2008 Half Year Results Teleconference

22 February 2008

Wesfarmers

Presentation Outline

Group Performance Highlights	Richard Goyder
Group Financial Results	Gene Tilbrook
Coles Integration Update	Keith Gordon
Divisional Managing Directors	
Home Improvement & Office Supplies	John Gillam
Coles	Mick McMahon
Target	Launa Inman
Kmart	Larry Davis
Resources	Stewart Butel
Insurance	Rob Scott
Industrial & Safety	Olivier Chretien
Chemicals & Fertilisers	Ian Hansen
Energy	Tim Bult

Group Performance Highlights

Richard Goyder
Managing Director, Wesfarmers Limited

Group Performance Highlights

- Completion of Coles transaction on 23 November 2007
  - Target and Kmart performing well
  - Christmas most profitable period of the year for most businesses
  - One-off costs to come through in full year results
- Operating revenue of $9.8 billion, up 108%
- Group profit after tax of $601 million, up 53%
- Earnings per share of 134.9 cents, up 27%
- Operating cash flow of $1.2 billion
- Interim dividend of 65 cents per share

Divisional Performance

Half Year ended 31 December	2007 EBIT $m	2007 ROC* %	2006 ROC* %
Home Improvement & Office Supplies	332	31.4^	25.1
Coles	130	n.m.	n/a
Target	118	n.m.	n/a
Kmart	101	n.m.	n/a
Resources	112	30.3	52.9
Insurance	64	11.2	24.6
Industrial & Safety	61	16.9	13.7
Chemicals & Fertilisers	48	16.2	14.9
Energy	48	12.0	33.2

* Rolling 12 months to 31 December ^ Excludes OfficeWorks
n.m. = not meaningful given acquisition date of 23 November 2007

Group Financial Results

Gene Tilbrook
Finance Director, Wesfarmers Limited

Group Performance Summary

Half Year ended 31 December ($m)	2007	2006	↕ %
Operating revenue	**9,808**	4,718	*107.9*
EBITDA	**1,266**	791	*60.1*
EBIT	**1,046**	613	*70.6*
Net profit after tax	**601**	392	*53.3*
Operating cash flow	**1,241**	477	*160.2*
Earnings per share (excl. employee res. shares)	**134.9**	105.8	*27.5*
Earnings per share (incl. employee res. shares)	**133.1**	103.6	*28.5*
Cash flow per share (incl. employee res. shares)	**274.9**	126.2	*117.8*
Dividends per share ^	**65**	85	*(23.5)*

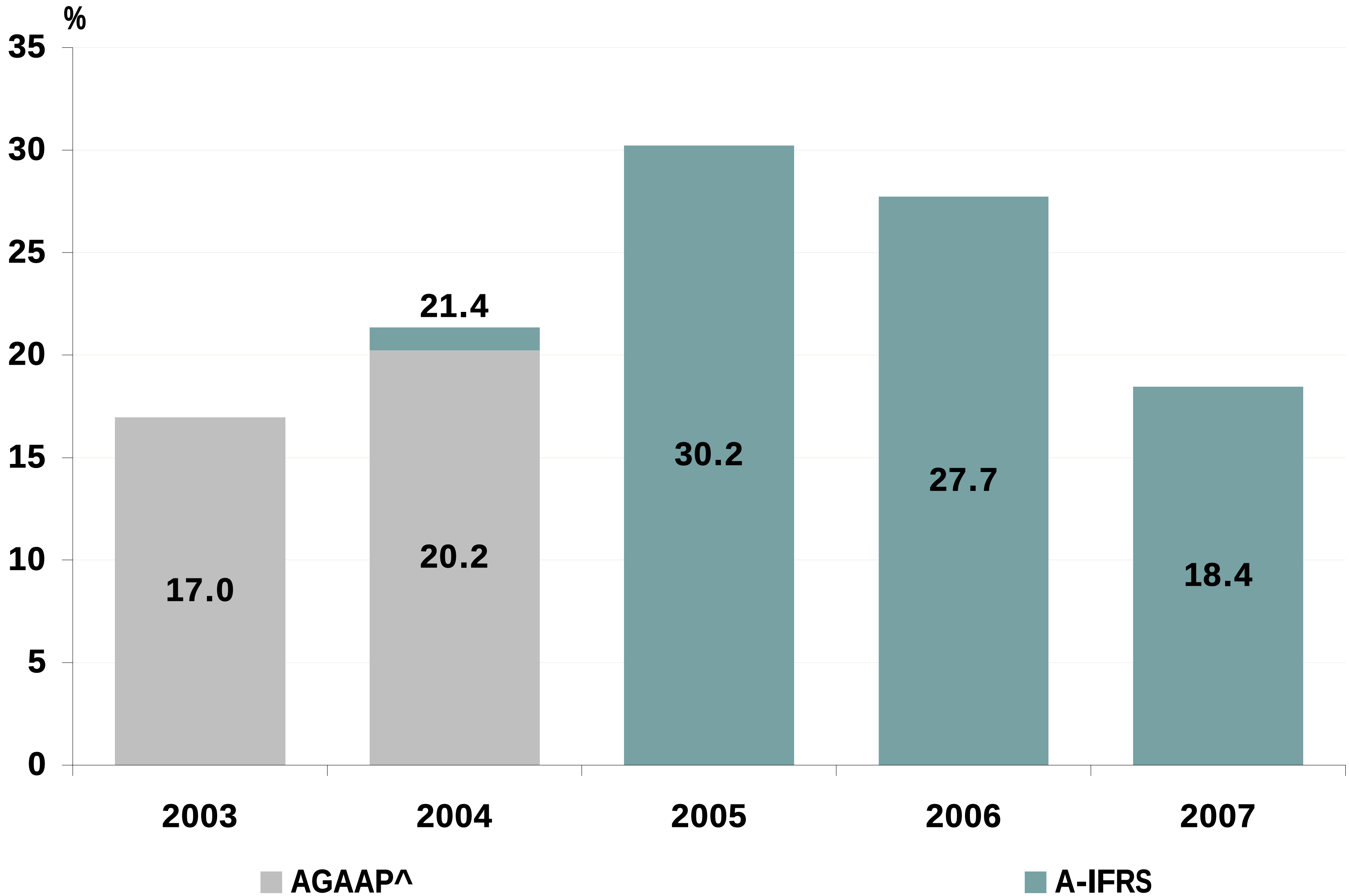
^ 2006 included some 25 cents per share relating to franking credits from ARG sale

Divisional EBIT

Half Year ended 31 December ($m)	2007	2006	↕ %
Home Improvement & Office Supplies	**332**	270	*23.0*
Coles	**130**	-	*n/a*
Target	**118**	-	*n/a*
Kmart	**101**	-	*n/a*
Resources	**112**	168	*(33.3)*
Insurance	**64**	60	*6.7*
Industrial & Safety	**61**	51	*19.6*
Chemicals & Fertilisers	**48**	28	*71.4*
Energy	**48**	38	*26.3*
Other	**72**	34	*111.8*
Divisional EBIT	**1,086**	649	*67.3*
Corporate overheads	**(40)**	(36)	*(11.1)*
Group EBIT	**1,046**	613	*70.6*

Return on Shareholders' Funds

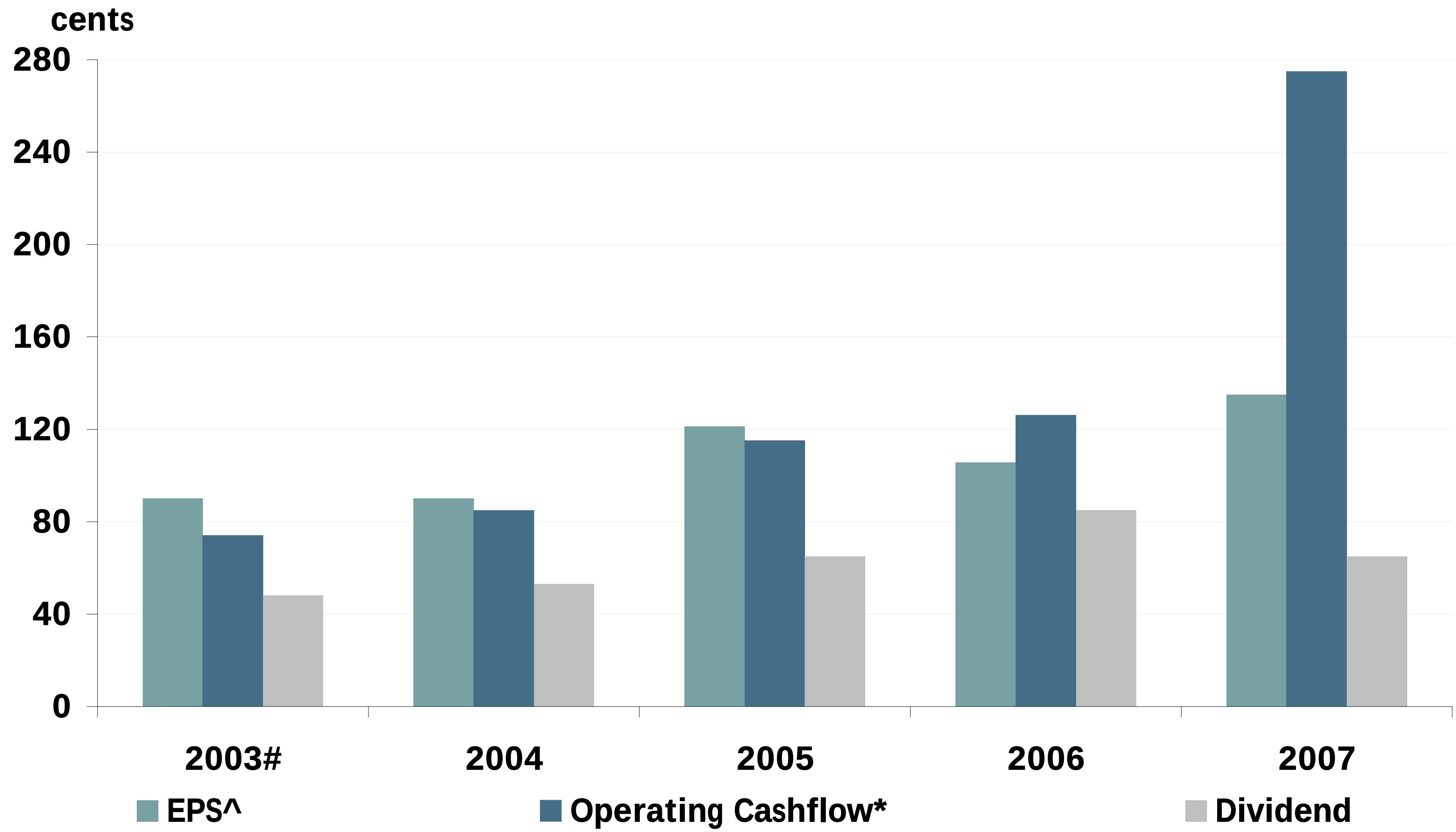
(rolling 12 months to 31 December)



Excludes sale of Landmark, Girrah (2003) and ARG (2006) ^ Before goodwill amortisation

Cash Flow & Dividend (Half Year to 31 Dec)

(per share)



EPS and Cash flow exclude sale of Landmark * WANOS includes employee reserved shares
^ AGAAP excl. goodwill amortisation (2003), AIFRS excl. employee reserved shares (2004 +)

Capital Expenditure

- Original $825 million FY08 budget weighted towards 1H08
- 1H08 capex excl. Coles Group slightly behind budget

Half Year ended 31 December (A$m)	2007	2006
Home Improvement & Office Supplies	**173**	91
Coles, Target and Kmart ^	**93**	-
Resources	**95**	95
Insurance	**6**	7
Industrial & Safety	**14**	11
Chemicals & Fertiliser	**127**	75
Energy	**78**	38
Other	**3**	1
Total	**588**	317

^ Capex spent for the period 23 November 2007 to 31 December 2007

Capital Management

- Net Debt / Equity of 70.1% at 31 December 2007
- Cash Interest Cover Ratio (rolling 12 months) of 5.0 times
- $4,000 million to be refinanced in 2008
  - DIP; Australian and offshore medium term debt; hybrids or convertibles
- Dividend Investment Plan
  - at least 75% underwrite for interim dividend, 1% discount
- Franking credit position supports $2 per share total FY08 dividend

Coles Integration

Keith Gordon

Business Integration Director

Wesfarmers

Coles Integration

Integrate: Corporate Functions -

- All reporting lines are now to Wesfarmers Limited
- Full integration to coincide with budgetary cycle and establishment of a small corporate office presence in Melbourne. Head Office to remain in Perth

Create: Divisional Structures –

- Organisational structures finalised for Target, Kmart and Officeworks. Transition of roles from Retail Support underway
- Organisational design for Coles underway
- Divisional boards operating
- Corporate planning process underway

Coles Integration

Commercial Reviews:

- Kmart – options assessment well progressed; 5yr business plan developed
- Simplification – programme ceased; all divisions have responsibility for cost base
- Supply Chain – review to be completed early March 2008
- Working capital – accountability and management transferred to divisions

Other:

- Legacy issues – company structures, legal matters
- IT – strategy for servicing divisions under development
- Options for office locations considered

Timing:

- All divisions to be operating autonomously by mid-2008

Coles Integration

Cost Savings:

- Simplification programme ceased
  - $288 million in run-rate savings realised prior to WES acquisition
  - Remaining $97 million to achieve $385 million target – expected to be realised through restructure and other initiatives
- $36 million net cost savings since acquisition arise largely from corporate areas
  - $62 million pa in costs removed from previous Coles Group
  - Offset by $26 million pa increase in Wesfarmers Ltd costs
- Approximately 60 redundancies since change of control
- Major restructuring to occur in Coles over next 6 months
- Opportunities for leverage of purchasing arrangements across Wesfarmers group being pursued

Home Improvement & Office Supplies

John Gillam

Managing Director

Home Improvement & Office Supplies Performance Summary

Half Year ended 31 December ($m)		2007	2006	↕ %
Revenue	Home Improvement	2,795	2,471	*13.1*
	Office Supplies	115	-	*n/a*
		2,910	2,471	*17.8*
EBIT	Home Improvement	325	270	*20.4*
	Office Supplies	7	-	*n/a*
		332	270	*23.0*

Home Improvement Performance Summary

Half Year ended 31 December ($m)	2007	2006	↕ %
Revenue	**2,795**	2,471	*13.1*
EBIT	**325**	270	*20.4*
ROC (R12 %)	**31.4**	25.1	*6.3pt*
Safety (R12 LTIFR)	**14.5**	13.4	
Trading Revenue*	**2,766**	2,428	*13.9*
Net property contribution	**12**	9	*33.3*
Trading EBIT*	**313**	271	*15.5*
Trading EBIT / Trading Revenue (%)	**11.3**	11.2	*0.1pt*

* Excludes property and WA Salvage

Home Improvement Highlights

- 14.4% cash sales growth
  - Store on store cash sales growth of 12.2%
- 6.1% lift in trade sales
- 6 warehouses and 1 trade centre opened
  - Strong ongoing investment in existing network
- Maintaining strong focus on core retail drivers
  - Good traction from key strategies

Home Improvement Outlook

- Continued cash sales growth
  - Threats to positive retail trading conditions emerging
- Further gains in trade
- Ongoing network development
  - 12 warehouse openings likely for 2007/08
- Strong focus on delivering on strategic agenda

Office Supplies
Performance Summary

23 November to 31 December ($m)	2007
Revenue	115
EBIT	7
Comparative store sales growth (%)	1.6
Trading Revenue*	115
Net property contribution	-
Trading EBIT*	**7**
Trading EBIT/Trading revenue (%)	6.1

* Excludes property and other non-trading items

Office Supplies Highlights & Outlook

- Satisfactory Christmas trading; competitive trading environment
- Full year result to be impacted by some “one-offs”
- Integration work proceeding well
  - Executive team structures in place
  - Separation activities well progressed
  - Tactical changes to the offer implemented
- Strategy review & re-set work underway

Coles

Mick McMahon
Chief Operating Officer

Coles Performance Summary

23 November to 31 December ($m)		2007
Revenue		**2,919**
EBITDA		**175**
Depreciation & Amortisation^		**(45)**
EBIT		**130**
Food & Liquor	Revenue	**2,271**
	Comparative store sales growth %	**2.0**
	Trading EBIT*	**118**
Convenience	Revenue	**648**
	Comparative store sales growth %	**6.2**
	Trading EBIT#	**12**

^ Incl. $5m of amortisation of intangibles (provisional)
* Incl. $7m of retail support costs not previously on-charged
# Incl. $1m of retail support costs not previously on-charged

Coles Highlights

- Improving Food & Liquor sales trend
  - Improved on-shelf availability and better fresh participation
- Christmas trading solid, but later than last year
  - Stronger performance in all Christmas categories
  - Liquor sales weather affected
- Strong increase in Convenience sales
- Continued upgrade of DC Network
- New stores opened (Aug – Dec): 15 supermarkets, 7 1st Choice, 20 fuel & convenience

Coles Outlook

- Continuing focus on product availability and cost management
- Customer focussed strategies
- Restructuring to occur
- New stores planned to open in second half
  - 10 supermarkets
  - 7 1st Choice
  - 10 convenience

Target

Launa Inman

Managing Director

Target. 100% happy

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Target
Performance Summary

23 November to 31 December ($m)	2007
Revenue	605
EBITDA	**123**
Depreciation & Amortisation	**(5)**
EBIT	**118**
Comparative store sales growth (%)	**3.1**
EBIT margin (%)	**19.5**
Store numbers	**274**

Target Highlights

- New store openings since July 31, 2007:
  - 7 Target
  - 2 Target Country
- Profit from Christmas trading period comfortably ahead of last year
- All high margin departments continue to perform well
- Outstanding growth in electrical department (consumer digital products)
- Ongoing use of designers to reinforce brand positioning

Target Outlook

- Continuation of solid store roll out programme
  - expecting further three Target stores to open this financial year
- New “Designers for Target”
- Preparing for potential slow down in retail spending
  - controlled stocks in higher risk areas
- Continued strategy of differentiation

Kmart

Larry Davis

Managing Director

Kmart
Performance Summary

23 November to 31 December ($m)	2007
Revenue	692
EBITDA	106
Depreciation & Amortisation	(5)
EBIT	**101**
Comparative store sales growth (%)	5.0
EBIT margin (%)	14.6
Store numbers (incl. Kmart Tyre & Auto)	450

Kmart Highlights

- Improvement in performance commenced second half FY07
- Strategic adjustments to the business are generating improved results
- Returned to comp sales increase
- Customers are responding well to the improved product offer
- Consistently strong performance across destination categories
- Strong Christmas trading period
  - Seasonal lines exceeded expectations

Kmart Outlook

- Evolve product offer
- Focus on improving the in-store customer experience
- Expanded refit programme
  - 19 refits to commence in 2H08
- More aggressive store opening program
- Create stand-alone capacity

Resources

Stewart Butel
Managing Director

Wesfarmers

Resources
Performance Summary

Half Year ended 31 December ($m)	2007	2006	⇕ %
Revenue	530	587	*(9.7)*
EBITDA	**179**	267	*(33.0)*
Depreciation & Amortisation*	**(67)**	(99)	*32.3*
EBIT	**112**	168	*(33.3)*
ROC (R12 %)	**30.3**	52.9	*(22.6pt)*
Coal Production ('000 tonnes)	**6,963**	7,133	*(2.4)*
Safety (R12 LTIFR)^	**4.4**	3.7	

* Includes Stanwell rebate amortisation of $33m in 2007 and $68m in 2006

^ Curragh and Premier only

Resources Highlights

- Strong metallurgical coal demand in constrained infrastructure environment
- Bengalla's Wantana Pit Modified Development Consent approval
- Feasibility studies continue into expanding Curragh and Bengalla mines
- Central Queensland major flood events in Jan/Feb 2008
  - Ongoing major monsoonal rain
- Active in coal industry support of clean coal technologies
- Change in divisional name to Wesfarmers Resources

Resources Outlook

- Strong market outlook for 2008/09
- Constrained export coal logistics remain
- Ongoing high demurrage cost
- Awaiting 2008/09 price negotiation outcomes
  - Spot export coal prices increasing
  - 556kt Curragh carryover tonnage impact in Q4 2007/08
- Forecast Curragh metallurgical sales 6.1 – 6.5mt in 2007/08
  - Impact of major flood event in January 2008
  - Higher volume of PCI in Metallurgical sales mix in 2007/08
- Feasibility studies to expand Curragh and Bengalla continue

Insurance

Rob Scott
Managing Director

Insurance Performance Summary

Half Year ended 31 December* ($m)	2007	2006	↕ %
Gross Written Premium Underwritten	618	546	*13.2*
EBITA Underwriting	**38**	61	*(37.7)*
EBITA Broking	**28**	4	*n.m.*
EBITA Other	**5**	(2)	*n.m.*
EBITA Insurance Division	**71**	63	*12.7*
EBIT Insurance Division	**64**	60	*6.7*
Net Earned Loss Ratio (%)	**67.4**	59.9	*(7.5)pt*
Combined Operating Ratio (%)	**98.1**	90.5	*(7.6)pt*
EBITA Margin (Broking) (%)	**27.4**	15.2	*12.2pt*

*2007 incl. 6 mths of OAMPS' (2006: 2 mths) and 6 mths of Crombie Lockwood (2006: nil)

Insurance Highlights

- Increased frequency of severe weather events
- Continued acquisition of small broking operations in Australia, NZ and UK
- Completed rollout of OAMPS brand across all Australian broking operations
- Integration phase completed with portfolio transfer from AIIL to Lumley
- Record crop season for WFI due to high grain prices
- Broking operations meeting expectations despite the soft market

Insurance Outlook

- Premium rates in Australia and NZ stabilising
- Restructuring of Lumley NZ operations to improve underwriting performance
- Continue programme of selective acquisitions that meet investment criteria
- Difficult claims environment will remain if current La Niña weather continues

Industrial & Safety

Olivier Chretien
Managing Director

Wesfarmers

Industrial & Safety Performance Summary

Half Year ended 31 December* ($m)	2007	2006	↕ %
Revenue	642	580	*10.7*
EBITDA	**66**	58	*13.8*
Depreciation & Amortisation of PPE	**(5)**	(7)	*28.6*
EBIT	**61**	51	*19.6*
EBIT margin (%)	**9.5**	8.8	*0.7pt*
ROC (R12 %)	**16.9**	13.7	*3.2pt*
Safety (R12 LTIFR)	**4.9**	4.1	

* 2007 includes Bullivants for 6 months (2006: 1 month)

Industrial & Safety Highlights

- Operating revenue improved by 10.7% to $642m
  - Growth in all businesses
  - Inclusion of Bullivants
- Earnings increased by 20% to $61m
  - Improvement in most businesses including New Zealand
  - Benefits of global sourcing and business improvement initiatives
- Return on Capital increased to 16.9% (last year 13.7%)
  - R12 capital employed slightly lower than last year despite the addition of Bullivants

Industrial & Safety Outlook

- Market conditions remain mixed
  - Continued demand from resources and infrastructure in WA and QLD
  - Manufacturing conditions remain subdued in Australia and New Zealand
- Ongoing strong competition and scarcity of skilled labour
- However satisfactory growth is expected
  - More competitive foundations
  - Strong ongoing focus on business improvement initiatives e.g. global sourcing
  - Each business firmly focused on customer service and profitable growth
  - Ongoing review of acquisition opportunities

Chemicals & Fertilisers

Ian Hansen
Managing Director

Wesfarmers

Chemicals & Fertilisers Performance Summary

Half Year ended 31 December ($m)		2007	2006	↕ %
Revenue	Chemicals	**218**	125	*74.4*
	Fertilisers	**173**	106	*63.2*
		391	231	*69.3*
EBITDA		**69**	46	*50.0*
Depreciation & Amortisation of PPE		**(21)**	(18)	*(16.7)*
EBIT		**48**	28	*71.4*
Sales Volume ('000t):	Chemicals	**281.4**	227.6	*23.6*
	Fertilisers	**386.6**	289.4	*33.6*
ROC (R12 %)		**16.2**	14.9	*1.3pt*
Safety (R12 LTIFR)		**2.9**	6.0	

Chemicals & Fertilisers Highlights

- EBA successfully renegotiated
- Ammonia plant production ahead of last year despite performance problems
- Higher production, sales and earnings from AN despite delay in expansion
- Good performance from Australian Vinyls (acquired Sept '07)
- Improved sodium cyanide earnings; more consistent plant performance
- Higher fertiliser volumes at higher pricing
- Sale of chlor alkali business recorded in 1H07 result
- AN expansion project
  - Nitric acid plant operational
  - AN for Flexi-N production

Chemicals & Fertilisers Outlook

- Demand for mining chemicals remains strong
- Demand for PVC strong
- Completion of new prill plant in May 08
  - Additional prill production
  - Total cost of AN expansion of around $400 million
- Seasonal break critical for fertiliser sales
- $15 million investment to debottleneck sodium cyanide production progressing
- QNP debottleneck on track (Sept ’08), finalising customer contracts

Energy

Tim Bult

Managing Director

Energy Performance Summary

Half Year ended 31 December* ($m)	2007	2006	↕ %
Revenue	**281**	**222**	*26.6*
EBITDA	**66**	**51**	*29.4*
Depreciation & Amortisation^	**(18)**	**(13)**	*(38.5)*
EBIT	**48**	**38**	*26.3*
ROC (R12 %)	**12.0**	**33.2**	*(21.2pt)*
LPG production (kt)	**82.3**	**93.8**	*(12.3)*
Safety (R12 LTIFR)	**3.0**	**1.1**	

* Includes Coregas in 2007 for 6 months (2006: nil)

^ Amortisation of intangibles in 2007 of $0.7m (2006: nil)

Energy Highlights

- WA LNG project remains on budget
- Good progress on industrial gas supply projects
- Record high energy prices
- Agreement to sell UNIGAS interest
- Integration of Coregas complete
- Appointment of new General Manager at Coregas

Energy Outlook

- Full year contribution from Coregas
- Dependent on:
  - international LPG prices
  - gas flow rates
  - LPG feed rates
- LPG export sales – second half expected to be in line with last year
- Lower autogas sales
- Contributions from LNG project due in 2008/09

Other Businesses

Gene Tilbrook
Finance Director, Wesfarmers Limited

Wesfarmers

Other Business Performance Summary

Half Year ended 31 December ($m)	Holding%	2007	2006
Associates:			
Gresham Private Equity - Fund 1	*50*	**3**	0
Gresham Private Equity - Fund 2	*67*	**23**	(1)
Gresham Partners	*50*	**5**	2
Wespine	*50*	**3**	4
Bunnings Warehouse Property Trust	*23*	**8**	26
Tax on relevant associates		**(4)**	(4)
Associates Sub-total		**38**	27
Coles dividend (on April 2007 stake)		**32**	-
Other*		**2**	7
Total		**72**	34

* Includes corporate interest & investment income, BPML, self insurance

Breakdown of reported result

Half Year ended 31 December ($m)	2007	2006
Divisional EBIT	**1,014**	615
Profit from associates	**38**	27
Other EBIT	**34**	7
Corporate overheads	**(40)**	(36)
Group EBIT	**1,046**	613
Less: Finance costs		
- expense net of capitalisation	**(244)**	(58)
- discounts*	**(6)**	(5)
Reported profit before tax	**796**	550

* relates mainly to Stanwell rebate

Gresham Private Equity

GPE Fund 1

- Norcros divested, with some deferred consideration
- Current investment $31m
- Exit of Riviera expected within several years

GPE Fund 2

- Wesfarmers' current commitment $180m; Capital invested $141m
- New Investments in Barminco and Experiential Group
- Revaluations are to Wesfarmers' earnings

Outlook

Richard Goyder
Managing Director, Wesfarmers Limited

Outlook

- Focus on bringing about substantial change in Coles
- One-off transaction/restructure costs in 2H08 expected; too early to quantify
- Continuing good results in most businesses
- Impact of higher interest rates and fuel price volatility
- Strengthening coal price outlook
- $4bn to be refinanced

Questions

Wesfarmers

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