



# 2006 Half Year Results Information Pack

14 February 2006



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# 1. Group Performance



# Group Performance Summary



Half Year ended 31 December (\$m)	2005	2004	↕ %
Revenue	4,447.1	4,048.7	9.8
EBITDA	829.6	601.5	37.9
EBIT	707.1	511.5	38.2
Net Profit after tax	447.5	327.9	36.5
Operating Cash Flow	435.3	319.9	36.1
Earnings Per Share - basic (cents)	121.4	90.1	34.7
Operating Cash Flow Per Share (cents)	115.2	85.0	35.5
Dividends Per Share (cents)	65.0	53.0	22.6

# Divisional EBIT



Half Year ended 31 December (\$m)	2005	2004	↑↓ %
Hardware	220.9	225.4	(2.0)
Energy	343.2	123.8	177.2
Insurance	63.5	66.2	(4.1)
Industrial and Safety	46.0	51.5	(10.7)
Chemicals and Fertilisers	26.7	29.1	(8.2)
Other	6.8	15.5	(56.1)
<b>Total</b>	<b>707.1</b>	<b>511.5</b>	<b>38.2</b>

# Profit on Sale of Non-Current Assets



Half Year ended 31 December After Tax (\$m)	2005	2004
Hardware	(0.6)	(0.8)
Energy	0.1	(1.5)
Insurance	0.1	0.1
Industrial & Safety	(0.1)	0.1
Chemicals & Fertilisers	-	0.2
Other	1.3	4.3
<b>Total</b>	<b>0.8</b>	<b>2.4</b>

# Divisional ROC & Capital Employed



Rolling 12 months to 31 December	2005*			2004 <sup>^</sup>
	EBIT \$m	Capital Employed \$m	ROC %	ROC %
Hardware	411.5	1,807.4	22.8	22.5
Energy	533.1	830.7	64.2	33.4
Insurance	139.1	413.5	33.6	30.0
Industrial & Safety	103.5	786.2	13.2	13.7
Chemicals & Fertilisers	87.4	493.4	17.7	19.8

\* As reported under A-IFRS

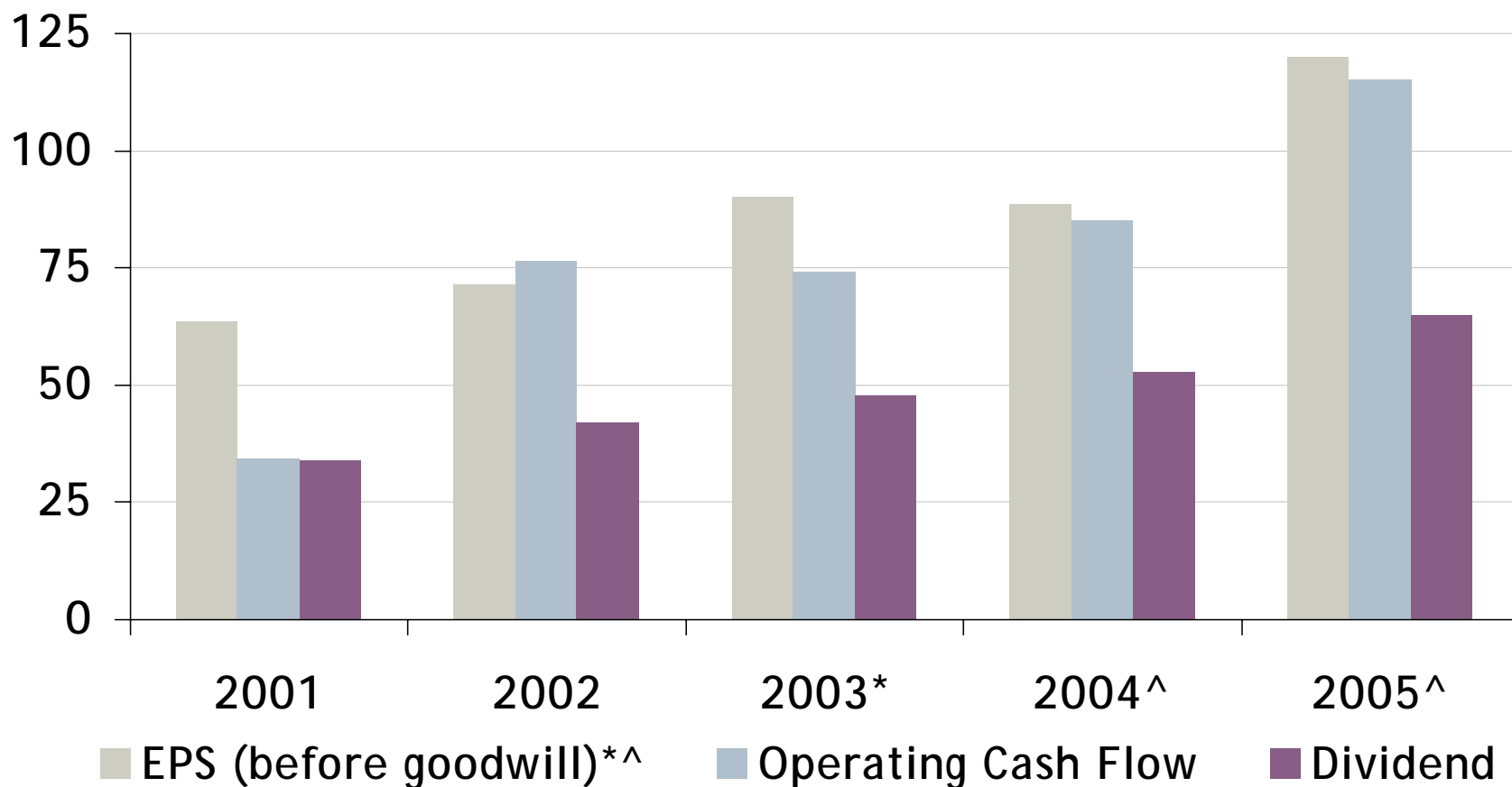
<sup>^</sup> Reflects adoption of A-IFRS from 1 July 2004

# Cash Flow & Dividend (Half Year)

(earnings, operating cash flow and dividend per share)



Cents



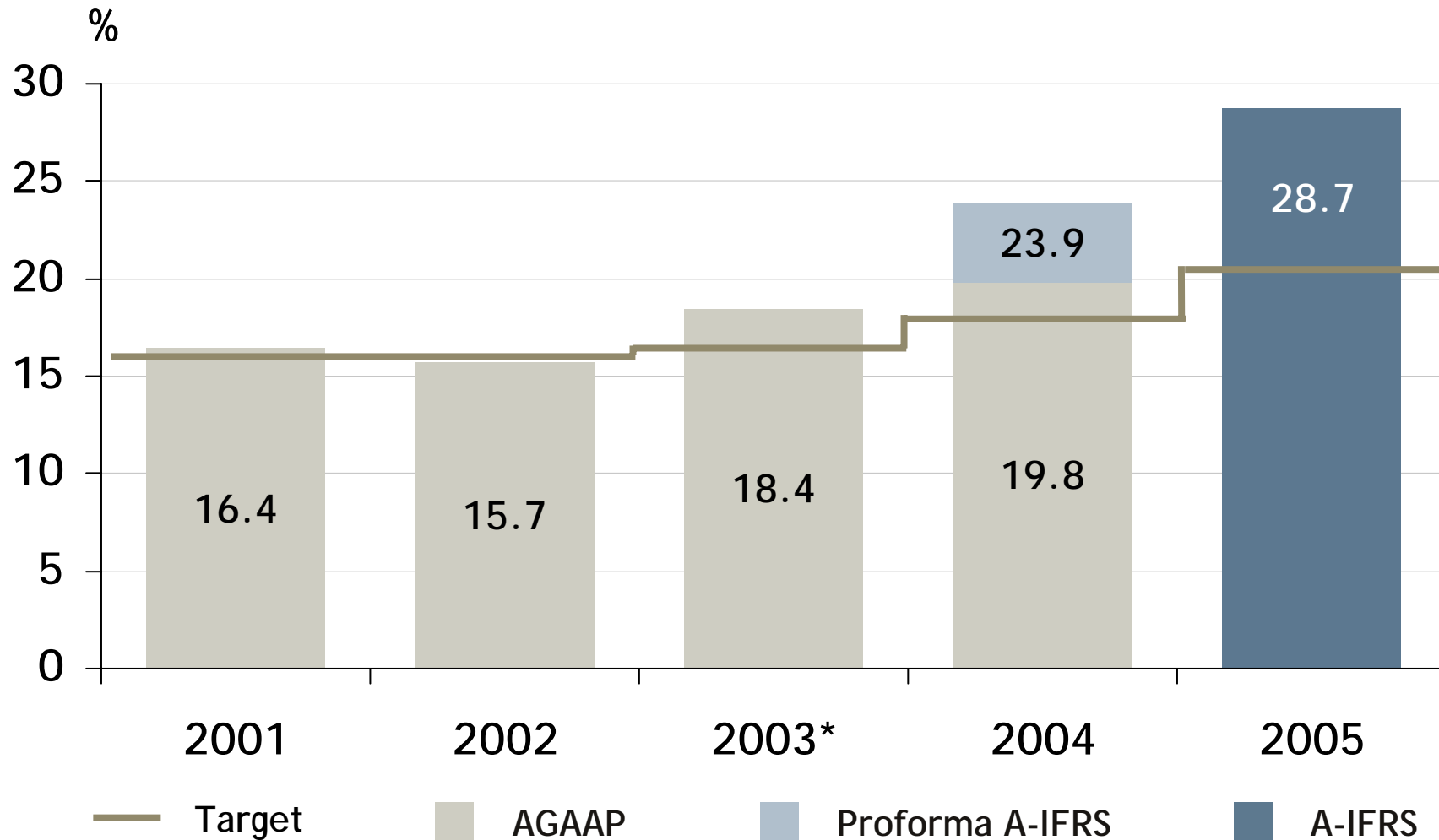
\* Excludes sale of Landmark

^ Restated for impact of A-IFRS



# Return on Shareholders' Funds

(rolling 12 months to 31 December)



\* Excludes sale of Landmark

# A-IFRS



(\$m)	Year ended 30 June 2005	Half Year ended 31 Dec 2004
Net Profit AGAAP	618.9	292.2
<i>Adjustments:</i>		
Impairment losses	0.8	0.9
Amortisation of goodwill	90.4	44.2
Tax impact of associate's undistributed earnings	(8.9)	(4.0)
Store pre-opening expenses	(2.7)	(2.9)
Pension liability	(4.6)	-
Revaluation of associate's investment properties	11.3	3.6
Other adjustments	(3.1)	(4.9)
<b>Net Profit A-IFRS</b>	<b>702.1</b>	<b>329.1</b>

# Employee Share Plan Expense



Half Year ended 31 December Pre-Tax (\$m)	2005
Hardware	15.5
Energy	2.4
Insurance	2.5
Industrial & Safety	3.4
Chemicals & Fertilisers	1.4
Corporate	1.9
<b>Total</b>	<b>27.1</b>

## 2. Energy



# Energy Performance Summary



Half Year ended 31 December (\$m)		2005	2004	↕%
Revenue		814.4	517.8	57.3
EDITDA		407.7	158.4	157.4
Depreciation & Amortisation of PPE		(64.5)	(34.6)	86.4
EBIT		343.2	123.8	177.2
Coal	Revenue (\$m)	629.1	308.6	103.9
	EBIT (\$m)	317.8	91.6	246.9
Gas & Power	Revenue (\$m)	185.3	209.2	(11.4)
	EBIT (\$m)	25.4	32.2	(21.1)
ROC (R12 %)		64.2	33.4*	30.8

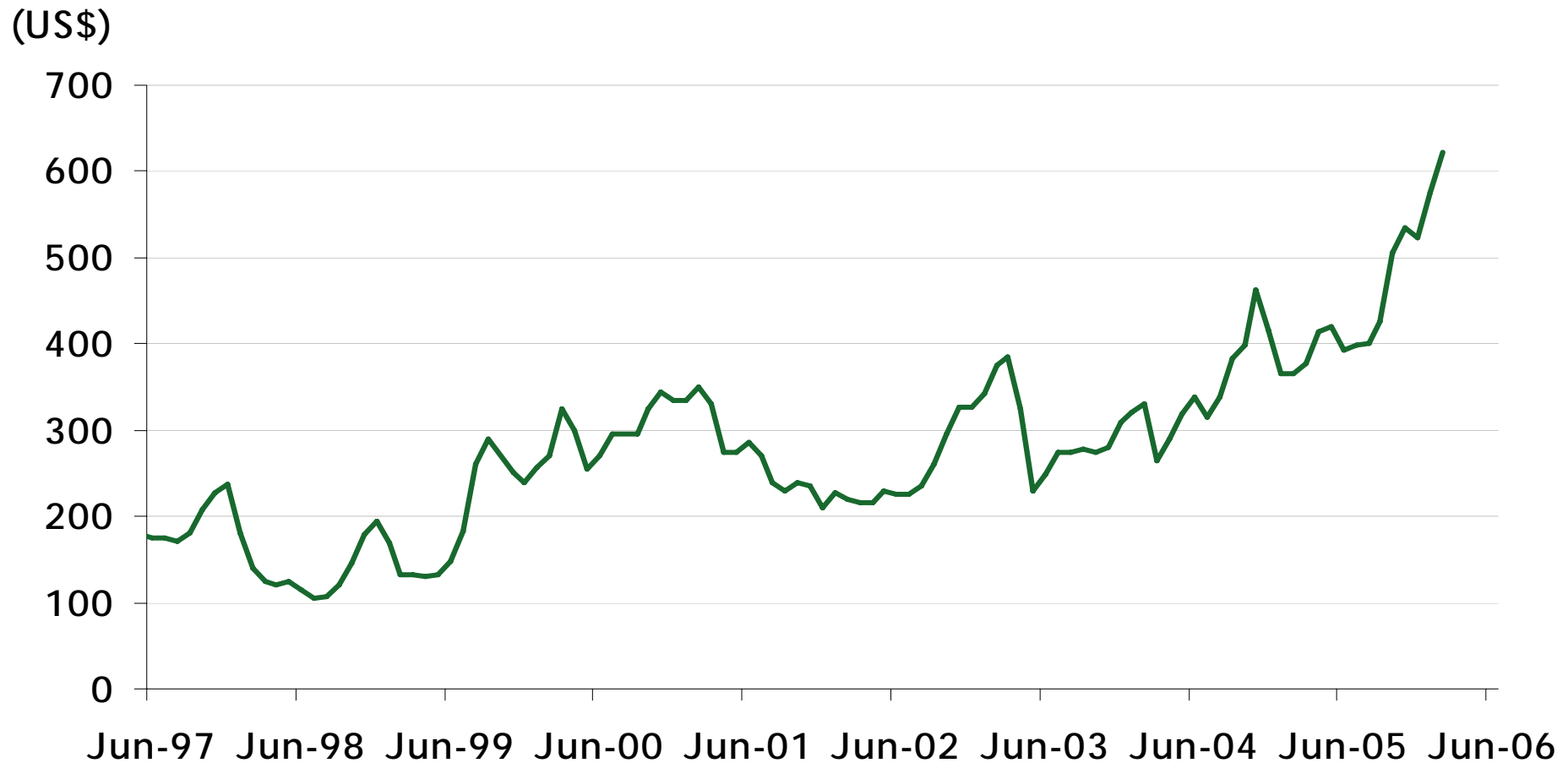
\* Reflects adoption of A-IFRS from 1 July 2004

# Energy Highlights

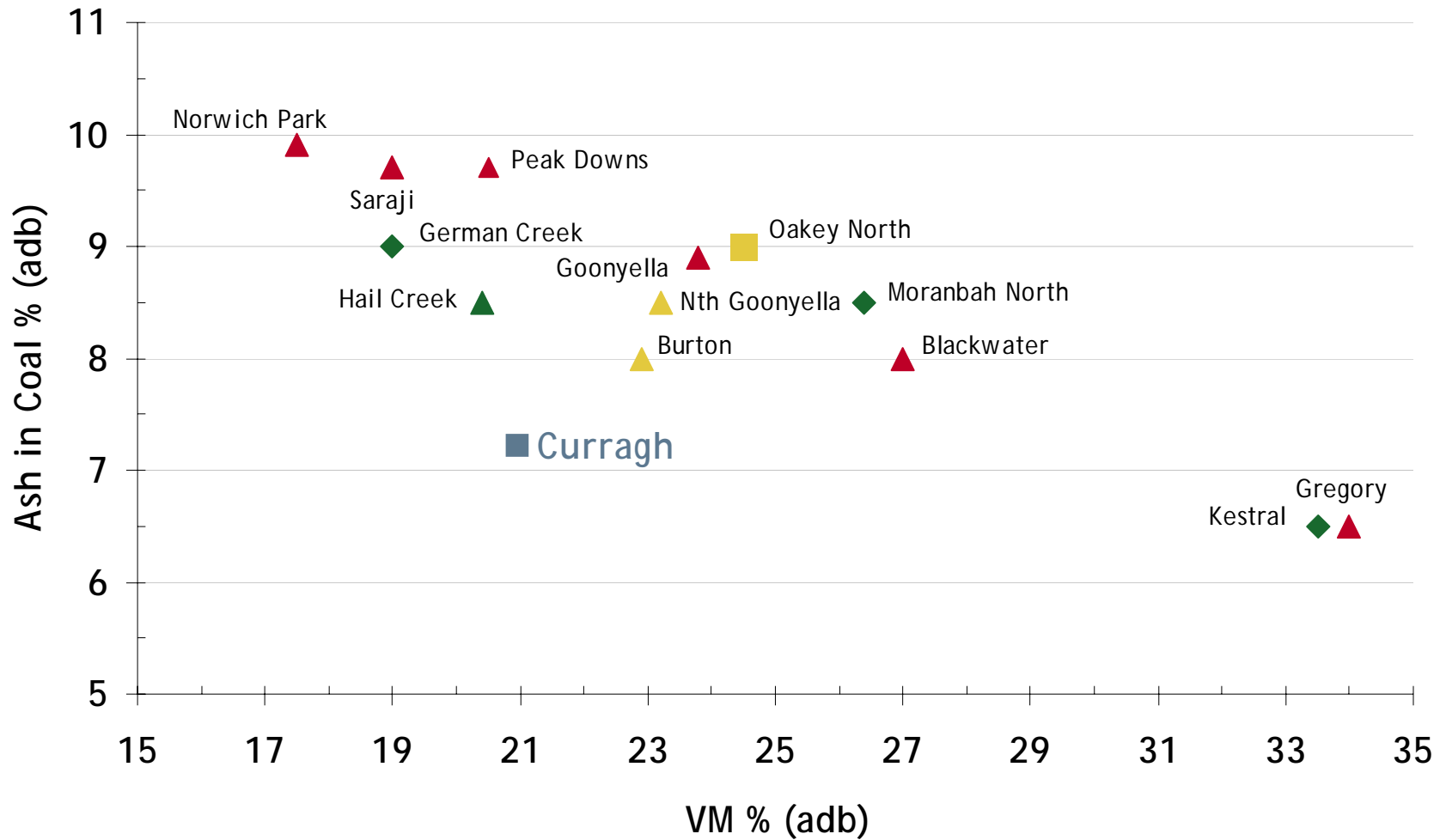


- Record earnings
- Premier long term supply agreement
- Curragh North development
  - Train Load Out Upgrade
  - Materials Handling Project

# Saudi Aramco Contract Price



# Curragh HCC Quality



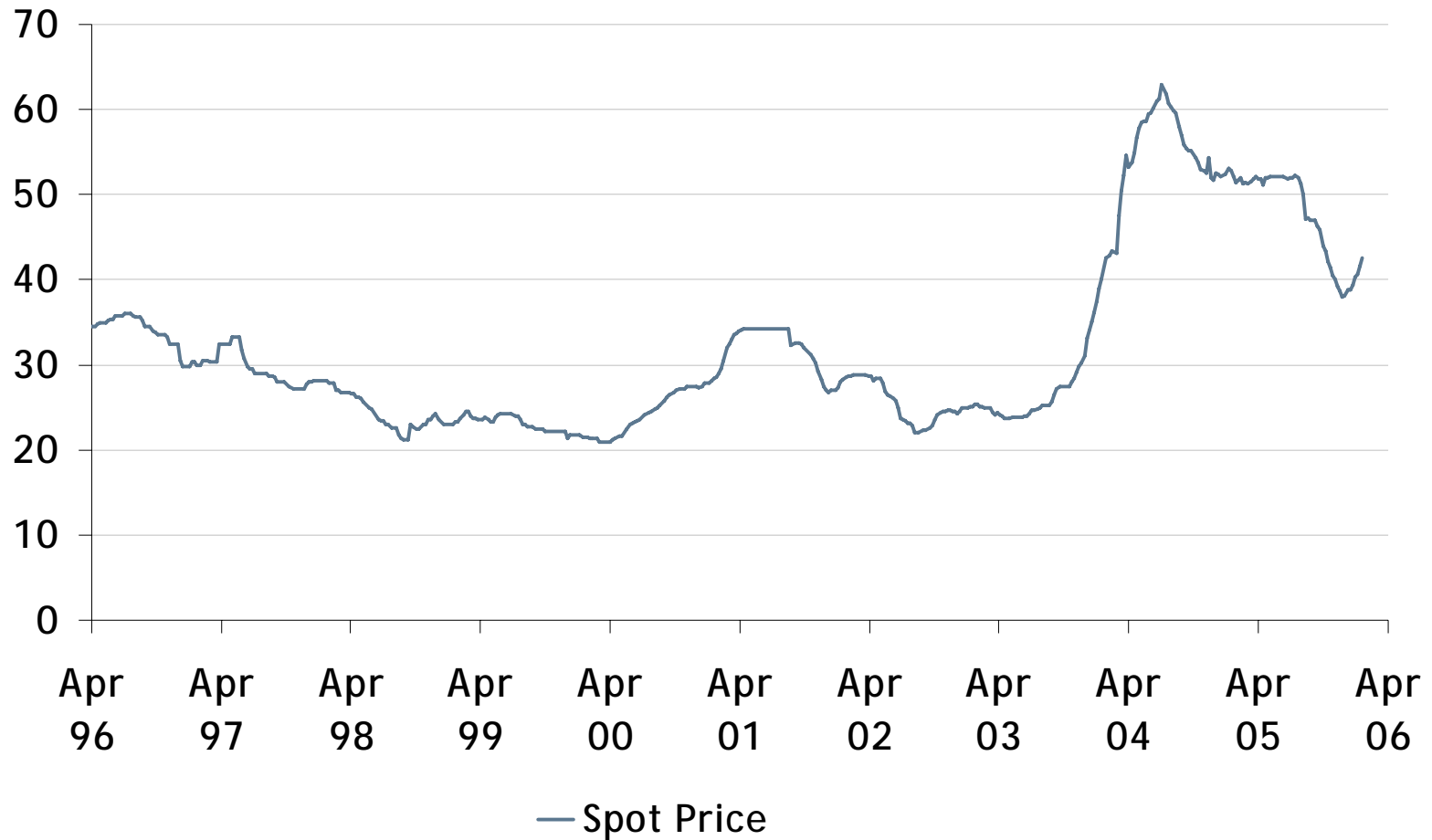
Source: Barlow Jonker 2004



# Thermal Coal Prices



US\$/Tonne FOB nominal

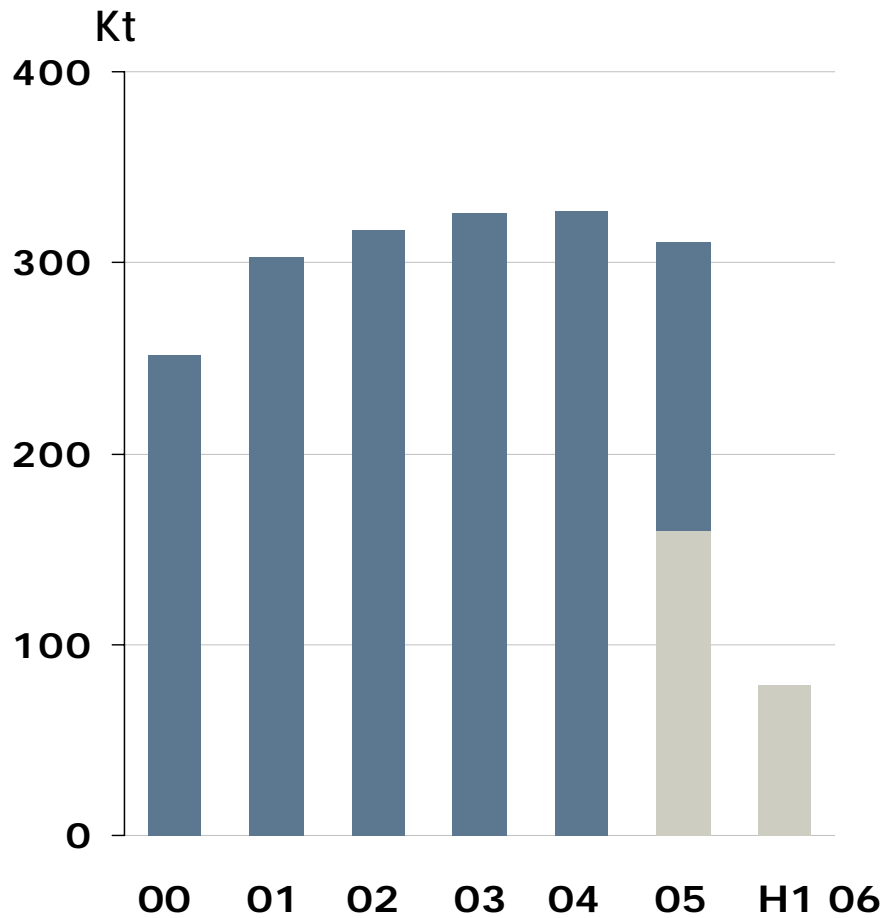


Source: Barlow Jonker

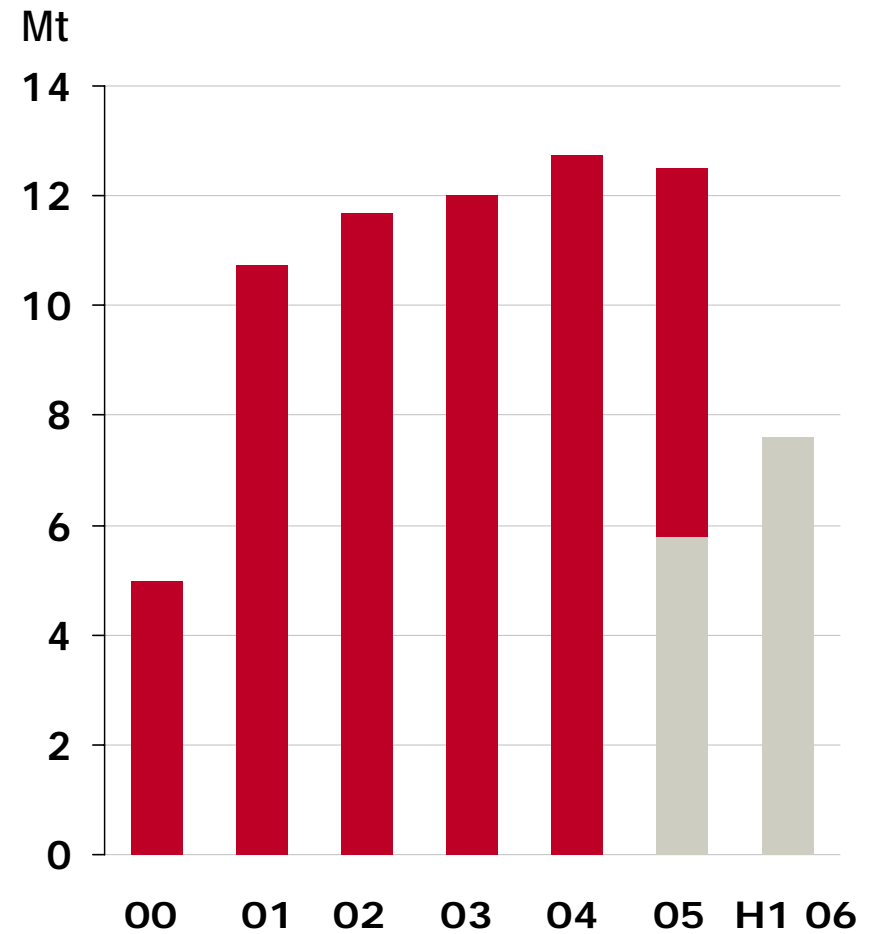
# Production



## W LPG



## Coal



# Coal Production



Mine	Beneficial Interest	Coal Type	Half ended	
			Dec-04	Dec-05
Premier, WA	100%	Steaming	1,760	1,907
Curragh, QLD	100%	Metallurgical	1,863	2,988
		Steaming	1,082	1,405
Bengalla, NSW	40%	Steaming	1,084	1,304
Total			5,789	7,604

# Energy - Sales Volumes

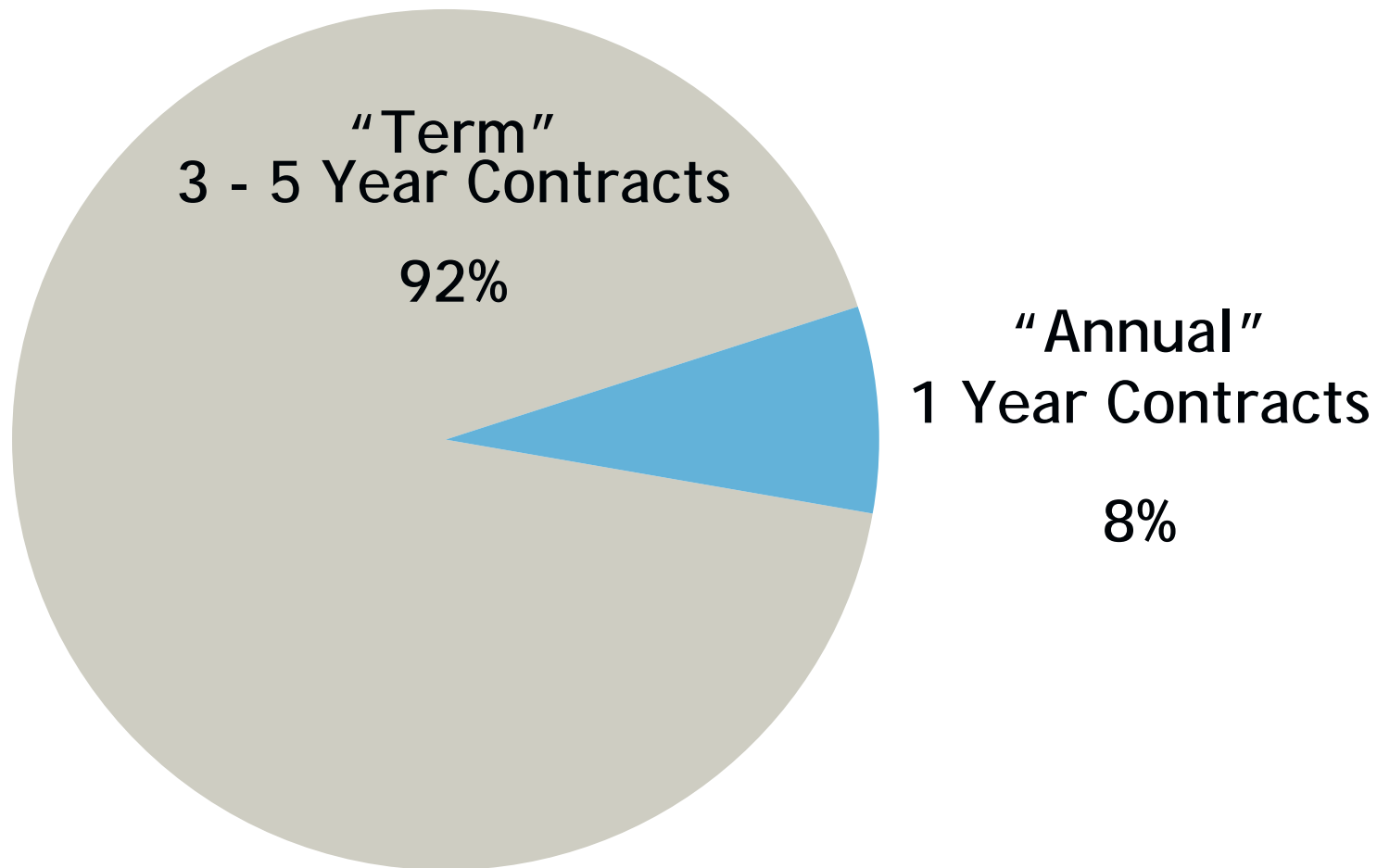
1H2006 versus 1H2005



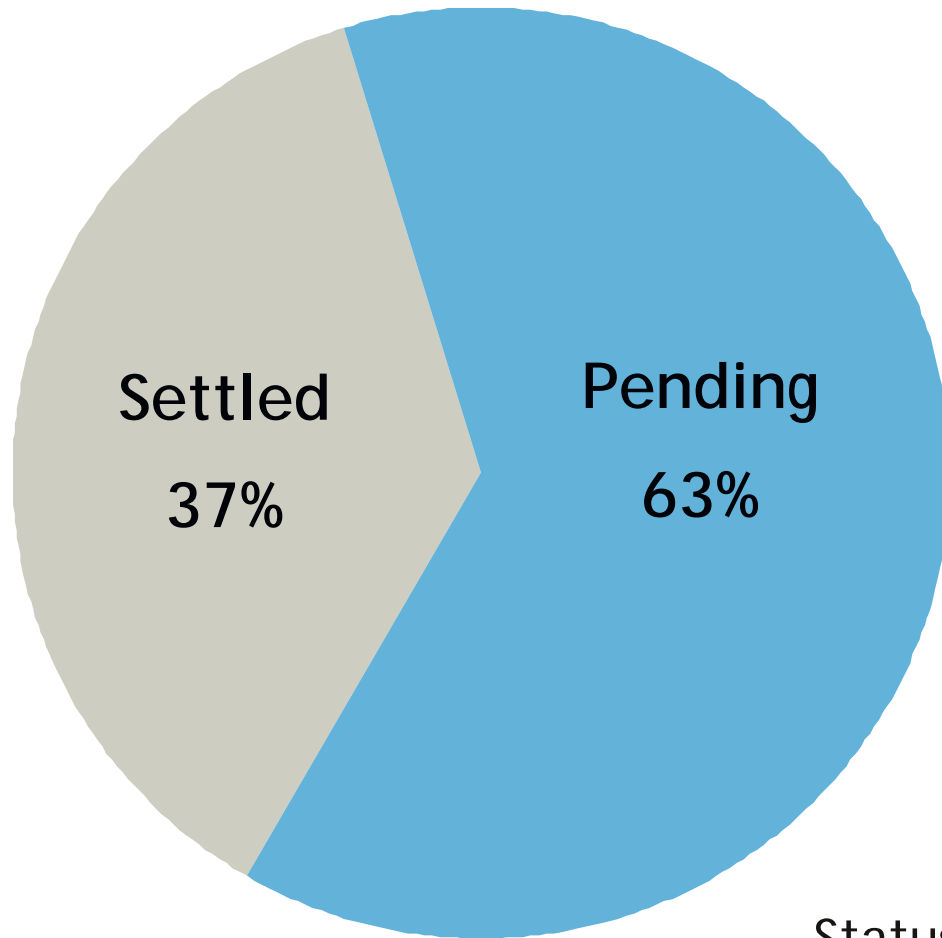
- Kleenheat Gas +2%
- Wesfarmers LPG -39%
- Premier +7%
- Curragh +37%
- Bengalla -8%

# Curragh Export Sales

## Contract Duration



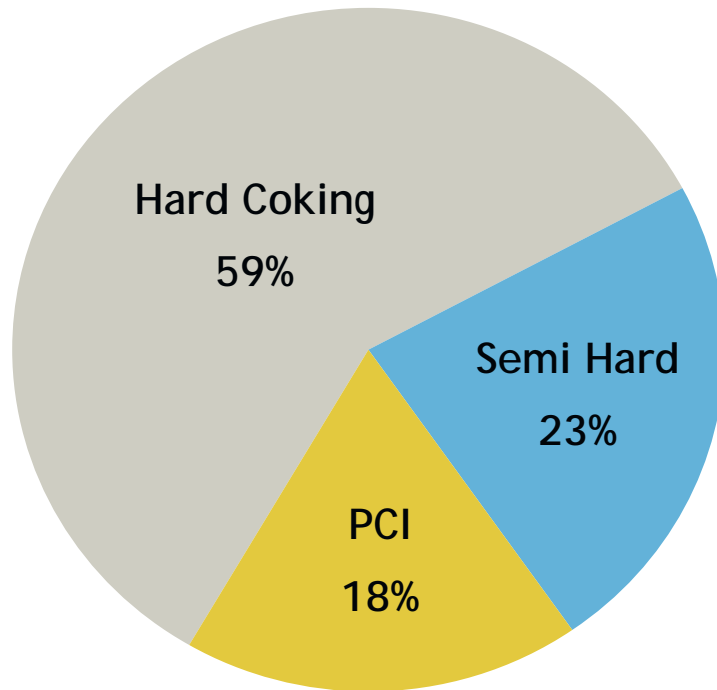
# Curragh Export Sales Contract Price Negotiations



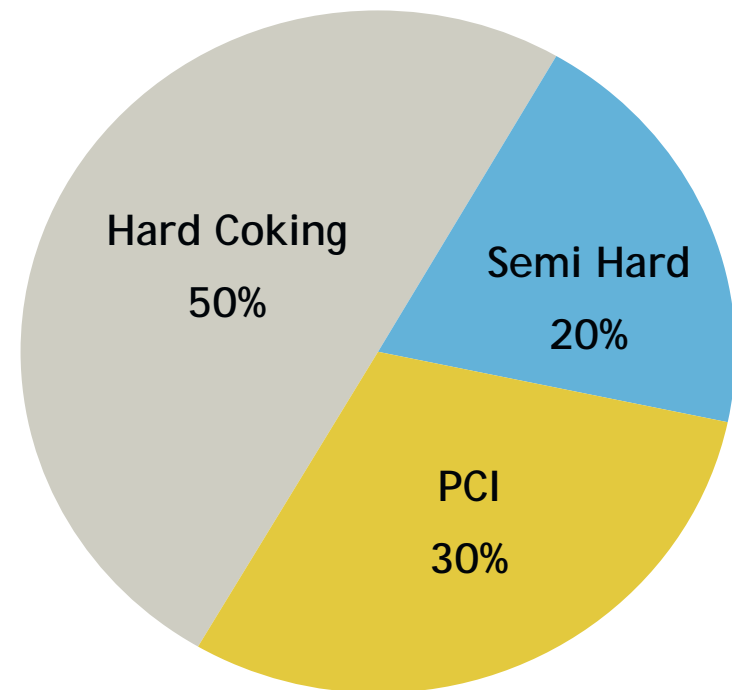
Status at 10 February 2006

# Curragh Export Sales

## Projected Sales Mix



2005/06



2006/07

# Wesfarmers Curragh Hedging Profile

at 13 Feb 06



Period end 31 Mar	Current proportion of USD revenue hedged*	Average AUD/USD hedge rate
2007	90%	0.6849
2008	70%	0.6951
2009	51%	0.7109
2010	31%	0.7160
2011	10%	0.7125

\* calculated using known contract outcomes, long run pricing assumptions, and after adjusting for USD capital and operational expenditure and USD royalty payments





- Curragh export production 6.4 - 6.8 mt
- CHPP and infrastructure performance critical
- Curragh Materials Handling Project continues
- Lower export metallurgical coal prices
- Lower LPG production and exports
- High CP continues and pressures KHG margins

# 3. Hardware



# Hardware Performance Summary



Half Year ended 31 December (\$m)	2005	2004	↑↓%
Revenue	2,215.5	2,134.3	3.8
EBIT	220.9	225.4	(2.0)
Share Plan & Store Refit Expense	23.3	4.3	
Comparative EBIT	244.2	229.7	6.3
ROC (R12 %)	22.8	22.5*	0.3
Safety (R12 LTIFR)	10.5	13.4	(21.6)
Trading Revenue^ (\$m)	2,198.6	2,120.7	3.7
Comparative EBIT/Trading Revenue (%)	11.1	10.8	0.3
Profit from disposal of Property (\$m)	3.0	3.6	(16.7)

\* Reflects adoption of A-IFRS from 1 July 2004

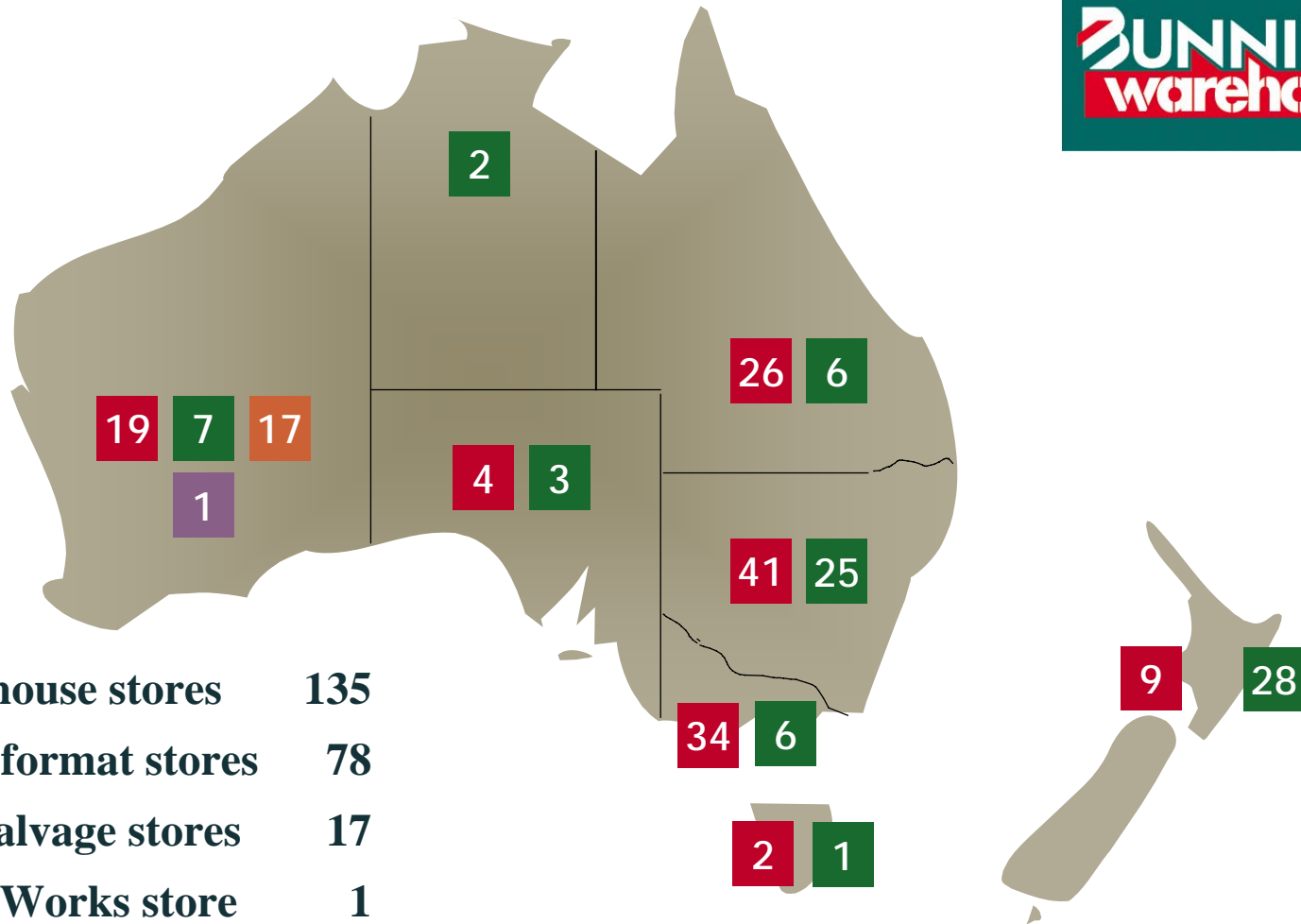
^ Excludes property and other non-trading items

# Hardware Highlights



- 4.7% cash sales growth (2.7% store on store)
- 0.2% decline in trade sales
- 4 warehouse openings and 12 warehouse upgrades
- Good progress on major strategies
  - merchandising, advertising, systems, supply chain

# Store Network As At January 2006



- Warehouse stores 135
- Small format stores 78
- WA Salvage stores 17
- HouseWorks store 1

Excludes distribution centres and trade operational sites

# Store Network Development



- 4 warehouse stores opened in 1<sup>st</sup> half
- 7-9 warehouse stores forecast for completion in 2<sup>nd</sup> half
  - 3 warehouse stores open in February
- 12 warehouse stores upgraded in 1<sup>st</sup> half
- 14-18 warehouse store upgrades scheduled for 2<sup>nd</sup> half



- Continued cash sales growth
  - tight, competitive retail conditions
- Improving trade performance
  - housing market expected to stabilise
- Network development and consistency work continues
- Ongoing effectiveness and efficiency gains

# 4. Insurance





# Insurance Performance Summary



Half Year ended 31 December (\$m)	2005	2004	↑↓ %
Gross Written Premium*	502.0	486.8	3.1
Net Earned Premium	376.6	343.2	9.7
Net Claims	(229.6)	(205.7)	11.6
Net Commission and Expenses	(105.0)	(88.5)	18.6
Underwriting Result	42.0	49.0	(14.3)
Insurance Margin	54.3	60.2	(9.8)
<b>EBIT</b>	<b>63.5</b>	<b>66.2</b>	<b>(4.1)</b>
Net Earned Loss Ratio (%)	61.0	60.0	(1.0)
Combined Operating Ratio (%)	88.8	85.7	(3.1)
Insurance Margin (%)	14.4	17.5	(3.1)

\*Includes an adjustment for changes to unclosed business at 31 December

# Insurance Division KPIs



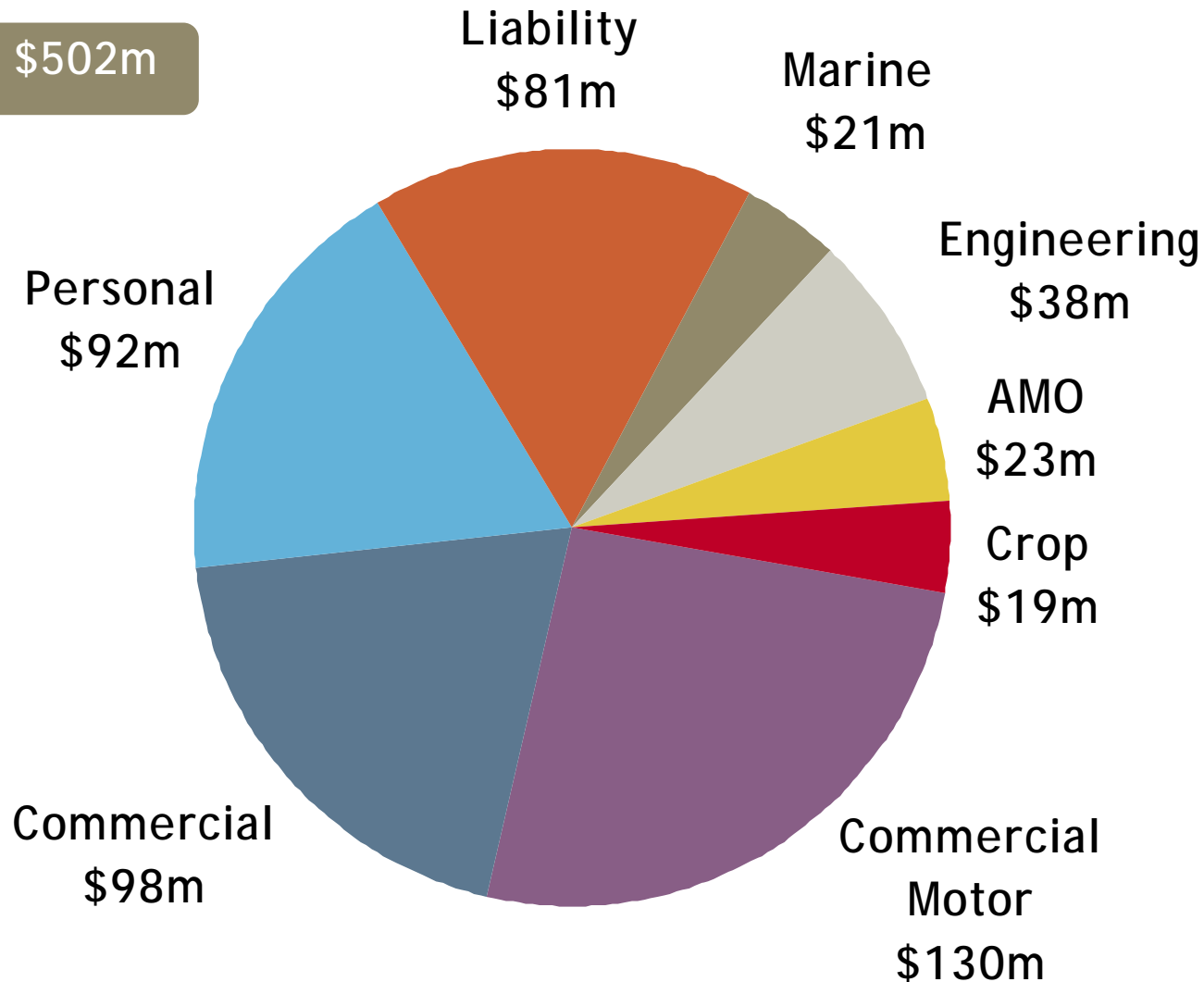
Half Year ended 31 December (%)	2005	2004	↑↓ %
Gross Earned Loss Ratio	59.8	55.9	(3.9)
Net Earned Loss Ratio	61.0	60.0	(1.0)
Reinsurance Expenses (% GEP)	27.4	33.3	5.9
Exchange Commission (% Prop. RI Cost)	27.0	28.3	(1.3)
Commission Expense (% GWP)	13.4	13.9	0.5
Total Earned Expenses (% GWP)	27.3	26.9	(0.4)
Combined Operating Ratio	88.8	85.7	(3.1)
Insurance Margin	14.4	17.5	(3.1)

# Divisional - Gross Written Premium

(for the six month period to 31 December 2005)



Total: \$502m



# LGA - KPIs



Half Year ended 31 December (%)	2005	2004	↕ %
Gross Earned Loss Ratio	62.4	56.3	(6.1)
Net Earned Loss Ratio	61.9	61.4	(0.5)
Reinsurance Expenses (% GEP)	31.9	37.7	5.8
Exchange Commission (% Prop. RI Cost)	23.6	30.0	(6.4)
Commission Expense (% GWP)	13.6	15.1	1.5
Total Earned Expenses (% GWP)	25.9	26.1	0.2
Combined Operating Ratio	89.1	84.6	(4.5)
Insurance Margin	14.9	19.4	(4.5)

# LGNZ – KPIs



Half Year ended 31 December (%)	2005	2004	↑↓ %
Gross Earned Loss Ratio	52.9	54.0	1.1
Net Earned Loss Ratio	57.6	60.1	2.5
Reinsurance Expenses (% GEP)	32.4	41.9	9.5
Exchange Commission (% Prop. RI Cost)	36.4	28.1	8.3
Commission Expense (% GWP)	16.5	16.1	(0.4)
Total Earned Expenses (% GWP)	28.8	26.9	(1.9)
Combined Operating Ratio	85.2	86.0	0.8
Insurance Margin	16.8	15.7	1.1

# WFI - KPIs



Half Year ended 31 December (%)	2005	2004	↕ %
Gross Earned Loss Ratio	61.2	57.0	(4.2)
Net Earned Loss Ratio	62.1	57.7	(4.4)
Reinsurance Expenses (% GEP)	15.0	16.6	1.6
Exchange Commission (% Prop. RI Cost)	19.9	19.2	0.7
Commission Expense (% GWP)	9.9	9.6	(0.3)
Total Earned Expenses (% GWP)	26.8	26.6	(0.2)
Combined Operating Ratio	89.1	85.2	(3.9)
Insurance Margin	14.8	19.0	(4.2)

# Reinsurance



Half Year ended 31 December (%)	2005	2004
Reinsurance Expense (%GEP)		
including AMO	27.4	33.3
excluding AMO	24.4	29.7

# Insurance Highlights



- Significant WFI Crop claims due to major hail events
- LGA claims provision increase of \$8m
- Premium rates softening since 2004
- Further reductions in reinsurance expense





- All business units experiencing increased competition
- Continued pressure on rates impacting revenue growth
- Reversion to long term claim patterns
- Businesses performing well in challenging environment

# 5. Industrial and Safety



# Industrial & Safety Performance Summary



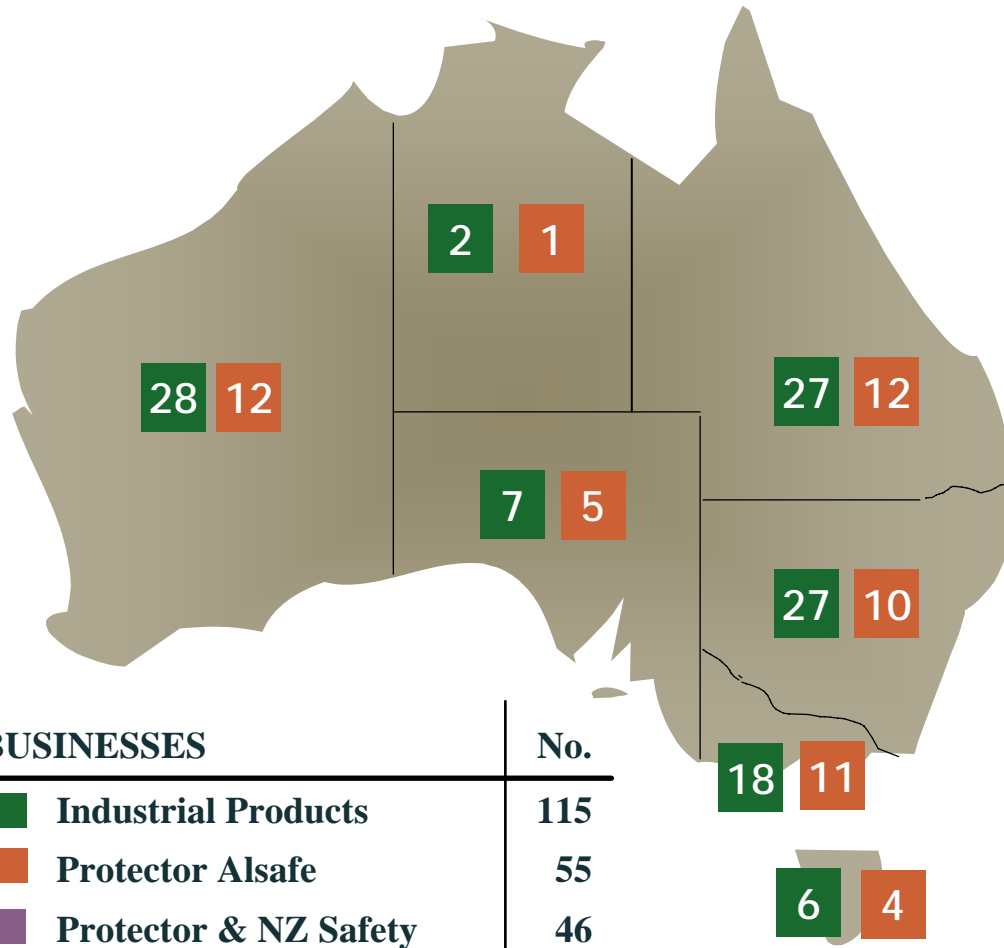
Half Year ended 31 December (\$m)	2005	2004	↕ %
Revenue	588.0	589.7	(0.3)
EBITDA	53.1	59.6	(10.9)
Depreciation & Amortisation of PPE	(7.1)	(8.1)	(12.3)
<b>EBIT</b>	<b>46.0</b>	<b>51.5</b>	<b>(10.7)</b>
EBIT/Revenue (%)	7.8	8.8	(1.0)
ROC (R12 %)	13.2	13.7*	(0.5)
Safety (R12 LTIFR)	4.8	5.3	(9.4)

\* Reflects adoption of A-IFRS from 1 July 2004



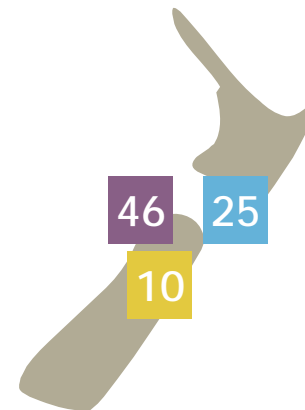
- Sales growth in Industrial Products (Blackwoods)
  - Strong market conditions continue in Qld & WA (mining)
  - Declines in manufacturing, particularly NSW & VIC
- Protector Alsafe improved profitability
- Increased sales Packaging House (NZ)
- Blackwoods Paykels (NZ) difficulties continue
- NZ Safety and Protector Safety Supplies impacted by competitive pressures and softening market conditions

# Distribution Network



### Network Development

- New DCs
  - Blackwoods (Qld)
  - Protector Alsafe (Qld)
  - Packaging House (Auckland)



## BUSINESSES

No.

<span style="color: green;">■</span> Industrial Products	115
<span style="color: red;">■</span> Protector Alsafe	55
<span style="color: purple;">■</span> Protector & NZ Safety	46
<span style="color: blue;">■</span> Blackwoods Paykels (NZ)	25
<span style="color: yellow;">■</span> Packaging House	10



- Continued sales growth in Australia (mining & infrastructure segments)
- Sales in New Zealand businesses expected to remain subdued
- Second half focus
  - restructure business model around trading streams
  - improve customer service in each business
  - review product ranges
  - improve internal efficiencies and processes

# 6. Chemicals and Fertilisers



# Chemicals & Fertilisers Performance Summary



Half Year ended 31 December (\$m)		2005	2004	↑↓ %
Revenue	Chemicals	121.7	100.1	21.6
	Fertilisers	131.7	116.9	12.7
		253.3	217.0	16.7
EBITDA		48.5	48.4	0.2
Depreciation & Amortisation of PPE		(21.8)	(19.3)	13.0
EBIT		26.7	29.1	(8.2)
Sales Volume ('000t):	Chemicals	237.7	227.3	4.6
	Fertilisers	370.2	381.4	(2.9)
ROC (R12 %)		17.7	19.8*	(2.1)
Safety (R12 LTIFR)		2	2	-

\* Reflects adoption of A-IFRS from 1 July 2004



# Chemicals & Fertilisers Highlights



- Safety performance
- Kwinana ammonium nitrate expansion
- Sodium cyanide business
- Gas curtailment issues
- QNP performance and expansion update
- Albany superphosphate manufacturing facility



- Continued strong demand for chemical products
- Potential impact of gas curtailments
- Decision on QNP expansion
- Cautious fertiliser outlook

# 7. Other Businesses



# Other Business Performance Summary

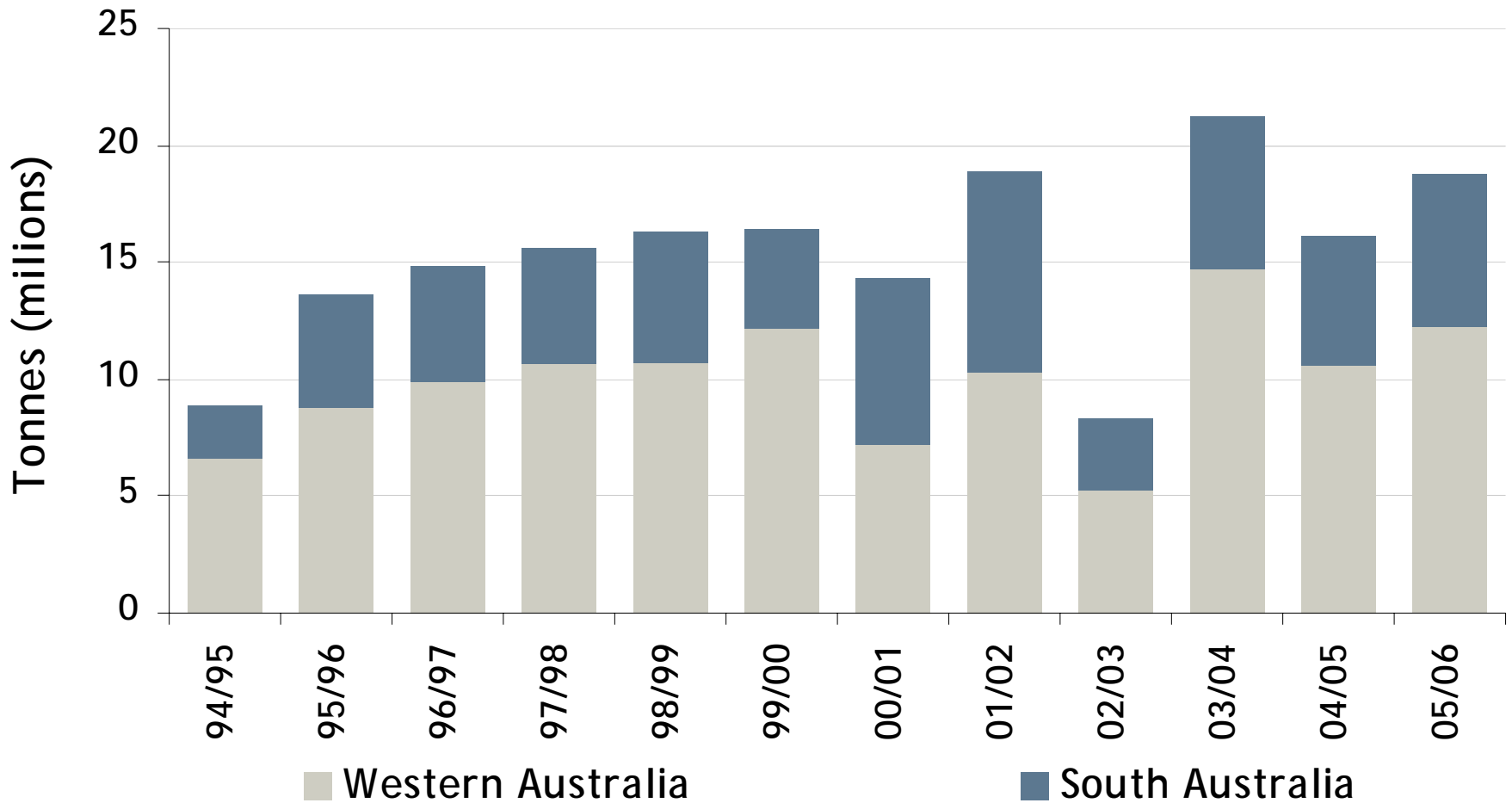


Contribution to Group EBIT Half Year ended 31 December (\$m)	Holding %	2005	2004
Associates:			
ARG	50	9.4	12.6
Gresham Private Equity - Fund 1	50	9.4	1.5
Gresham Private Equity - Fund 2	67	(0.9)	(0.8)
Gresham Partners	50	1.3	2.1
Wespine	50	5.1	5.1
Tax on ARG, Gresham and Wespine		(4.6)	(4.6)
Corporate Overheads and Other		(12.9)	(0.4)
<b>Total</b>		<b>6.8</b>	<b>15.5</b>



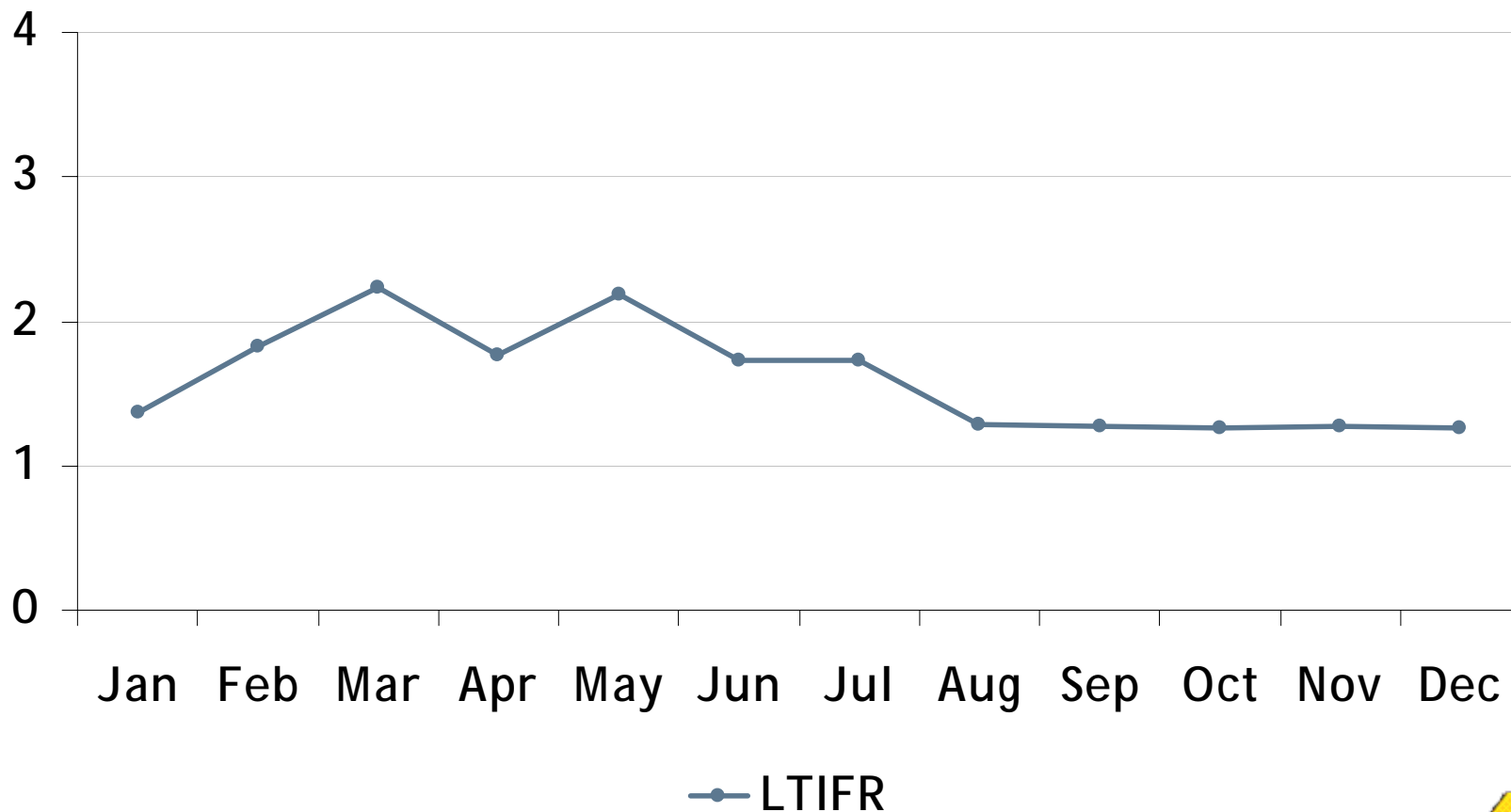
- Results down from pcp
- Iron ore tonnages up, grain tonnages down, \$3.5m charge largely for prior period
- Good grain harvest should underpin better second half

# Grain Harvests in WA and SA





## Frequency Rate








- Wesfarmers and G&W agreed to sell 100% for \$1.3bn enterprise value
  - Queensland Rail: above rail
  - Babcock & Brown: below rail
  - South Australia disaggregated ("ASR")
- Wesfarmers agreed to sell its 50% of ASR to G&W for \$20m
- Subject to approvals, licences etc.
- Profit before tax for Wesfarmers, approximately \$235m, subject to adjustments





- Investment in Virgin Active sold in November 2005 achieving a gross IRR of 34.5%
- Partial exit of EROC (completed January 2006 achieving over 4 times multiple)
- Possible further exits by June 2006

## CURRENT INVESTMENT PORTFOLIO

Norcros	UK based building materials, coatings	
Riviera	ocean cruisers	
Raywood	vehicle control systems	

# Gresham Private Equity - Fund 2



- Current commitment A\$323m (Wesfarmers A\$150m)
- Acquisition of 50% interest in Pacific Print Group in November 2005 for an enterprise value of \$190m

## CURRENT INVESTMENT PORTFOLIO

Noel Leeming                      electrical retailer (New Zealand)



Australian Pacific Paper Products                      manufacturer and distributor of disposable nappies (Australia)



Pacific Print Group                      leading commercial printing business (New Zealand)



# 8. Capital Management



# Capital Management



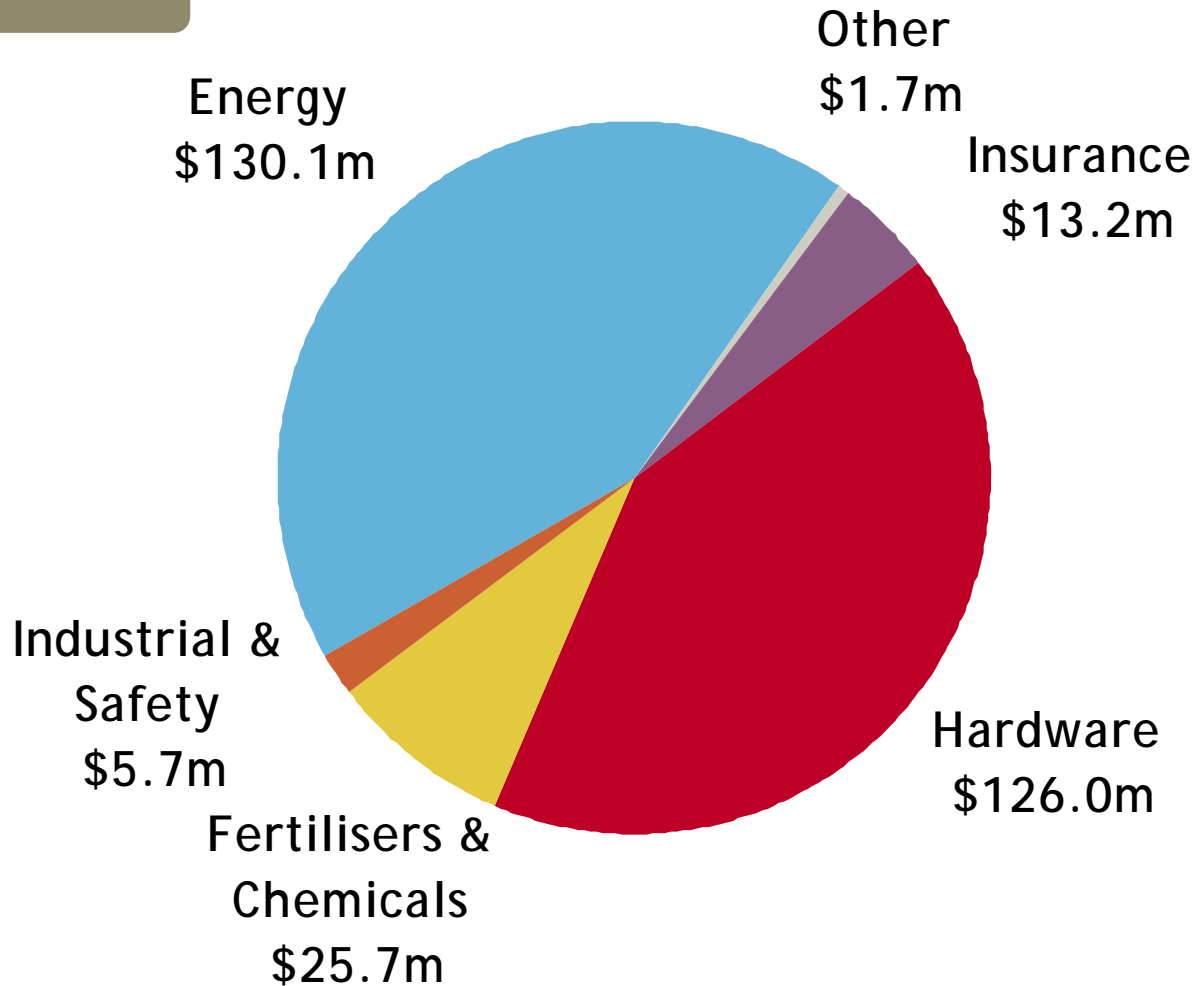
- Net Debt /Equity of 74.1% at 31 December 2005
- Cash Interest Cover Ratio (rolling 12 months) of 13.3 times
- Capital expenditure in first half of \$302.4m, lower than budget due to timing delays

# Capital Expenditure

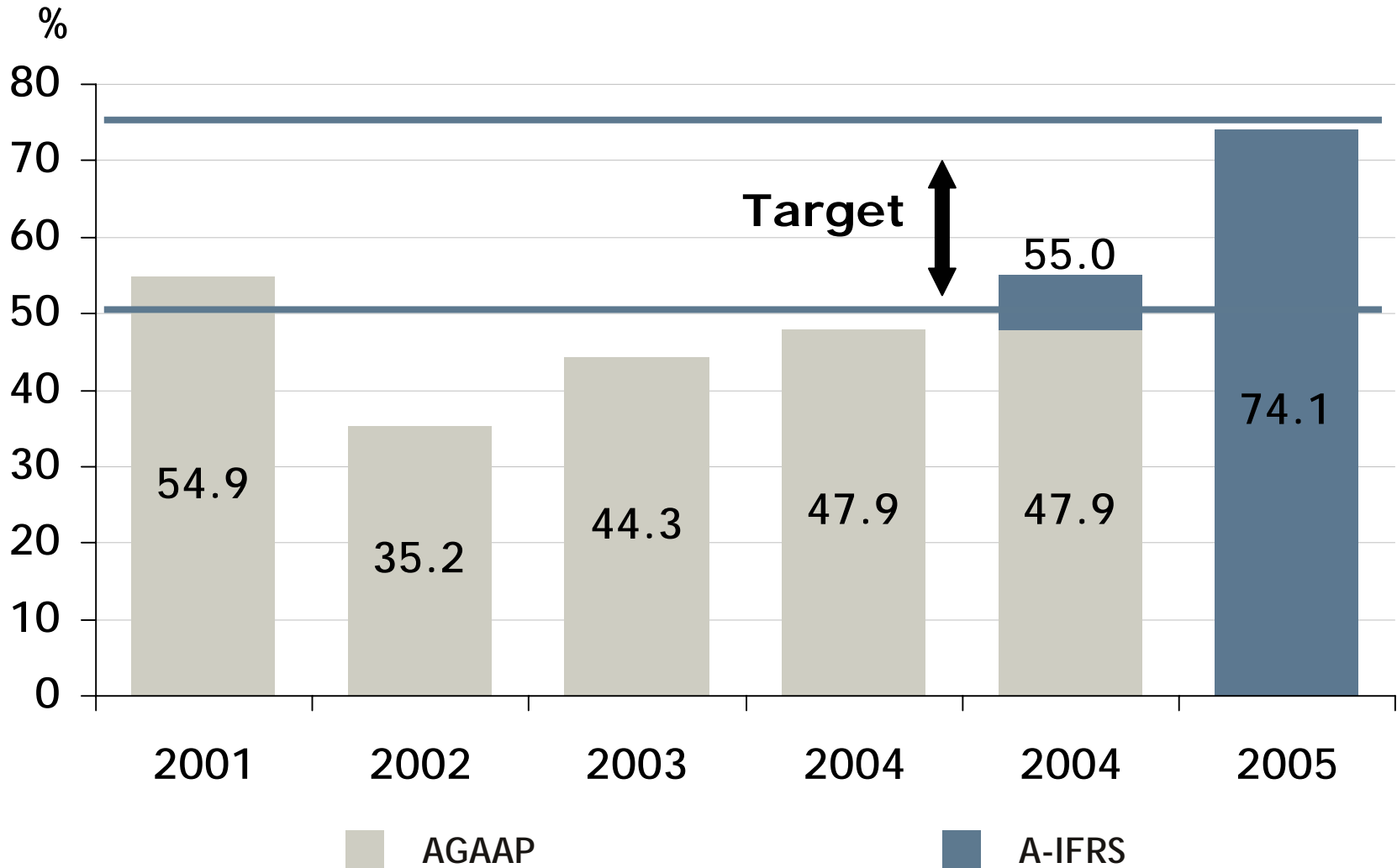
Half Year ended 31 December 2005



Total: \$302.4m



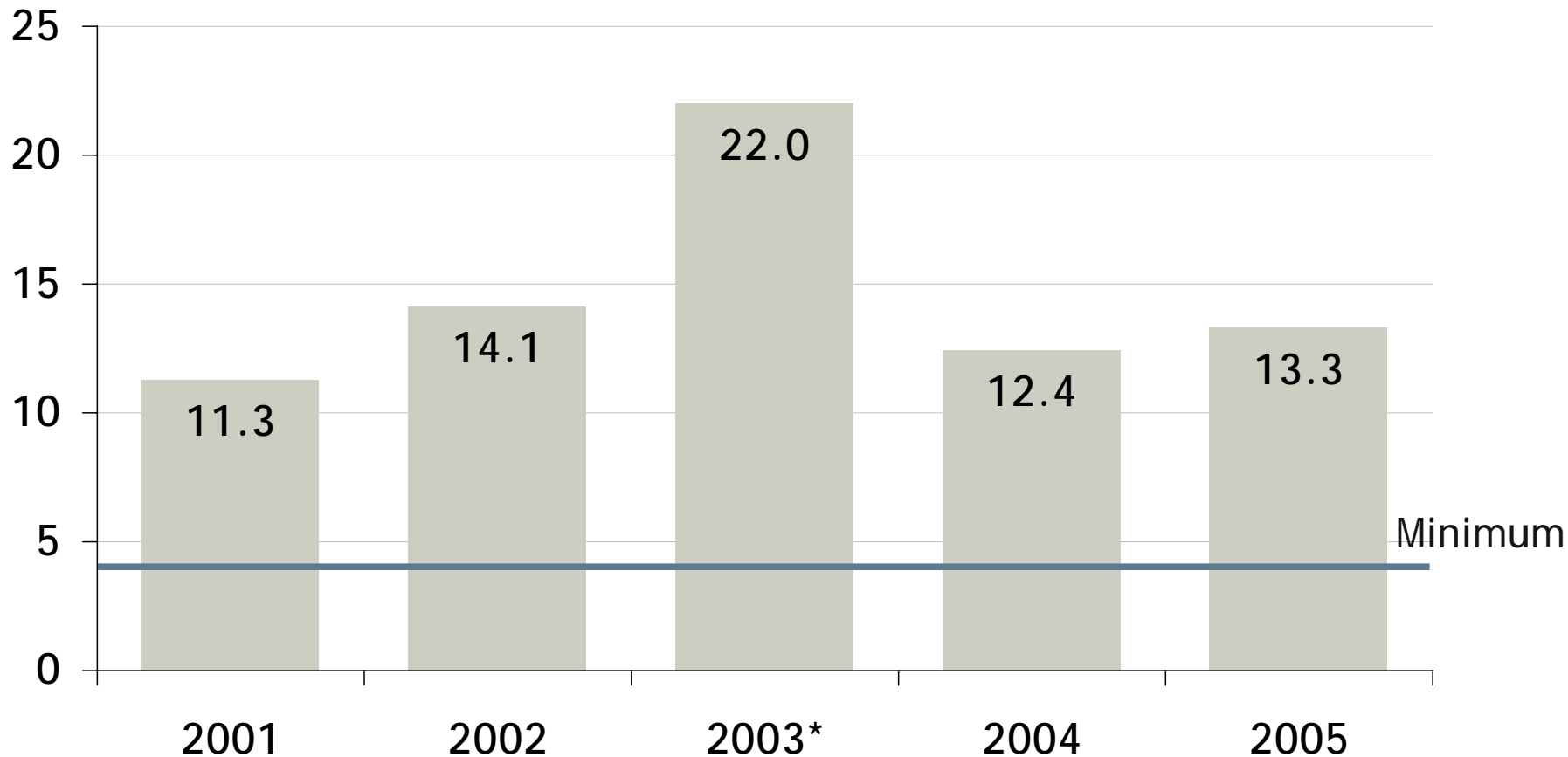
# Net Debt/Equity (as at 31 December)



# Interest Cover Ratio (cash basis) (Rolling 12 months to 31 December)



Times



\* Excludes the sale of Landmark

# 9. Outlook







- Full year result significantly above 2004/05
- Challenging domestic environment but all businesses in good shape
- Impact of commodity prices
- Business development

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