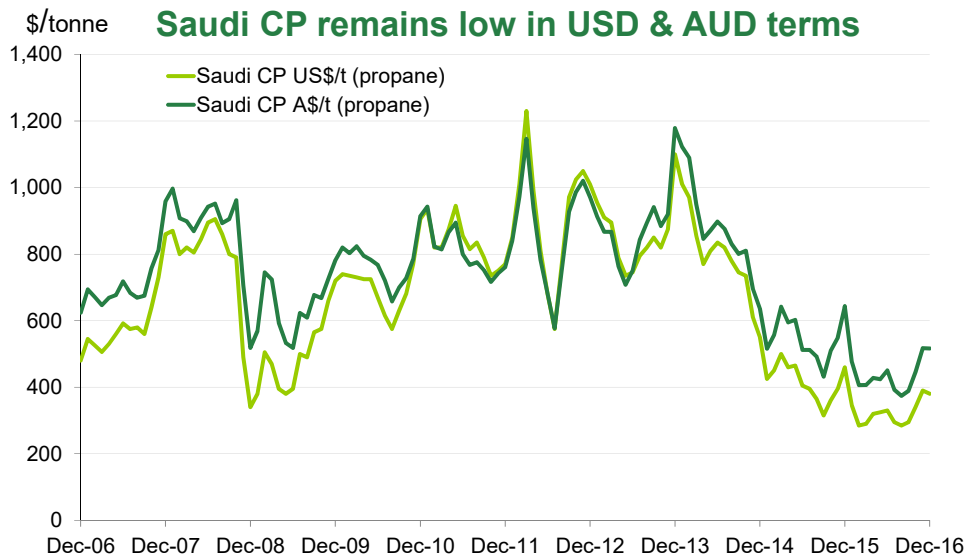
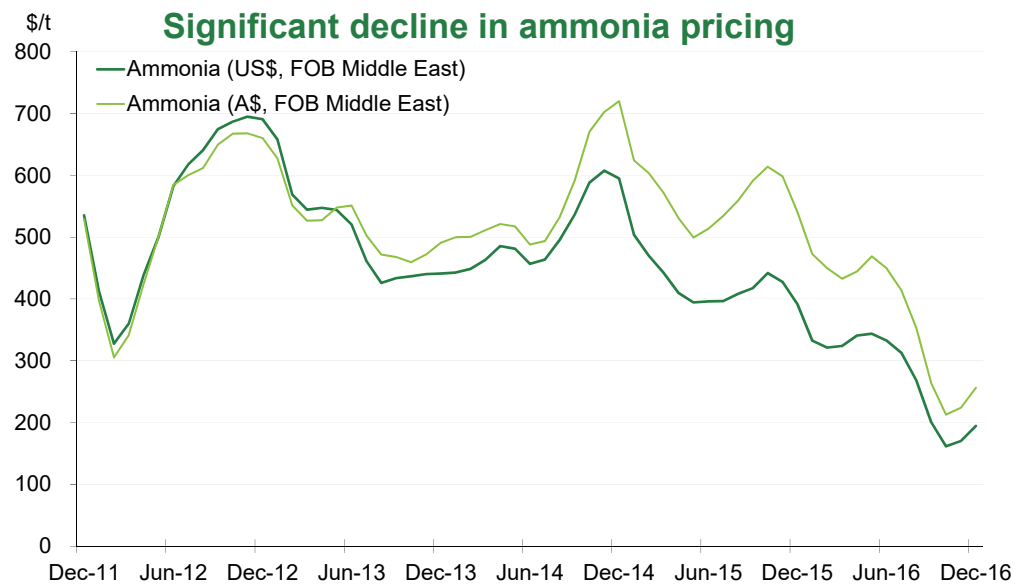
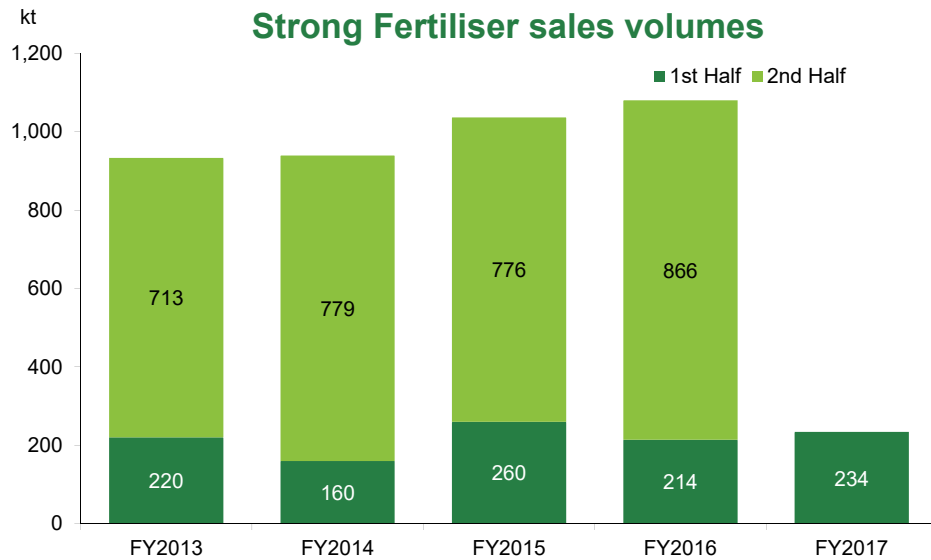


  
Wesfarmers Chemicals,  
Energy & Fertilisers

  
Wesfarmers  
Industrial and Safety

  
Wesfarmers Resources

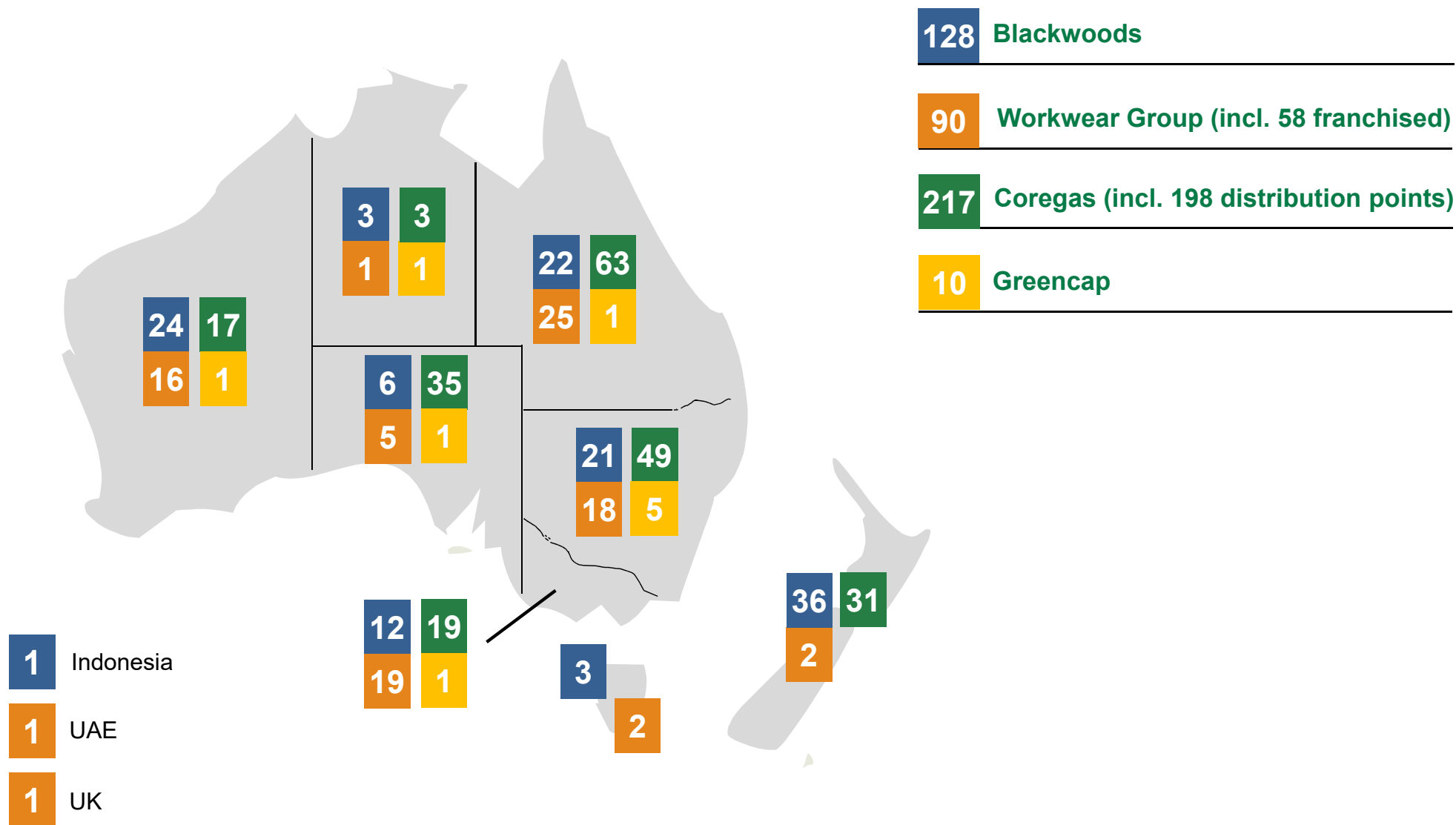
# Chemicals, Energy & Fertilisers - Sales, pricing & production



# Industrial & Safety - Distribution network

as at 31 December 2016

445 locations with 189 branches, 198 gas distribution points & 58 Workwear franchises



## Resources - Global environment: current & short-term trends

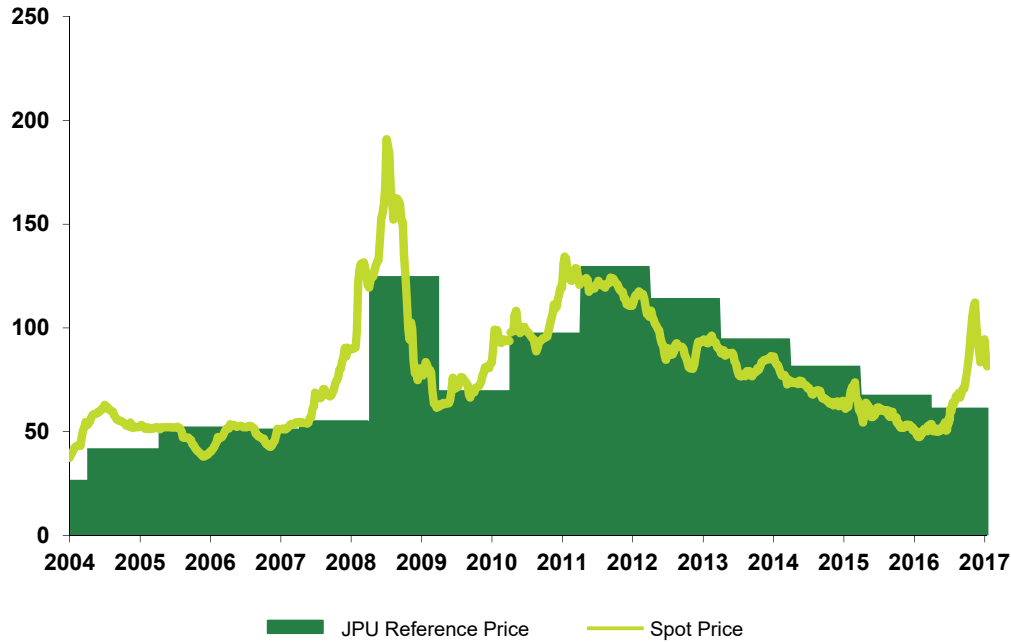
---

- World blast furnace iron production stable
  - Steel prices have not moved to same extent as raw materials
- Metallurgical coal market continues to be volatile
  - Recent spot prices for metallurgical export coal have traded lower
  - Inventory concerns at steel mills in China have alleviated
  - Current market price above marginal cost of production for swing supply regions (US, Mongolia), some supply response expected
  - Force Majeure lifted at major Australian mines, total Australian exports have increased & limited wet season impact so far
  - Chinese policy indicates preference for a stabilised price

# Australian coal market prices

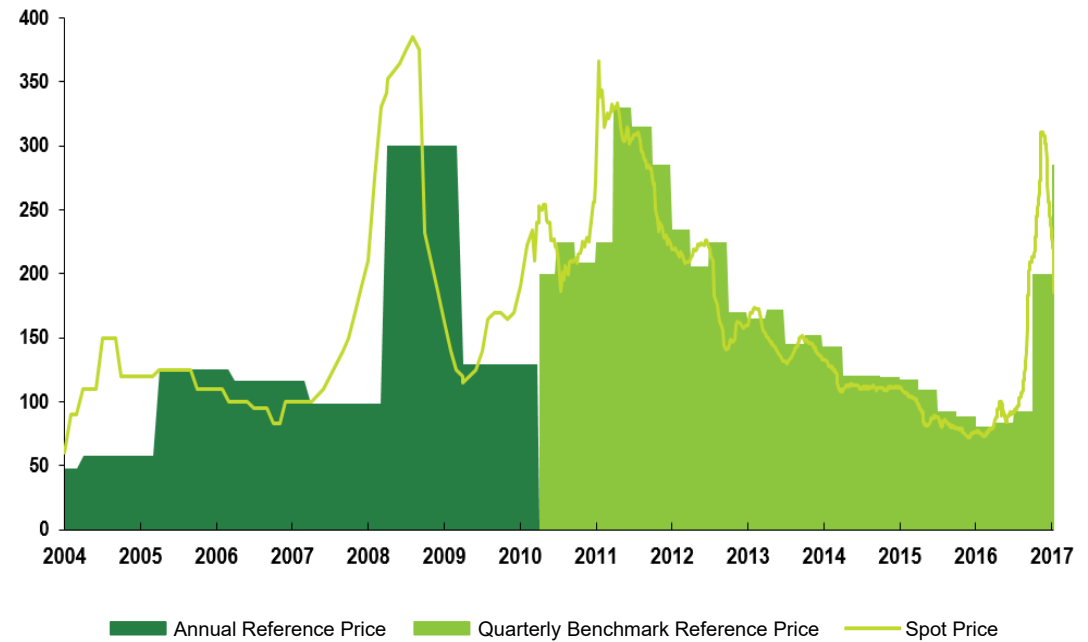
## Australian steaming coal prices

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



## Australian hard coking coal prices

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

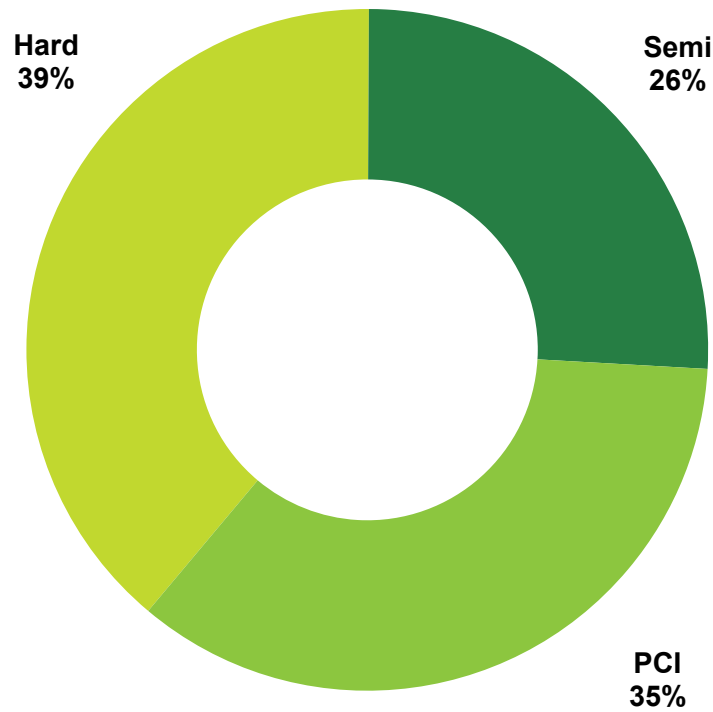


Source: Energy Publishing, Tex Report, Macquarie Research, CRU

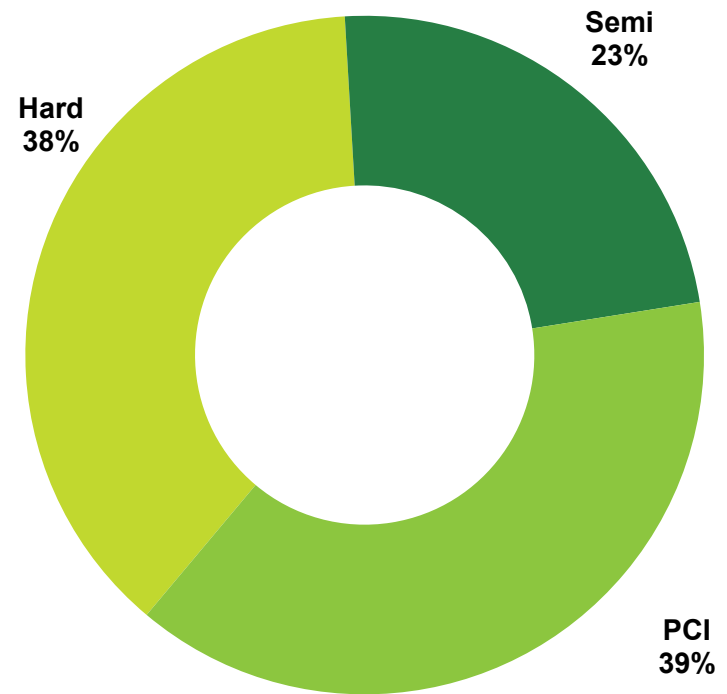
# Curragh export metallurgical sales product mix

---

**1H FY17 Actual**  
**4.1m tonnes**



**FY17 Forecast**  
**8.0 – 8.5m tonnes**



## Resources - Coal production volumes

Mine	Ownership	Coal Type	Half-year ended ('000 tonnes)	
			Dec 2016	Dec 2015
Curragh, QLD	100%	Metallurgical	3,919	3,986
		Steaming	1,899	1,791
Bengalla, NSW <sup>1</sup>	40%	Steaming	1,714	1,680
<b>Total<sup>1</sup></b>			<b>7,532</b>	<b>7,457</b>

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

## Resources - Coal sales volumes

Mine	Ownership	Coal Type	Half-year ended ('000 tonnes)	
			Dec 2016	Dec 2015
Curragh, QLD <sup>1</sup>	100%	Metallurgical	4,127	4,175
		Steaming	1,888	1,819
Bengalla, NSW <sup>2</sup>	40%	Steaming	1,725	1,733
<b>Total<sup>1</sup></b>			<b>7,740</b>	<b>7,727</b>

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

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



# Resources financial summary

Half-year ended 31 December <sup>1</sup> (\$m)	2016	2015	Commentary
<b>Export revenue</b>			
Produced – Realised	699	587	} Favorable impact of higher export sale prices partially offset by higher Australian dollar and locked in hedge book losses
– Hedge book losses	(45)	(70)	
<b>Total</b>	<b>654</b>	<b>517</b>	
Export mining & other costs <sup>2</sup>	(383)	(440)	Higher cash costs offset by lower inventory drawdowns relative to prior period, & lower rail costs
Traded earnings	(1)	2	
<b>Export contribution to earnings</b>	<b>270</b>	<b>79</b>	
<b>Stanwell Corporation obligations</b>			
Domestic coal supply	(44)	(42)	} Impact of Stanwell Corporation obligations continue to negatively affect earnings, including contracted domestic coal supplied below cost
Export rebate	(30)	(35)	
<b>Total</b>	<b>(74)</b>	<b>(77)</b>	
Stanwell litigation provision release	35	-	
State government royalties	(60)	(46)	
<b>EBITDA</b>	<b>171</b>	<b>(44)</b>	} Lower depreciation and amortisation following impairment charge recorded in FY16
Depreciation & amortisation	(33)	(74)	
<b>EBIT</b>	<b>138</b>	<b>(118)</b>	

<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.



**Wesfarmers**