2018 Half-year Results Briefing Presentation

Wednesday, 21 February 2018

Wesfarmers

Presentation outline

Group Performance Overview

Rob Scott
Managing Director, Wesfarmers Limited

The Wesfarmers Way

*Wesfarmers' objective is to deliver **satisfactory returns** to shareholders over the **long term***

ENABLERS

- Divisional autonomy
- Active portfolio management

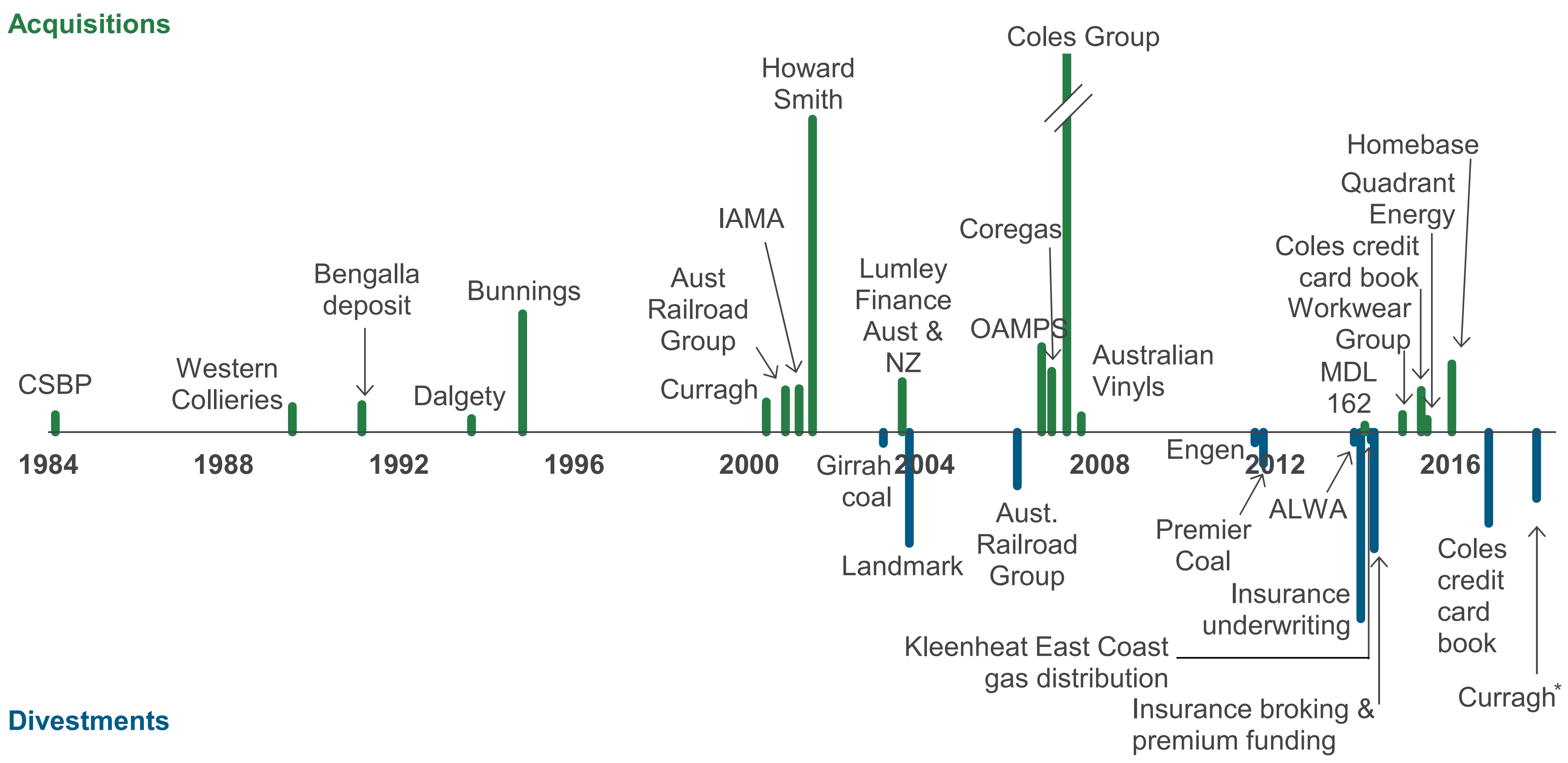
Underpinned by a strong balance sheet & sustainable practices

AREAS OF FOCUS

- World's best talent
- Leveraging data & digital capabilities
- Entrepreneurial initiative

Active portfolio management

Group transaction activity
(inflation adjusted transaction size)

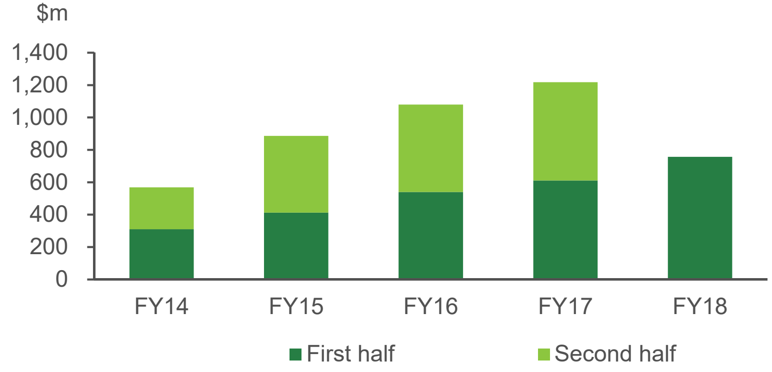


* Subject to completion

Developing our digital & data capabilities

- Total retail online sales of $761m, up 22%, for 1H18
- Officeworks continuing to strengthen market-leading ‘every-channel’ proposition
  – Free click & collect and free same day delivery
- Coles investing in improved convenience for online customers
  – Second dark store opened in Sydney
  – Increased fulfilment rates & delivery efficiency
  – Significant expansion in click & collect sites
- BANZ launched online selling for special orders in 2H18
- Department Stores delivering strong online sales growth
- Leveraging flybuys to deliver better value & greater personalisation
  – Growing number of active flybuys customers
  – Strong growth in points redeemed
- Group Centre of Excellence planned to support data/digital innovation & growth

Total retail online sales



Officeworks

Using Google Assistant service to expand ‘every-channel’ proposition

coles

Trialling Airtasker as a solution to offer anytime, anywhere shopping

Group performance summary

Half-year ended 31 December ($m)	2017	2016	Var %
Revenue	35,903	34,917	*2.8*
EBITDA	1,763	3,064	*(42.5)*
EBIT	1,113	2,429	*(54.2)*
EBIT (exc. significant items)[1]	2,350	2,429	*(3.3)*
Net profit after tax	**212**	**1,577**	***(86.6)***
Net profit after tax (exc. significant items)[1]	**1,535**	**1,577**	***(2.7)***
Operating cash flow	2,897	2,648	*9.4*
Net capital expenditure	686	400	*71.5*
Free cash flow	2,228	2,231	*(0.1)*
Cash realisation ratio (exc. significant items)[1,2] (%)	132.6	119.7	*12.9 ppts*
Earnings per share (cps)	18.7	140.1	*(86.7)*
Earnings per share (exc. significant items)[1] (cps)	135.6	140.1	*(3.2)*
Operating cash flow per share (wanos, incl. res shares)[3] (cps)	255.7	234.9	*8.9*
Interim ordinary dividend (cps)	103	103	-
Net financial debt[4]	3,864	5,360	*(27.9)*
Return on equity (exc. significant items)[5] (R12, %)	12.0	10.2	*1.8 ppts*

1. 2017 excludes the following pre-tax (post-tax) amounts: $931m ($1,023m) non-cash impairments, write-offs & provisions for Bunnings UK & Ireland & a $306m ($300m) non-cash impairment of Target.
2. Operating cash flows as a percentage of net profit after tax, before depreciation & amortisation & significant items.
3. Calculated by dividing operating cash flows by the weighted average number of ordinary shares (including reserved shares) on issue during the year.
4. Interest bearing liabilities less cash at bank & on deposit, net of cross-currency interest rate swaps & interest rate swap contracts.
5. 2017 excludes post-tax significant items of $1,323 million. 2016 excludes post-tax non-cash impairments of $1,844 million.

Divisional earnings summary

EBIT ($m) Half-year ended 31 December	2017	2016	Var %	Var $m
Bunnings Australia & NZ	864	770	*12.2*	*94*
Bunnings UK & Ireland[1]	(165)	(48)	*n.m.*	*(117)*
Coles[2]	790	920	*(14.1)*	*(130)*
Department Stores[3]	415	387	*7.2*	*28*
Officeworks	68	62	*9.7*	*6*
WesCEF[4]	188	187	*0.5*	*1*
Industrial & Safety	52	52	-	-
Resources	209	138	*51.4*	*71*

n.m. = not meaningful

1. 2017 excludes pre-tax significant items of $931m including non-cash impairments, write-offs & provisions. 2016 includes $21m of restructuring & one-off repositioning costs.
2. 2016 includes $39m profit on sale of Coles' interest in a number of joint venture properties to ISPT.
3. 2017 excludes a pre-tax non-cash impairment of $306m for Target. 2016 includes $13m of restructuring costs associated with the planned relocation of Target's store support office.
4. 2016 includes a profit on sale of land of $22m.

Divisional return on capital

Rolling 12 months to 31 December	2017			2016	
	EBIT ($m)	Cap Emp ($m)	RoC (%)	RoC (%)	Var (ppt)
Bunnings Australia & NZ	1,428	3,041	47.0	39.0	*8.0*
Bunnings UK & Ireland[1]	(206)	935	(22.0)	n.a.	*n.a.*
Coles[2]	1,479	16,486	9.0	11.1	*(2.1)*
Department Stores[3]	571	2,177	26.2	9.2	*17.0*
Officeworks	150	953	15.7	13.9	*1.8*
WesCEF[4]	396	1,412	28.0	25.1	*2.9*
Industrial & Safety	115	1,378	8.3	5.9	*2.4*
Resources	476	618	77.0	(6.1)	*83.1*

n.a. = not applicable

1. 2017 excludes pre-tax significant items of $931m including non-cash impairments, write-offs & provisions. 2016 includes $21m of restructuring & one-off repositioning costs.
2. 2016 includes $39m profit on sale of Coles' interest in a number of joint venture properties to ISPT.
3. 2016 includes $158 million in restructuring costs and provisions for Target. In addition to higher earnings, the increase in ROC in 2017 also reflects lower capital employed as a result of non-cash impairments in Target in June 2016 and December 2017.
4. 2016 includes a profit on sale of land of $22m.

Group Balance Sheet & Cash Flow

Anthony Gianotti
Chief Financial Officer, Wesfarmers Limited

Other business performance summary

Half-year ended 31 December ($m)	Holding %	2017	2016	Var %
Share of profit of associates				
BWP Trust	*25*	26	18	*44.4*
Other	*Various*	6	13	*(53.8)*
Sub-total share of profit of associates		**32**	**31**	***3.2***
Interest revenue[1]		6	3	*100.0*
Other		(35)	(6)	*n.m.*
Corporate overheads		(74)	(67)	*(10.4)*
Total Other (excluding significant items)		**(71)**	**(39)**	***(82.1)***
Significant items[2]		(1,237)	-	*n.m.*
Total Other (including significant items)		**(1,308)**	**(39)**	***n.m.***

n.m. = not meaningful

1. Excludes interest revenue from Coles Financial Services & the Quadrant Energy loan.
2. 2017 includes pre-tax significant items of $931m relating to BUKI and a $306m pre-tax non-cash impairment of Target.

Significant items summary

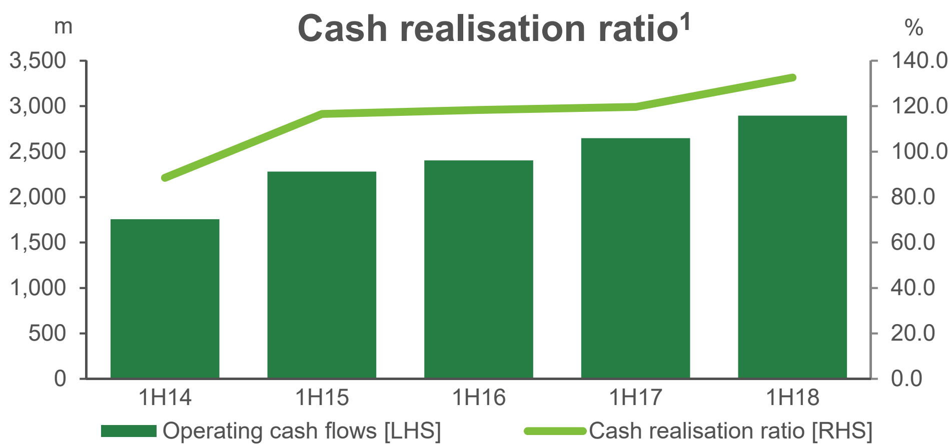
Half-year ended 31 December 2017 ($m)	Pre-tax	Tax impact	Post-tax
Homebase goodwill impairment	(777)	-	(777)
Homebase brand name impairment	(18)	-	(18)
Inventory writedowns	(66)	-	(66)
Store closure provision	(70)	-	(70)
Deferred tax asset write-off	-	(92)	(92)
Total BUKI	**(931)**	**(92)**	**(1,023)**
Target goodwill impairment	(47)	-	(47)
Target brand name impairment	(238)	-	(238)
Target PP&E	(21)	6	(15)
Total Target	**(306)**	**6**	**(300)**
Total significant items	**(1,237)**	**(86)**	**(1,323)**

- Non-cash significant items of $1,237m pre-tax, $1,323m post-tax
- Reflects difficult trading conditions & moderated earnings prospects for BUKI & Target
- Accounting standards do not allow recognition of value creation in other Group businesses

Operating cash flows & working capital management

- Operating cash flows increased $249m to $2,897m
  - Improvement in cash realisation ratio to 132.6%[1]
  - Highly cash generative portfolio
- Working capital inflow driven by:
  - Stock reduction initiatives in retail
  - Lower fertilisers stockbuild in WesCEF
  - Favourable receivables movement in Resources due to smaller half on half increase in coal prices

Half-year ended 31 December ($m)	2017	2016
Cash movement inflow/(outflow)		
Receivables & prepayments	(169)	(110)
Inventory	(452)	(617)
Payables	1,317	1,136
Total	**696**	**409**
Working capital cash movement		
Retail	837	634
Industrials & Other	(141)	(225)
Total	**696**	**409**

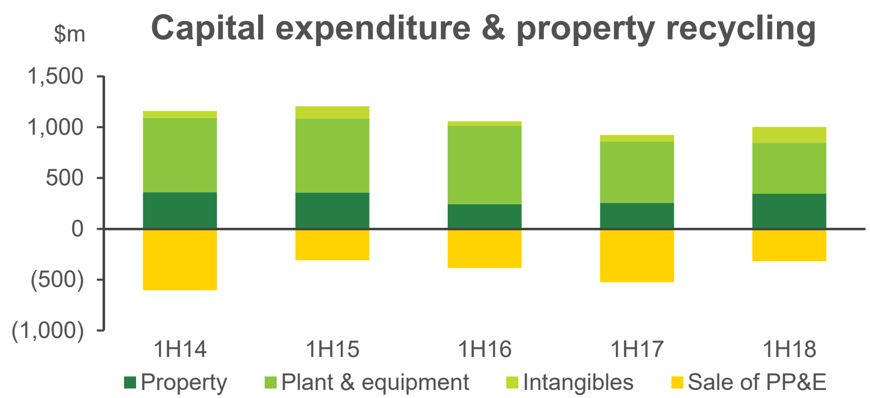


1. Adjusted for significant one-offs, discontinued operations & significant items.

Disciplined capital expenditure

- Gross capital expenditure increased $80m to $1,004m
  - Acquisition of Kmart brand name for $100m
  - Higher number of store openings in BANZ
  - Coles lower due to timing of store refurbishments
  - Commissioning of AN[2] emulsion plant in WesCEF
- Proceeds from property disposals decreased $206m to $318m
  - Disposals in 1H17 related to Coles/ISPT transaction & sale of land in WesCEF
- FY18 net capital expenditure of $1.4b to $1.6b expected, subject to net property investment
- Completion of Curragh sale in 2H18 expected to deliver proceeds of circa $700m

Half-year ended 31 December ($m)[1]	2017	2016	Var %
BANZ	275	212	*29.7*
BUKI	56	16	*n.m.*
Coles	377	463	*(18.6)*
Department Stores	201	123	*63.4*
Officeworks	11	17	*(35.3)*
WesCEF	30	20	*50.0*
Industrial & Safety	19	16	*18.8*
Resources	34	53	*(35.8)*
Other	1	4	*(75.0)*
Gross capital expenditure	**1,004**	**924**	***8.7***
Sale of PP&E	(318)	(524)	*(39.3)*
Net capital expenditure	**686**	**400**	***71.5***

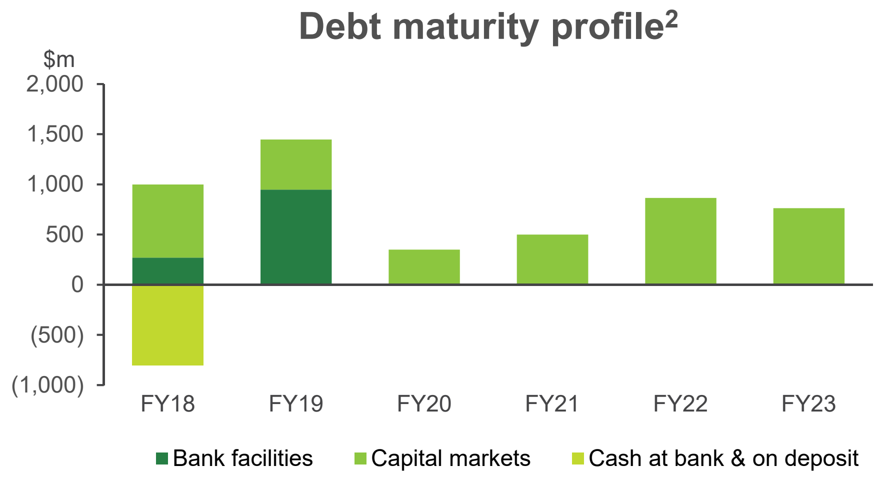


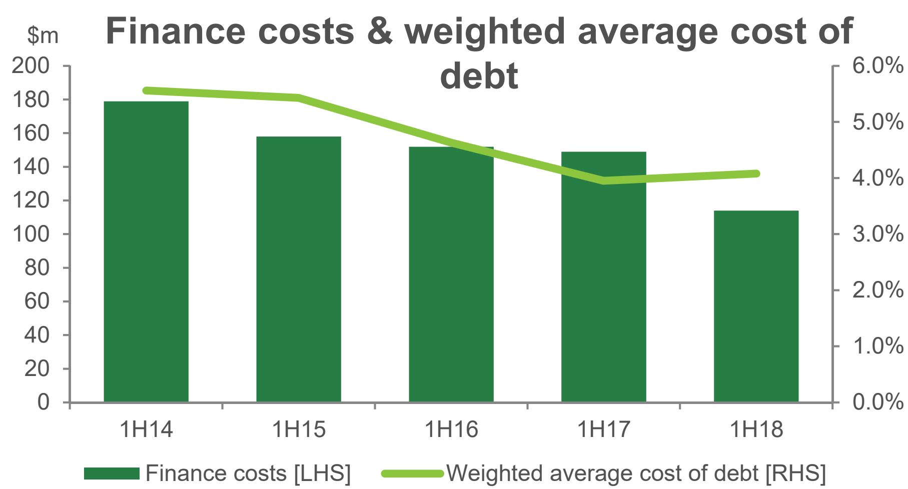
n.m. = not meaningful

1. Capital investment provided on a cash basis.
2. Ammonium nitrate.

Balance sheet & debt management

- Net financial debt[1] of $3.9b as at 31 December 2017, down from $4.3b at 30 June 2017
  - US$750m bond maturing in March 2018; expected to be repaid using cash at bank
- Finance costs decreased 23.5% to $114m due to lower average debt balance
- Strong improvements in credit metrics
  - Cash interest cover at 28.8 times[3]
  - Fixed charges cover at 3.0 times[3]
- Strong & stable credit ratings
  - Moody's A3 (stable outlook)
  - Standard & Poor's A- (stable outlook); outlook revised from negative to stable in September 2017

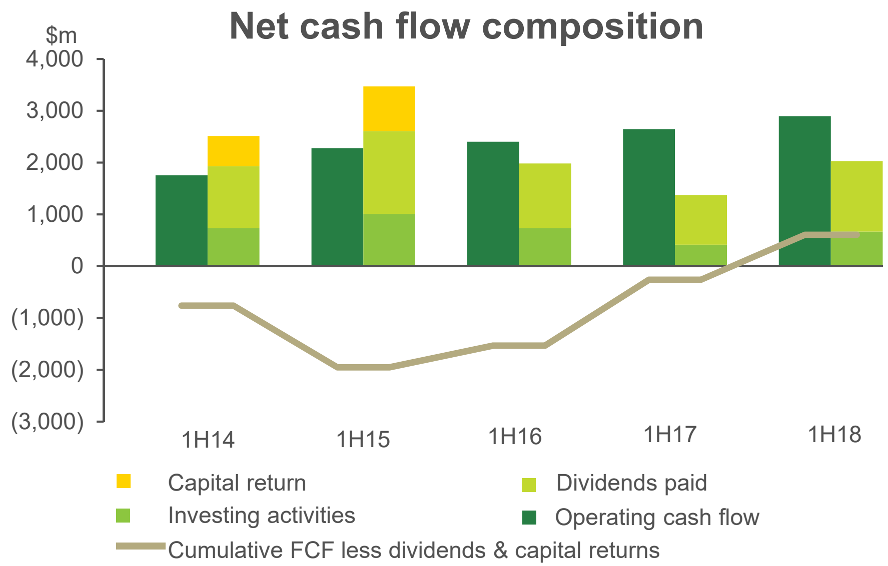


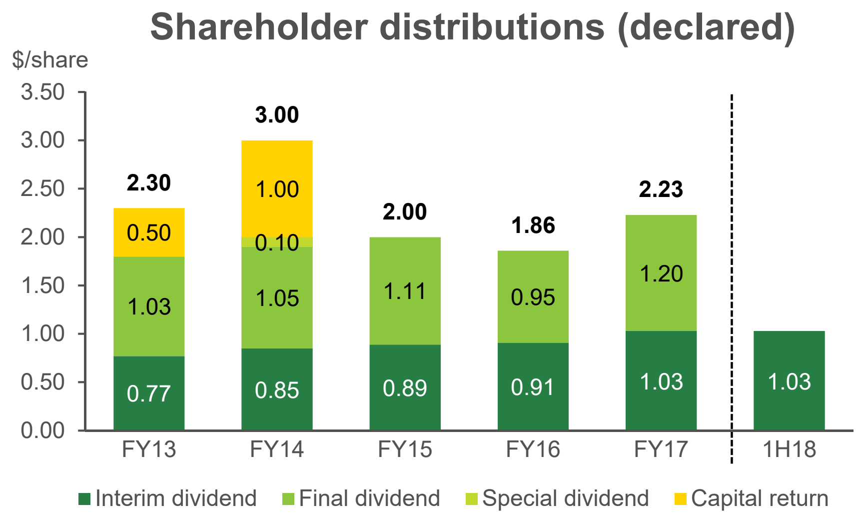


1. Interest bearing liabilities less cash at bank & on deposit, net of cross currency swaps & interest rate swap contracts.
2. As at 31 December 2017.
3. Excludes pre-tax significant items of $1,237m.

Dividends

- Dividend distributions subject to earnings, franking credit availability, credit metrics & cash flow
  - Maximising value of franking credits for shareholders
- Interim dividend of $1.03 per share, fully-franked
  - Dividend record date 27 February 2018; interim dividend payable 5 April 2018
- Dividend investment plan: last day for application 28 February 2018
  - Given strong credit metrics, shares to be purchased on market





Bunnings Australia & New Zealand

Michael Schneider
Managing Director, Bunnings Group

BUNNINGS warehouse BUNNINGS BUNNINGS TRADE

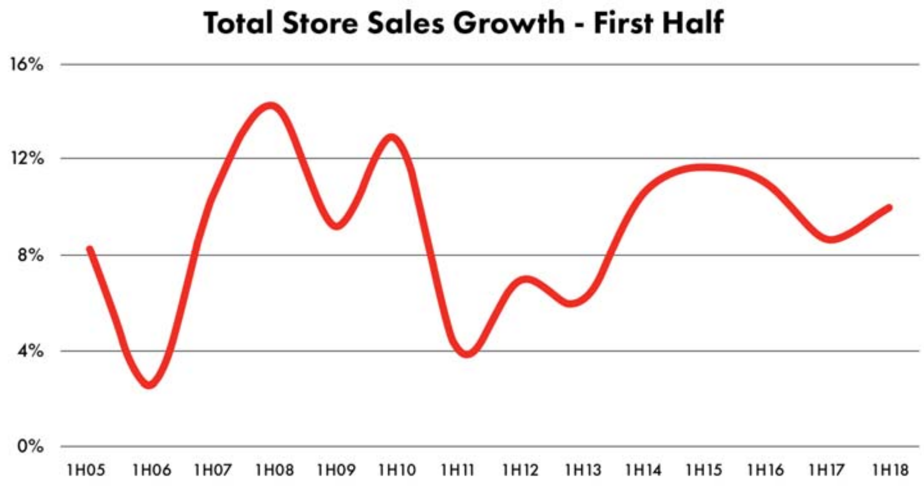
Bunnings Australia & New Zealand performance summary

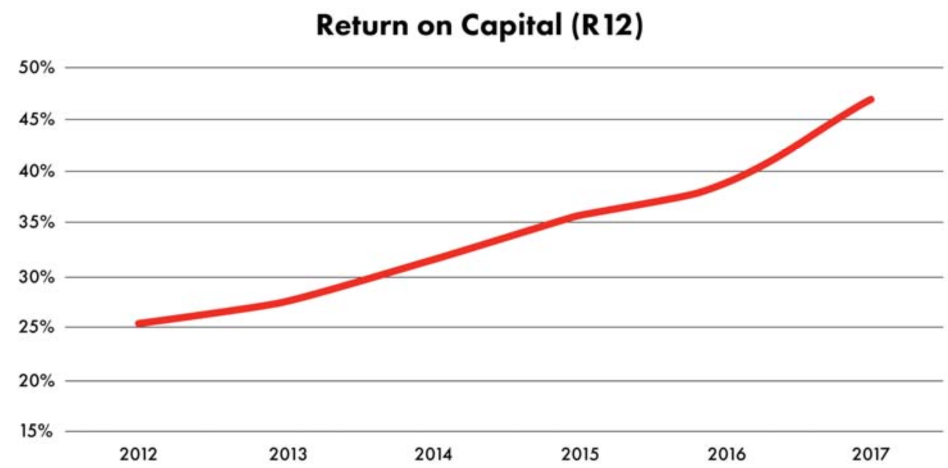
Half-year ended 31 December ($m)	2017	2016	Var %
Revenue	**6,566**	**5,957**	***10.2***
EBITDA[1]	953	853	*11.7*
Depreciation & amortisation	(89)	(83)	*(7.2)*
EBIT[1]	**864**	**770**	***12.2***
EBIT margin[1] (%)	13.2	12.9	
RoC (R12, %)	47.0	39.0	
Safety (R12, AIFR)	15.8	21.0	
Total store sales growth[2] (%)	10.1	8.4	
Store-on-store sales growth[2] (%)	9.0	6.5	

1. Includes net property contribution for 2017 of $30m & 2016 of $44m.
2. 2017 growth reflects the six months to 31 December 2017 & the six months to 31 December 2016. 2016 growth reflects the six months to 31 December 2016 & the six months to 31 December 2015.

Bunnings Australia & New Zealand overview

- Revenue growth of 10.2%
  - Total store growth of 10.1%; store-on-store growth of 9.0%
  - Positive trading performance across all regions, consumer & commercial & all categories
  - Cycling weather & stock liquidation impacts
- EBIT increase of 12.2%
  - Operating cost leverage
  - Favourable property disposal outcomes
- RoC (R12) increased 8.0 ppts
  - Ongoing investment in network
  - Property recycling program
- 11 new stores opened





Bunnings Australia & New Zealand overview (continued)

Continued focus on strategic agenda

<u>Creating better experiences</u>

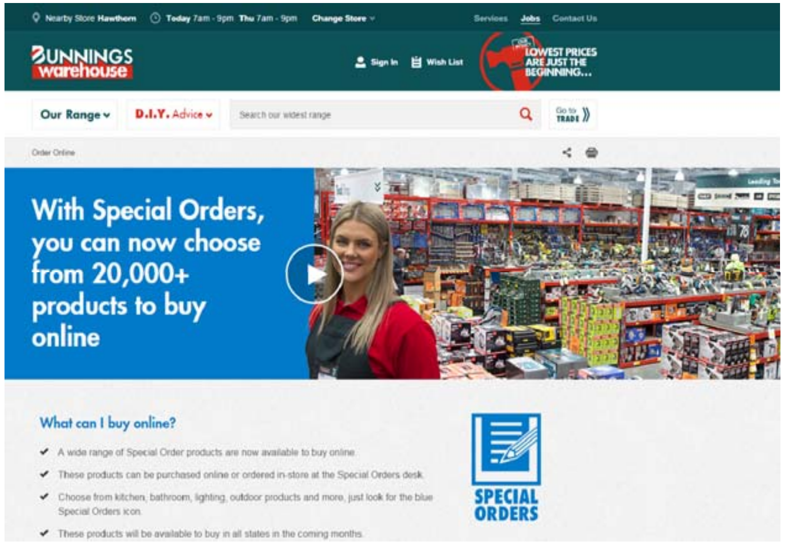
- Accelerating digital capability
- More in-store activities
- Deeper community engagement & support

<u>Strengthening the core</u>

- Continuous safety improvements
- More product training
- Improved on-shelf availability

<u>Driving stronger growth</u>

- Further investment in customer value
- Strong store pipeline



Bunnings Australia & New Zealand outlook

- Dynamic competitive environment
- Strong focus on long-term value creation
- Continued network reinvestment & expansion
- Ongoing investments in lower prices, range innovation & customer service
- Further property recycling
- Launch online selling for special orders

Bunnings United Kingdom & Ireland

Michael Schneider
Managing Director, Bunnings Group

BUNNINGS warehouse HOMEBASE

Bunnings United Kingdom & Ireland performance summary

Half-year ended 31 December ($m)	2017	2016	Var %
Revenue	**875**	**1,038**	***(15.7)***
EBITDA[1]	(140)	(20)	*n.m.*
Depreciation & amortisation	(25)	(28)	*10.7*
EBIT[1]	**(165)**	**(48)**	***n.m.***
EBIT margin[1] (%)	(18.9)	(4.6)	
RoC (R12, %)	(22.0)	n.a.	
Safety (R12, AIFR)	16.4	n.a.	
Total sales growth[2] (£, %)	(15.2)	n.a.	
Store-on-store sales growth[2] (£, %)	(13.4)	n.a.	

n.m. = not meaningful

n.a. = not applicable

1. 2017 excludes pre-tax significant items of $931m (£531m) including $777m (£444m) impairment of goodwill; store closure provisions of $70m (£40m); inventory writedowns of $66m (£37m) & $18m (£10m) impairment of the Homebase brand name; 2016 includes $21m (£13m) of restructuring & one-off repositioning costs.
2. 2017 growth reflects the six months to 31 December 2017 & the six months to 31 December 2016. 2016 growth reflects the six months to 31 December 2016 & the six months to 31 December 2015.

Bunnings United Kingdom & Ireland overview

- Revenue down 15.7%
  - Significant clearance volumes in prior year
  - Inconsistent store standards
  - New ranges did not offset exit of discontinued lines
- 15 pilots trading as at 31 December 2017
  - Positive customer feedback & community engagement
  - Widest range of trusted brands with strong supplier support
  - Lessons incorporated into more recent pilots
- Leadership team strengthened with additional local expertise
- Five loss-making stores closed during the half

Bunnings United Kingdom & Ireland outlook

- Ongoing review to identify options to improve shareholder returns
  – Update at June 2018 Strategy Briefing Day
- Short-term focus on significantly improving execution to improve Homebase trading performance
  – Store network review ongoing
- Reviewing & refining pilot stores
  – Nine pilots to open 2H18, completing initial pilot program roll-out
  – Ongoing review of performance

Coles

John Durkan

Managing Director, Coles

coles coles.com.au coles express VINTAGE CELLARS first CHOICE liquor LIQUORLAND spirit HOTELS coles Financial Services

Coles performance summary

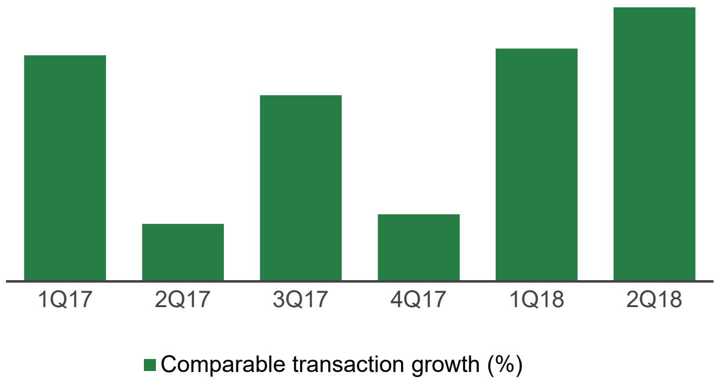
Half-year ended 31 December ($m)		2017	2016	Var %
Coles	**Revenue**[1]	**19,978**	**20,056**	***(0.4)***
	EBITDA[2]	1,121	1,240	*(9.6)*
	Depreciation & amortisation	(331)	(320)	*(3.4)*
	EBIT[2]	**790**	**920**	***(14.1)***
	EBIT margin[2] (%)	4.0	4.6	
	RoC (R12, %)	9.0	11.1	
	Safety (R12, TRIFR)	36.1	41.8	
Food & Liquor	**Revenue**[1]	**17,056**	**16,878**	***1.1***
	Headline sales growth[3,4] (%)	1.9	2.2	
	Comparable sales growth[3,4] (%)	0.9	1.3	
	Inflation/(deflation)[4]	(1.6)	(0.9)	
Convenience	**Revenue**	**2,922**	**3,178**	***(8.1)***
	Total store sales growth[4] (%)	0.9	6.4	
	Comp. fuel volume growth[4] (%)	(19.3)	(13.3)	

1. Includes property revenue for 2017 of $7m & for 2016 of $10m.
2. Includes property EBIT for 2017 of $20m & for 2016 of $56m.
3. Includes hotels, excludes gaming revenue & property.
4. 2017 growth reflects the 27 week period 26 June 2017 to 31 December 2017 & the 27 week period 27 June 2016 to 1 January 2017. 2016 growth reflects the period 27 June 2016 to 1 January 2017 & the 27 week period 29 June 2015 to 3 January 2016.

Food & Liquor overview

- Customer focus maintained in a competitive market
- Sales momentum improved during the half
  - Stronger Q2 comparable transaction growth, the highest in six quarters
  - Units per basket growth
  - Fresh participation & market share gains
  - Customer satisfaction improvements
- Relatively high level of price deflation in the half
  - Mainly driven by lower fresh produce prices, which abated marginally in 2Q18
- EBIT decreased by 14.1%
  - Annualisation of customer investment partially offset by efficiency improvements
  - Cycling one-off gains from profit on sale of Coles' interest in JV properties, & lower Financial Services earnings
  - Cash realisation above 100%

Accelerated growth in comparable transactions



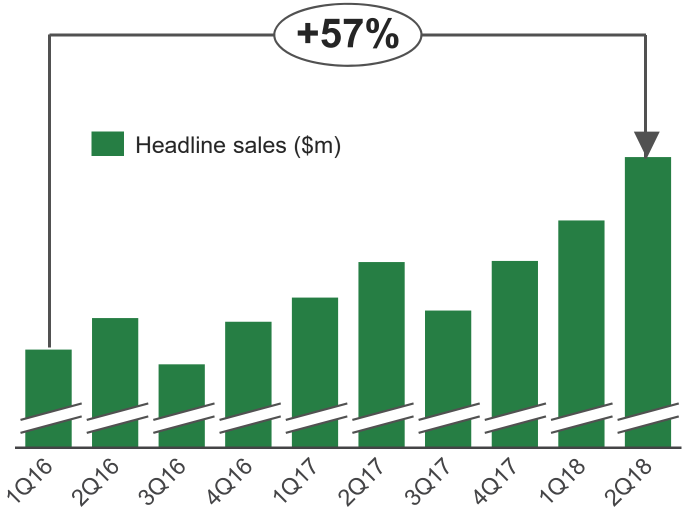
Food & Liquor overview

- Balanced focus on improving the customer offer
  - **Store network:** 35 renewals completed during the period, 14 supermarkets opened
  - **Fresh:** Improved quality has seen growth in participation & market share
  - **Service:** Investment in team hours & training continues
  - **Coles Brand:** Product innovation a key differentiator
  - **Customer satisfaction**: Manned checkout service the main driver of improvement in Tell Coles
  - **Community:** Sports for Schools launch, Little Athletics, RedKite, SecondBite
  - **Nurture Fund**: Approximately $2m worth of grants provided to farmers during the half
  - **FlyBuys:** 8.1m active members & 17% increase in points redeemed

Food & Liquor overview: New services & channels

- Coles Online continues to improve the customer experience
  - Strong double digit sales & transaction growth
  - Disciplined investment & cost control leading to profitable growth
  - Award winning customer offer (Canstar Blue)
- Largest 'Online Supermarket' (dark store) in Australia launched in Sydney in 2Q18
  - Increased fulfilment rates & delivery efficiency
- 12 month trial launched with Airtasker
  - Personal shopping alternative, flexible delivery times, greater convenience for customers
- Click & Collect offering to be rolled out across the supermarket & Coles Express network
  - 280 sites currently, with more than 800 sites expected by the end of FY18

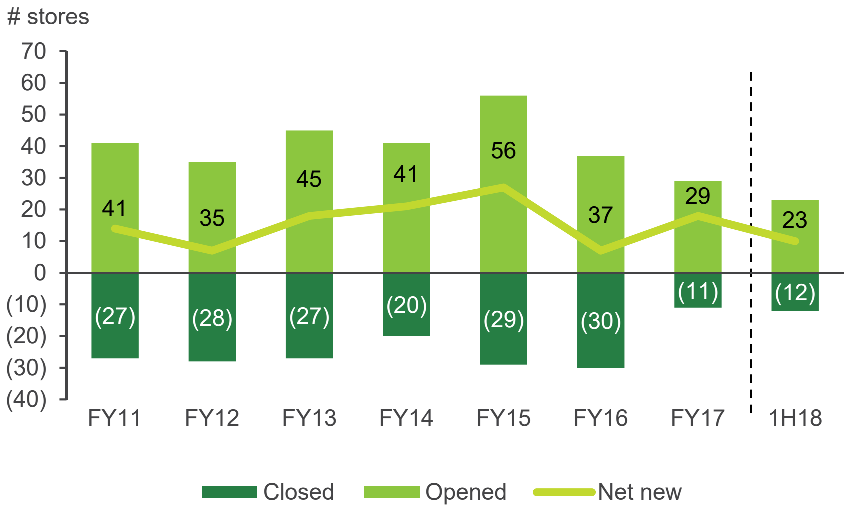
Coles online expansion



Food & Liquor overview: Liquor transformation progresses

- Positive momentum continues
  - Nine quarters of comparable sales growth
  - Strong transaction growth achieved
- Improved quality of store network
  - 90 Liquorland renewals completed
- Improved price competitiveness & range
- Enhanced omnichannel offer
  - More than 20% growth in Liquor Online
- Further opportunities available
  - Growth of private label & exclusive brands
  - Range & cost simplification

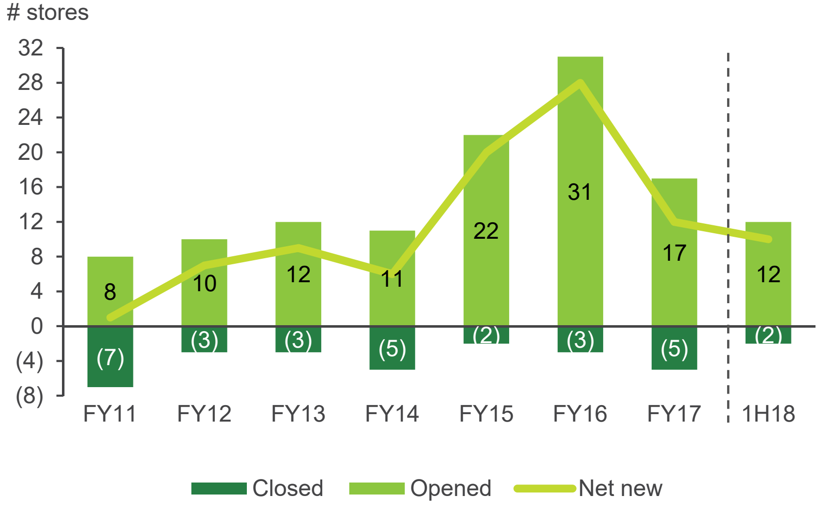
Reshaping the liquor network



Convenience overview

- Lower earnings driven by lower fuel volumes & commercial terms of Alliance agreement
- A market-leading convenience store offer
  - Positive comparable store sales growth
  - Strong growth in food-to-go offering
  - Compelling customer offer with Every Day value & Coles Brand
  - Increased Click & Collect offering
- Fuel volumes remain in decline on a yoy basis
  - Average weekly fuel volumes have remained broadly flat over the past three quarters
- Further improvement to the site network
  - 12 new sites opened in the half

Expanding the convenience store network



Coles outlook

- Coles believes a customer-led approach will best position the business for long-term growth
- Sales momentum achieved in 2Q18 in Supermarkets expected to continue in 2H18
- Price deflation expected to remain at elevated levels due to lower fresh produce prices & Cyclone Debbie impacts in the prior year
- Underlying Supermarkets business expected to improve, but divisional earnings in 2H18 expected to be affected by increased team member costs & lower Convenience earnings
- New Supermarket Agreement, if approved by store team members and the Fair Work Commission, is likely to commence in the second half; deliberate decision to invest in team members for the long term
- Lower earnings from Convenience expected due to the ongoing impact from changes in the commercial terms with Alliance partner
- Liquor will progress its transformation strategy, with further opportunities available to improve range & convenience for customers & realise efficiencies across the business
- Coles will continue to deliver growth from investment in new channels & services
- Many exciting initiatives to be rolled out, with the recent launch of Sports for Schools a highlight

Department Stores

Guy Russo
Chief Executive Officer, Department Stores
Managing Director, Target

Department Stores performance summary

Half-year ended 31 December ($m)		2017	2016	Var %
Revenue		**4,769**	**4,619**	***3.2***
EBITDA[1]		518	486	*6.6*
Depreciation & amortisation		(103)	(99)	*(4.0)*
EBIT[1]		**415**	**387**	***7.2***
EBIT margin[1] (%)		8.7	8.4	
RoC[2] (R12, %)		26.2	9.2	
Safety (R12, LTIFR)		4.7	5.4	
Kmart	Total sales growth[3] (%)	8.6	9.1	
	Comparable sales growth[3] (%)	5.4	5.7	
Target	Total sales growth[4] (%)	(6.2)	(17.4)	
	Comparable sales growth[4] (%)	(6.5)	(18.2)	

1. 2017 excludes a pre-tax non-cash impairment of $306m for Target. 2016 includes a provision of $13m for restructuring costs associated with the planned relocation of Target's store support office.
2. 2016 includes $158 million in restructuring costs and provisions for Target. In addition to higher earnings, the increase in ROC in 2017 also reflects lower capital employed as a result of non-cash impairments in Target in June 2016 and December 2017.
3. 2017 growth reflects the 27 week period 26 June 2017 to 31 December 2017 & the 27 week period 27 June 2016 to 1 Jan 2017. 2016 growth reflects the 27 week period 27 June 2016 to 1 January 2017 & the 27 week period 29 June 2015 to 3 January 2016.
4. 2017 growth reflects the 27 week period 25 June 2017 to 30 December 2017 & the 27 week period 26 June 2016 to 31 December 2016. 2016 growth reflects the 27 week period 26 June 2016 to 31 December 2016 & the 27 week period 28 June 2015 to 2 January 2016.

Department Stores overview

- Revenue growth of 3.2%
  - **Kmart**: continued investment in price resulted in higher customer transactions & units per basket
  - **Target**: further reset of product, price & range, particularly across womenswear, toys & general merchandise
- Continued growth in Kmart earnings supported by improved sell-through of full-priced product & productivity improvements across stores & supply chain
- Lower Target revenue offset by improved trading margins through increased levels of direct sourcing, lower levels of markdown & a favourable sales mix, as well as productivity improvements across stores & supply chain
- Effective working capital management within both brands resulted in strong cash generation
- Strong online growth through range extension & improved customer convenience
- Continued investment in store network
  - Opened five new Kmart stores & six previously approved Target stores; closed two Target stores
  - Completed 11 major Kmart store refurbishments & progressed Target renewal & space trials
  - Opened four new Kmart Tyre & Auto Service centres

Department Stores outlook

- Department Stores division is well-positioned to grow
- **Kmart** will continue its focus on driving sustainable growth through:
  - Ongoing investment in price to drive volume
  - Focus on reducing costs & increasing operational productivity with improved product availability in-store & online
  - Investment in the Kmart store network through refurbishments & new store openings (including the conversion of a Target store)
- For **Target**, focus to continue on:
  - Improving fashionability, sales mix & quality of sales while improving & growing the online offer
  - Reducing end-to-end costs with renewal & space trials to progress
  - Relocating the store support office (completion expected 1H19)

Officeworks

Mark Ward

Managing Director, Officeworks

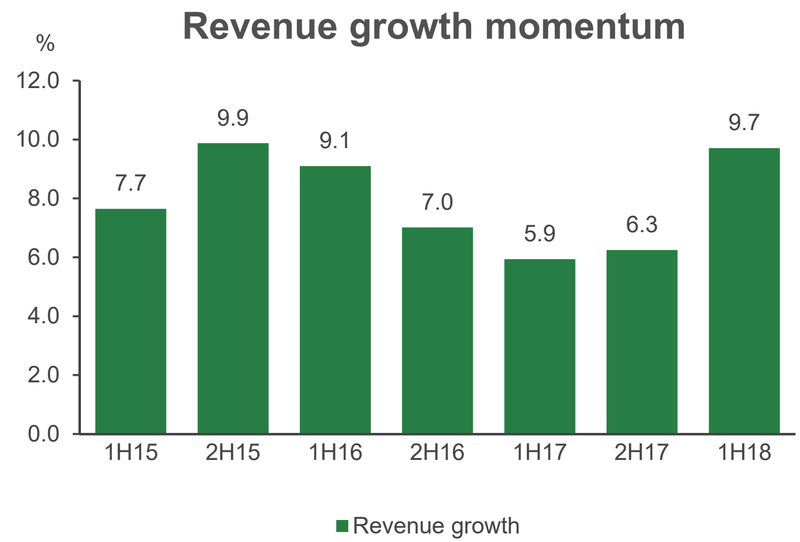
Officeworks performance summary

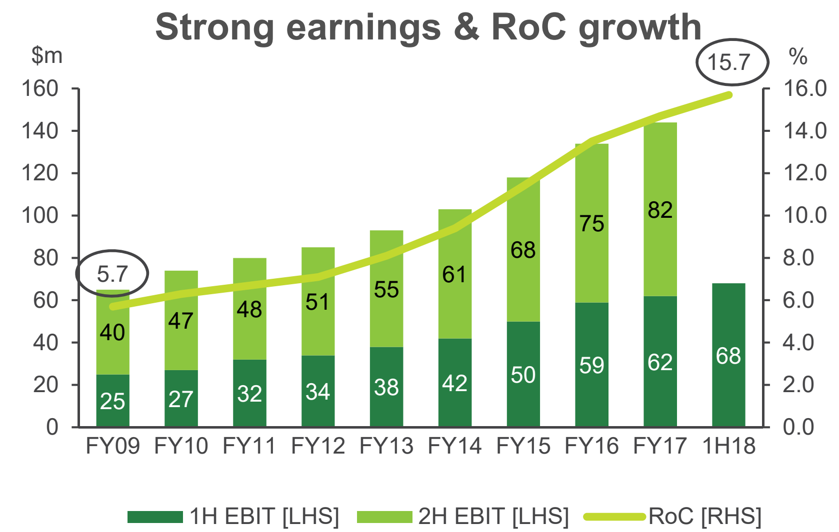
Half-year ended 31 December ($m)	2017	2016	Var %
Revenue	**1,017**	**927**	***9.7***
EBITDA	80	74	*8.1*
Depreciation & amortisation	(12)	(12)	-
EBIT	**68**	**62**	***9.7***
EBIT margin (%)	6.7	6.7	
RoC (R12, %)	15.7	13.9	
Safety (R12, AIFR)	10.8	14.7	
Sales growth[1]	9.8	5.8	

1. 2017 growth reflects the six months to 31 December 2017 & the six months to 31 December 2016. 2016 growth reflects the six months to 31 December 2016 & the six months to 31 December 2015.

Officeworks overview

- Strong headline results
  - Revenue growth of 9.7%
    - ➢ Sales growth in stores & online
  - EBIT growth of 9.7%
    - ➢ Effective gross margin & CODB management
  - RoC (R12) up 1.8 ppts to 15.7%
- Ongoing improvement in customer offer
  - Focus on core offer complemented by new & expanded product ranges
  - Merchandise layout & store design changes
  - Relentless focus on price, range & service
- Continued investment in ‘every channel’ strategy
  - Three new stores, online enhancements
  - Strong momentum in B2B segment maintained





Officeworks outlook

- Strong back-to-school trading results
- Competitive intensity expected to continue, particularly in technology
- Further enhancement of offer through range extension & merchandise initiatives
- Ongoing focus on execution of strategic agenda
  - Strengthen & expand the customer offer
  - Extend ‘every channel’ reach
  - Enhance productivity & efficiency
  - Invest in talent, diversity & safety
  - Make a positive difference in the community

Industrials

David Baxby

Managing Director, Industrials

Industrials performance summary

Half-year ended 31 December ($m)		2017	2016	Var %
Revenue	Chemicals, Energy & Fertilisers[1]	764	695	*9.9*
	Industrial & Safety	869	884	*(1.7)*
	Resources	1,071	742	*44.3*
	Total	**2,704**	**2,321**	***16.5***
EBITDA	Chemicals, Energy & Fertilisers[2]	223	225	*(0.9)*
	Industrial & Safety	73	73	-
	Resources	242	171	*41.5*
	Total	**538**	**469**	***14.7***
EBIT	Chemicals, Energy & Fertilisers[2]	188	187	*0.5*
	Industrial & Safety	52	52	-
	Resources	209	138	*51.4*
	Total	**449**	**377**	***19.1***

1. Includes interest revenue from Quadrant Energy loan notes & excludes intra-division sales.
2. 2016 includes a profit on sale of land of $22m.

Chemicals, Energy & Fertilisers performance summary

Half-year ended 31 December ($m)		2017	2016	Var %
Revenue	Chemicals	439	412	*6.6*
	Energy[1]	223	182	*22.5*
	Fertilisers	102	101	*1.0*
	Total	**764**	**695**	***9.9***
EBITDA		**223**	**225**	***(0.9)***
Depreciation & amortisation		(35)	(38)	*7.9*
EBIT		**188**	**187**	***0.5***
EBIT excluding significant items[2]		**188**	**165**	***13.9***
External sales volumes[3] ('000 tonnes)	Chemicals	494	499	*(1.0)*
	LPG	81	55	*47.3*
	Fertilisers	253	234	*8.1*
RoC (R12, %)		28.0	25.1	
Safety (R12, LTIFR)		1.4	1.1	

1. Includes interest revenue from Quadrant Energy loan notes & excludes intra-division sales.
2. 2016 excludes a profit on sale of land of $22m.
3. External sales exclude AN volumes transferred between chemicals & fertilisers business segments.

Chemicals, Energy & Fertilisers overview

- Increased revenue, earnings & ROC, supported by strong production performance & solid demand
- Chemicals' earnings increased compared to the previous corresponding period:
  - Strong production across all plants, particularly Ammonia due to disruptions in previous period
  - Commencement of AN[1] emulsion sales & strong AN[1] demand partially offset the impact of an expired contract
  - Buoyant WA gold sector driving strong demand for sodium cyanide
- Strong Kleenheat earnings driven by higher Saudi CP, increased LPG exports & continued growth in natural gas retailing
- Fertilisers' earnings were impacted by competitive pressures on pricing & margins despite volumes increasing
  - Launch of the Decipher platform; allows farmers to easily gather, evaluate & report on key farm nutrition & performance information
- Earnings benefited from insurance proceeds relating to unplanned plant disruptions in the prior year

1. Ammonium nitrate.

Industrial & Safety performance summary

Half-year ended 31 December ($m)	2017	2016	Var %
Revenue	**869**	**884**	***(1.7)***
EBITDA	73	73	-
Depreciation & amortisation	(21)	(21)	-
EBIT	**52**	**52**	**-**
EBIT margin (%)	6.0	5.9	
RoC (R12, %)	8.3	5.9	
Safety (R12, LTIFR)	1.5	1.0	

Industrial & Safety overview

- Revenue decline of 1.7%
  - Strong demand in the mining & construction sectors did not offset weakness in other sectors & timing of uniform sales in Workwear Group
- Earnings of $52m in line with the previous corresponding period
  - **Blackwoods**: improved trading margins due to better pricing & sourcing disciplines offset by investments in customer service, supply chain & digital
  - **Workwear Group**: higher earnings due to lower operating costs following restructuring in supply chain & strong cost focus
  - **Coregas**: earnings impacted by competitive pressures in the industrial gas market & rising energy input costs
- Transformation programs in Blackwoods & Workwear Group further progressed
  - Focus remains on enhancing the customer experience, & reducing the complexity & cost of the operating model

Resources performance summary

Half-year ended 31 December ($m)	2017	2016	Var %
Revenue	**1,071**	**742**	***44.3***
Royalties[1]	(220)	(90)	*n.m.*
Mining & other costs	(609)	(481)	*(26.6)*
EBITDA	**242**	**171**	***41.5***
Depreciation & amortisation	(33)	(33)	-
EBIT	**209**	**138**	***51.4***
RoC (R12, %)	77.0	(6.1)	
Coal production ('000 tonnes)	7,859	7,532	*4.3*
Safety (R12, LTIFR)[2]	1.7	0.3	

n.m. = not meaningful
1. Includes Stanwell export rebate expense of $123m for 2017 & $30m for 2016.
2. Excludes Bengalla.

Resources overview

- Continued strength in coal prices during 1H18 & strong production resulted in 44.3% increase in revenue
  - 1H18 sales mix: Hard 48%; Semi 12%; PCI 40%
  - Lower hedge book losses of $17m ($45m in 1H17)
- 51.4% increase in EBIT due to higher revenue
- Stanwell obligations reduced 1H18 EBIT by $180m (1H17: $74m)
  - Higher export prices resulted in a significant increase in Stanwell export rebate
- Ongoing focus on safety performance programs & safety culture
- Agreement reached to sell Curragh coal mine to Coronado Coal Group for $700m plus a value share mechanism linked to future metallurgical coal prices[1]
  - The sale is subject to a number of conditions precedent

1. Wesfarmers will receive 25% of Curragh's export coal revenue generated above a realised metallurgical price of US$145 per tonne, paid quarterly over the next two years.

Industrials outlook

Chemicals, Energy & Fertilisers

- Production & demand for products is expected to remain strong for the remainder of the financial year
- Increased competition & over-supply in AN & fertiliser markets in the medium term
- International commodity prices, exchange rates & seasonal factors will continue to influence earnings

Industrial & Safety

- Market conditions & demand generally expected to remain stable for 2H18
- Performance improvement activities will continue in Blackwoods & Workwear Group
  - Enhancing the customer experience & embedding a service culture through strong investment in customer service & the digital offer
  - Improving range & offer
  - Optimising the operating model through digitisation & supply chain improvements

Industrials outlook

Resources

- Earnings dependent on export coal pricing & exchange rates, with export market conditions expected to remain volatile in the near term
- Aurizon train derailment in January 2018 & recently announced changes to network operations expected to affect 2H18 coal sales volumes
  - Forecast metallurgical coal sales volume for FY18 to be in the range of 8.5 to 8.8mt, subject to mine operating performance, shipping, weather & infrastructure availability
- Estimated FY18 sales mix: Hard 46%; Semi 12%; PCI 42%
- Locked in hedge losses of $16m for 2H18
- Stanwell Corporation obligations expected to continue to impact earnings
  - Estimated FY18 Stanwell export rebate obligation $220m to $240m for the full year
- Completion of Curragh sale expected in 2H18, subject to satisfying conditions precedent
- Strategic review of Wesfarmers' 40% interest in the Bengalla Mine is ongoing

Group Outlook

Rob Scott

Managing Director, Wesfarmers Limited

Outlook

Group

- Continued focus on strong cash flow generation & maintaining strong balance sheet
- Continue to reinforce strong customer offers across all brands
- Acceleration of data & digital initiatives across the Group
- Attracting, developing & retaining the best talent
- Progressing growth opportunities across divisions through investment & entrepreneurial initiative
- Addressing areas of underperformance:
  - Progressing strategic review of BUKI; update to be provided at Strategy Briefing Day in June 2018
- Ensure sustainability through responsible long-term management
- Work ongoing to satisfy conditions precedent relating to the sale of Curragh, expected to be completed in 2H18

Questions

Wesfarmers