

27 May 2010

The Manager  
Company Announcements Office  
Australian Securities Exchange

Dear Sir,

**PRESENTATION TO BE GIVEN AT INVESTOR BRIEFING, SYDNEY**

Following is a presentation that is to be given today at an investor briefing in Sydney.

This briefing will be webcast and can be accessed at:

**Investor Briefing 8:30 am (EST)**

[http://www.thomson-webcast.net/au/dispatching/?event\\_id=fabb6dfafb4f5f449eb0794ec76e91f8&portal\\_id=cff2f208e945b0c05d992e6231cc3d44](http://www.thomson-webcast.net/au/dispatching/?event_id=fabb6dfafb4f5f449eb0794ec76e91f8&portal_id=cff2f208e945b0c05d992e6231cc3d44)

Yours faithfully,



L J KENYON  
COMPANY SECRETARY

Enc.

# Investor Briefing

27 May 2010

InterContinental Hotel, Sydney



**Richard Goyder**  
**Managing Director, Wesfarmers Limited**



**Wesfarmers**

# Agenda

8:30 Introduction

8:45 Coles

9:30 Target

10:15 Morning Tea

10:45 Kmart

11:30 Home Improvement & Office Supplies

12:15 Resources

1:00 Lunch

1:45 Insurance

2:15 Chemicals, Energy & Fertilisers

2:45 Industrial & Safety

3:15 Capital Management

3:30 Q&A

3:45 Close

# Coles renewal...

Ian McLeod



1. Performance update
2. Renewal strategy progress
3. Trading outlook

# Coles' three phase strategy

## Building a Solid Foundation

## Delivering Consistently Well

## Driving the Coles Difference

Performance ↑

- Create a strong top team
- Cultural change
- Availability & store standards
- Value & customer trust
- Store renewal development
- Liquor renewal
- IT & supply chain infrastructure
- Efficient use of capital

- Embed the new culture
- Team member development
- Improved customer service
- Appealing Fresh food offer
- Stronger delivery of value
- Scale rollout of new formats
- Improved efficiency
- Easy ordering completed

- Culture of continuous improvement
- Strong customer trust & loyalty
- Strong operational efficiency
- Innovative & improved offer
- New stores, new categories

Year 1 - 2

Year 2 - 4

Year 4 - 5

# Good progress in phase one

## Building a Solid Foundation

- Create a strong top team
- Cultural change
- Availability & store standards
- Value & customer trust
- Store renewal development
- Liquor renewal
- IT & supply chain infrastructure
- Efficient use of capital

## Progress so far...

Nearly 50% of senior managers new in role  
 Early progress, but more work to do  
 On shelf gaps reduced by more than 50%  
 Better quality, value & service closing trust gaps  
 50 trial stores with positive customer response  
 Double-digit sales growth in first two years  
 Over \$200 million on IT & supply chain projects  
 5 day improvement in working capital

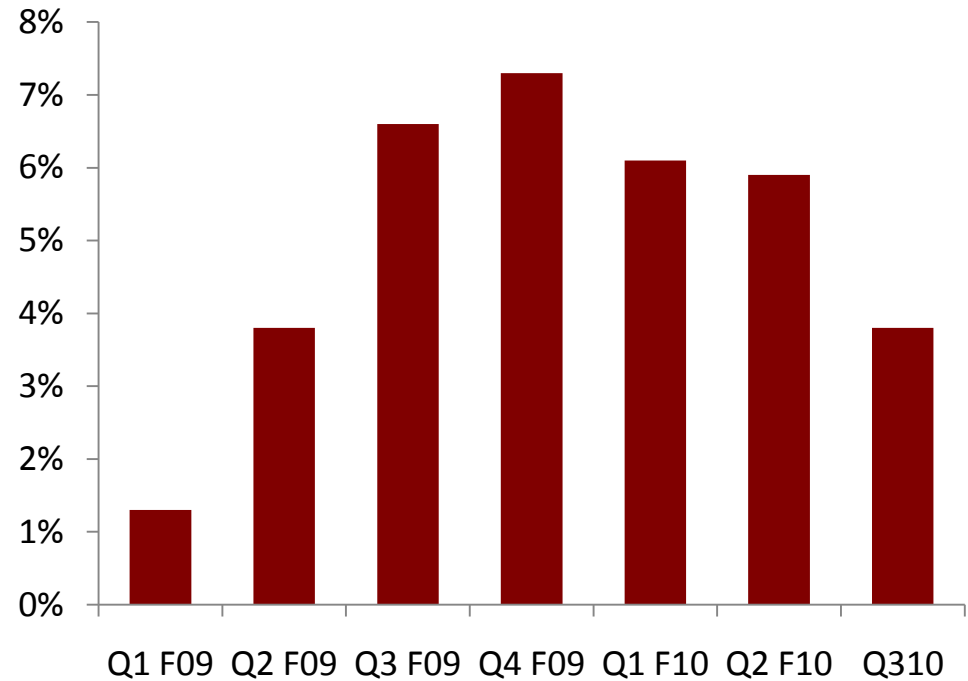
Year 1 - 2



# Driving strong sales growth

- 5.8% CAGR for headline food & liquor sales in the first two years of the turnaround <sup>(1)</sup> <sup>(2)</sup>
  - An additional 1.5 million weekly F&L customer transactions
  - Incremental F&L sales of \$2.4 billion over the period
- Seven consecutive quarters of comparative sales growth
- High inflation slowing to deflation over last two years

Coles Quarterly Comparative Sales



## Footnotes

(1) Period from Q3F08 until Q3F10

(2) Includes hotels

# Transition to phase two

## Building a Solid Foundation

## Delivering Consistently Well

## Driving the Coles Difference

Performance ↑

- Create a strong top team
- Cultural change
- Availability & store standards
- Value & customer trust
- Store renewal development
- Liquor renewal
- IT & supply chain infrastructure
- Efficient use of capital

- **Embed the new culture**
- **Team member development**
- **Improved customer service**
- **Appealing Fresh food offer**
- **Stronger delivery of value**
- **Scale rollout of new formats**
- **Improved efficiency**
- **Easy ordering completed**

- Culture of continuous improvement
- Strong customer trust & loyalty
- Strong operational efficiency
- Innovative & improved offer
- New stores, new categories

Year 1 - 2

Year 2 - 4

Year 4 - 5

# Higher quality fresh produce

- Improved quality
  - Direct delivery to stores by more than 100 suppliers improving freshness & shelf life
  - Partnering directly with key growers in each category to drive quality & innovation
- Stronger value
  - Investment in price driving double digit volume growth
- Improved service & store standards
  - Improved presentation & handling
  - Investment in fresh DC network

**For quality,  
"Coles is best."**

A Current Affair.  
Wednesday 5<sup>th</sup> May, 2010

Channel Nine's *A Current Affair* program conducted an independent secret survey to find out who has the best fruit and veg. Coles, Woolworths, Aldi and Harris Farm were put to the test. The result? On fresh produce quality, 'Coles is best!'

Quality food costs less at Coles

**coles**  
it all counts

# Improved in-store bakery

- Better quality
  - 600 stores bake fresh bread every day
  - Redeveloped 75 recipes to offer better quality products
- Expanded range & availability
  - Over 50 new fresh baked products launched
  - Seasonal Christmas bakery
  - Packaged cakes
  - Freshly baked treats
    - Doughnuts, cookies, pastries, scones
- Improving service & store standards
  - Oven upgrade commenced



# Better meat, deli & seafood offer

- Enhanced service & store standards
  - Butchers, fishmongers & cheese specialists
    - Slice on demand at Deli counters
    - Self-serve options for time poor customers
- Improved quality & range
  - Dedicated & focused suppliers
  - More locally sourced products in the range
  - Open seafood counter in renewal stores
- Better value
  - Savings on bulk products
  - Improved promotional program
  - Increased multi-save offers



# Stronger value communication

- Quality food costs less at Coles
  - Feed your Family for under \$10
    - Record customer recognition
    - Surge in recipe ingredient sales
- Building customer trust in Coles
  - Rejuvenating existing categories
    - New health & beauty formats in over 400 stores
    - Better entertainment & paper shop
- Fewer, deeper promotions
  - Super specials
  - Dollar Dazzlers
- State-based pricing



# Uniform State-based pricing

“For consumers, it’s exactly what we want to hear.”

National Nine News, 27 January 2010

## Same low prices across NSW.

From Bondi to Bathurst, you’ll see our grocery prices are the same.

For fresh fruit and vegetables, we’ll keep offering great local prices. See [www.coles.com.au/homelowprices](http://www.coles.com.au/homelowprices) for more information about Coles’ pricing.

**coles**  
it all counts

## Same low prices across Victoria.

From Hawthorn to Horsham, you’ll see our grocery prices are the same.



Sprite, Fanta, Lilt Soft Drink Varieties 24 x 375ml 3.5L per case

Morning Fresh Dishwashing Liquid 4.50L 1.5L per case

For fresh fruit and vegetables, we’ll keep offering great local prices. See [www.coles.com.au/homelowprices](http://www.coles.com.au/homelowprices) for more information about Coles’ pricing.

On Sale Thurs 11th February until Wed 17th February 2010. See page 3 for details. Prices subject to change without notice.

**coles**  
it all counts

coles



# Feed your Family for under \$10



# Improving customer service

- Better customer satisfaction scores
- Shorter queues
  - More effective rostering
    - 38,000 roster changes
  - Self-scan check-out
    - 76 stores so far
- Improved service across the network
  - Over 5,000 new POS registers & screens
  - Over 2,500 new POS scanner scales
- Better store standards
  - Over \$110 million on refrigeration upgrades



# Roll-out of new formats

- 50 new format stores
  - Trial stores in every State
- Positive results from trials
  - Double-digit sales growth
  - Highest fresh participation rates in the network
  - Better basket mix
  - Operating model working efficiently
- Roll-out phase commencing in FY11
  - ‘Plug & play’ approach
    - New stores
    - Refurbishments



# Easy ordering

- Easy ordering now in 150 stores
  - Improving availability
  - Decreasing waste & markdowns
  - Reducing inventory
  - Increasing productivity
- On track for 180 to 200 stores by end FY10
  - Complete roll-out by FY12
- Integrated warehouse replenishment
  - Seamless IT platform with easy ordering



Easy Ordering  
What Team Members say...

# Improving efficiency

- Better supply chain
  - Improved DC service
    - 99% on time delivery
    - 20 million p.a. less cartons delivered direct to store
- Improving DC efficiency
  - Lower supply chain costs
- Reduction in multiple handling
  - Ongoing focus on shelf-ready packaging
- Improving team member satisfaction
  - Substantial reduction in LTIFR
  - Lower turnover & absenteeism



# Working smarter



# Liquor renewal underway

- Value focus across all brands
  - Good sales growth
  - Strong volume growth in key categories
- Improving service for customers
  - Focus on in-store execution
  - Better store standards & efficiency
- Investment in-store network
  - Roll-out of new Liquor platform
  - Refresh & refurbishment program
  - Improving site selection



1<sup>st</sup> Choice Liquor store at Ashburton

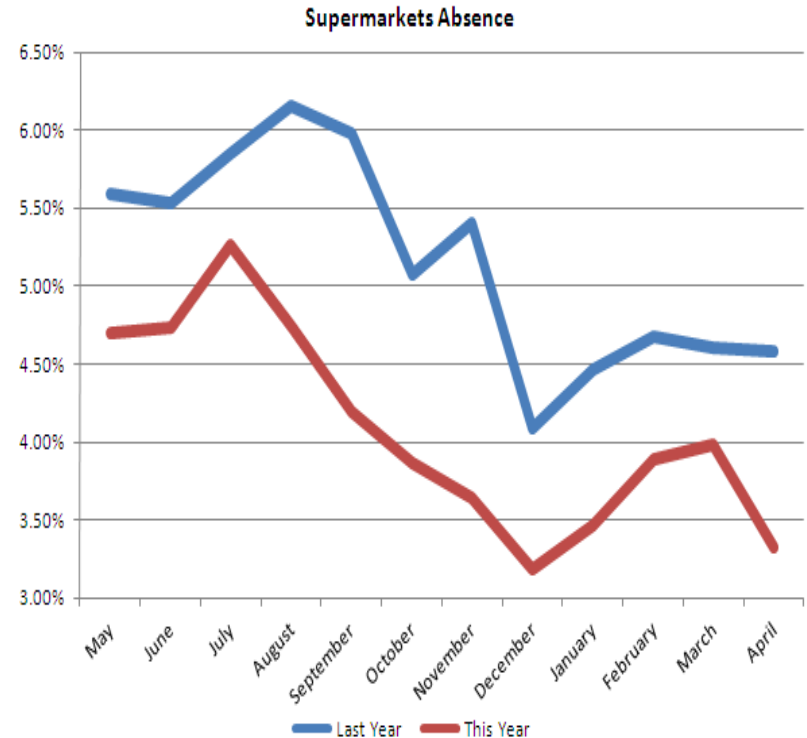


# Building on our C-Store offer

- Improving value offer
  - Targeted fuel promotions
  - Multi-buy promotions in-store
- Better quality fuel mix
  - Focus on growing Shell V-Power
  - Increased availability of diesel
- Focus on enhanced customer service
  - New POS system to be completed in FY12
    - Easier for store teams
    - Quicker service for customers
    - Improved efficiency
    - Lower cost
- Ongoing network optimisation



- Stronger senior management group
  - 110 new managers appointed in the store support centre
  - 198 new store managers promoted or appointed
- Focus on better cross functional working
  - Focus on end-to-end execution
- Working to motivate team members
  - Absenteeism down 21%
  - 83% of team members satisfied with Coles as place to work



# Team member development

- New programs to develop our own talent pool
  - Over 80 graduates appointed
  - 82 'Retail Leaders' appointed to store manager roles
  - 378 'Retail Leaders' appointed as departmental managers
- Increased focus on building more capable teams
  - Retail skills program
    - 70 team members in buyer academy
  - Leadership academy
    - 13 rising stars in program
- Improving better reward & recognition

**Are you ready to Step up?**

Be a Team Member about to graduate from university and is now considering the Graduate Retail Leaders Program to advance his career in retail.

Chloe has worked as a Team Member since she was 16, and is now thinking about furthering her career at Coles. Chloe is eligible for the Internal Retail Leaders Program.

The Retail Leaders Program is growing! We've had some great success stories from our first 2 intakes including over 400 appointments to Department Manager, Store Manager and above. This year we are focused on developing more leaders in our business. We are stepping up to 4 intakes and over double the amount of Retail Leaders entering the program which gives you an exciting opportunity to apply. There are 2 paths to begin on the Retail Leaders Program, the Retail Leaders Program for current Team Members and the Retail Operations Graduate Program open to people who have completed university studies in the last 2 years.

**Retail Leaders Program**

- The Retail Leaders Program is available to current and former employees who have completed their education and a passion for working. It's a six month on-site program with a 12-month pay rise.
- Gain your on-site training and build on your own knowledge & leadership skills through a structured program.
- Gain the practical skill help deliver a great customer experience.
- Gain experience in leading multiple departments.
- Build on your experience with exposure to other team within operations.
- Attend workshops to build your own knowledge & skills.

**Retail Operations Graduate Program**

- The Retail Operations Graduate Program is available to current and former employees who have recently completed, or are about to complete their university or TAFE studies. The first year program will see valuable experience as a Store or Service Manager.
- Over your 12 month pay rise, you will:
  - Learn the practicals that help deliver a great customer experience.
  - Gain experience in leading as a Department Manager.
  - Build on your knowledge of the retail industry.
  - Build on your experience with exposure to other team within operations.
  - Attend workshops to build your own knowledge & skills.

With a wealth of learning from expert based Managers, Regional Managers, Retail Leaders and Team Members the opportunity to become a Retail Leader is here.

Apply now to join the Coles team, and start your new role with a clear career path. From the Retail Leaders Program it's just a step away to a challenging role that will give you the opportunity to reach your full potential.

**Stuart Mackinnon**  
 Senior Manager  
 stuart.mackinnon@coles.com.au

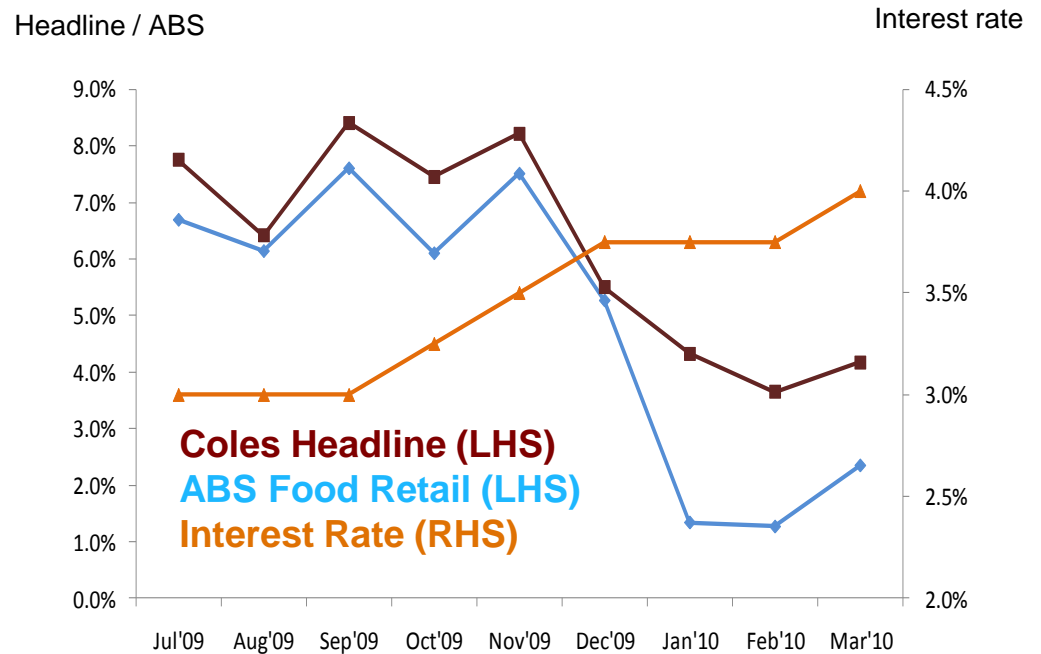
**For more information on our Retail Leaders Program, please speak to your Store Manager.**

Further details are available on Supermarkets Connect or by emailing retailleaders@coles.com.au

**coles**

- Coles turnaround
  - Good progress in phase one
  - Transitioning to phase two
- Focus on building customer trust in the Coles brand
- Macro-economic conditions are tough
  - Rising interest rates
  - Lower consumer confidence

## Food & liquor sales slowed as interest rates rose in last six months



Food & Liquor Headline, ABS Food Retail Sales Growth (yr-on-yr) & Reserve Bank Cash Interest Rate Trends

# Questions



# Target

Launa Inman



*Target is a value fashion alternative to speciality & department stores.*

*Differentiation underpins our customer offer which is focused on delivering a unique & convenient shopping experience with product that is great style, great quality & great value.*



- Consumer behaviour purposeful
  - Require significant incentives to purchase
- Less discretionary income
  - Rising mortgage interest rates & higher petrol prices
- Economic uncertainty
- Increased competitor activity
- Cycling federal government stimulus
- Retail price deflation/cost inflation leading to margin pressure

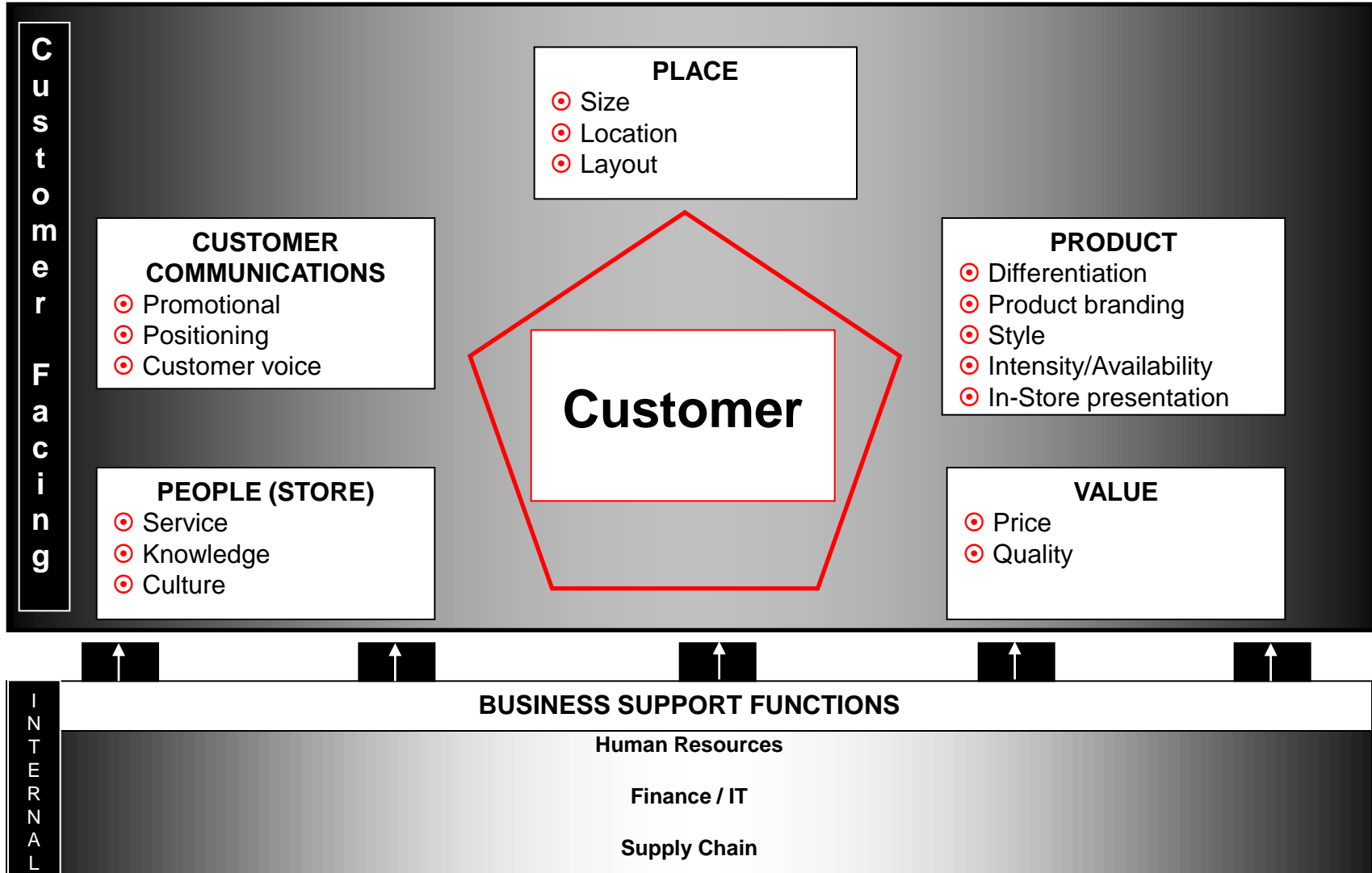




- Traditional competitors revitalising their offer
- Pressure on margins
- Threat of overseas retailers entering the Australian market
- Increased consumer use of internet & multi-channel retailing



# Strategic priorities



## Network

- Open new stores
- Complete accelerated refurbishment program

## In-store experience

- Perth prototype
- Airport queuing (120 stores & first to market)
- Baby shop



- Q4 FY10
  - 1 new store to open (TC Qld)
  - 1 closure (Target Vic)
  - 9 refurbishments to be completed
- FY11
  - 6 net stores planned
  - 47+ refurbishments planned
- Annually beyond FY11
  - Targeting 10+ new stores
  - Around 20 refurbishments



# Target store network

As at 30 April 2010











# Airport queuing



# Baby shop concept



- Investment in our people
  - High potentials
  - Succession planning
  - Merchandise trainees
  - Specialist skills
  - Store teams – 12 Golden Steps
- Feedback from team members ensures we meet the expectations of our people & customers



- Fun, quirky & 100% happy
- Customer appeal
- Re-engineering the marketing mix
- Continued clear communication across all marketing channels



# 'Effortless Denim' TVC



- Continued re-investment in price
- Quality not compromised
- Clearly communicate the proposition to customers externally & in-store

Target logo

Single breasted trench coat with printed lining. \$69. **Save \$20**

20% off  
sleepwear, accessories,  
Perfect fit.  
Perfect price!

Fully-lined trench coat with contrast buttons. **Save \$20**

Single breasted trench coat with striped lining. \$69. **Save \$20**

All women's trench coats  
**\$49** ea  
Sizes 8-26.

Fully-lined trench coat. \$69. **Save \$20**

4

No restrictions on all items and offers on this page.

# 'Get a lot for a little' TVC



- Growth opportunities through change
- New Way of Working (customer centric)
  - Improved customer focus
  - Re-engineering core merchandise processes
  - Creating a ‘world class’ design capability
  - More meaningful strategic supplier partnerships
  - Superior in-store presentation
- Implications:
  - ~\$5 million in increased costs in FY10 & FY11





- Supply Chain
  - Speed to market
  - Costs reduced by \$20m to invest in price
  - Reduced factory to store delivery time by four days
  - Air freight China to store in three days
  - Shared offsites to increase efficiency



- Technology upgrades
  - Assortment planning
  - Stock allocation tool
  - Space management tool
  - Direct Sourcing System to track, manage & facilitate offshore sourcing



- Differentiated offer
- Underpin comparable store sales growth
- Improved cost of goods sold allow further price re-investment
- CODB leverage



- Local community involvement
  - Stores & regions community fundraising
- National involvement
  - The Alannah & Madeline Foundation
    - \$600k plus raised via red reusable bag sales
    - 100 million plastic bags removed
  - St Johns Ambulance
    - 1,700 customers participated in free Kids Safe first aid courses
  - Bonnie Babes Foundation
    - 5% of childrenswear sales on National Babies Day. \$130k donated over two years
  - Uniting Care Christmas Appeal
    - 18 years & 1.6 million gifts
  - SIDS & kids
    - Cause related marketing for Red Nose Day



- Impact of cycling federal government stimulus in short to medium term
- Continued pressure on margins & comparable store sales growth
- *New Way of Working* key to maintaining leadership position with investment required
- Online retailing planned
- Focus on core clothing categories



# Questions

**TARGET HOMEWARES**  
*Get a lot for a little*

There's a lot to like about our homewares department. For a start, it's huge, with a massive range of items to help turn your house into a home.

And of course everything is great quality, because that's what Target is famous for. But perhaps the best thing about our homewares is the amazing value. Our prices are kept as low as possible, so you get a real bang for your buck.

So whether you need to transform a lounge room, bedroom or bathroom, or you just need to update some essentials, when you do it with Target it won't cost you the earth.

Low prices and trusted Target quality.  
*That's the magic of Target.*

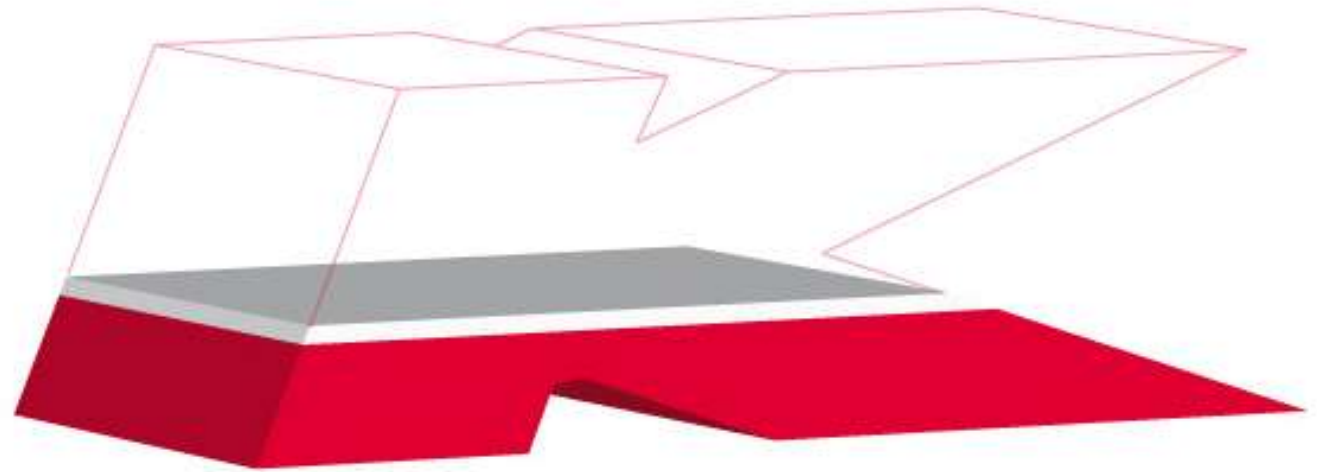


# Kmart

Guy Russo

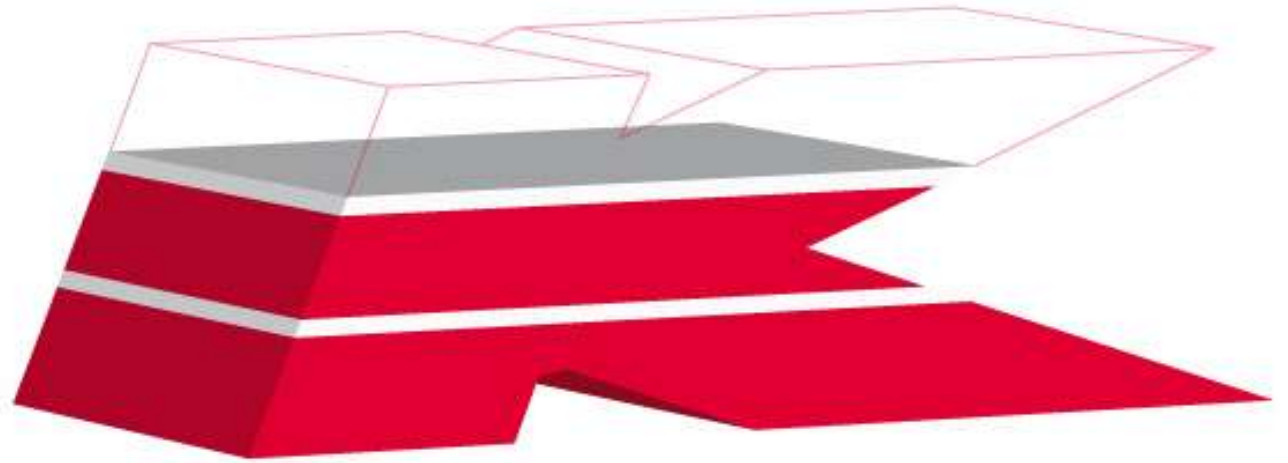


discovery



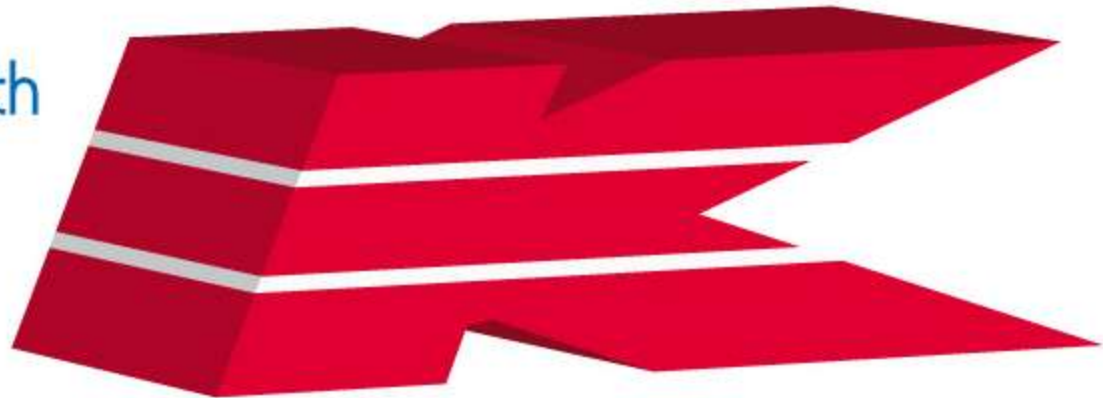


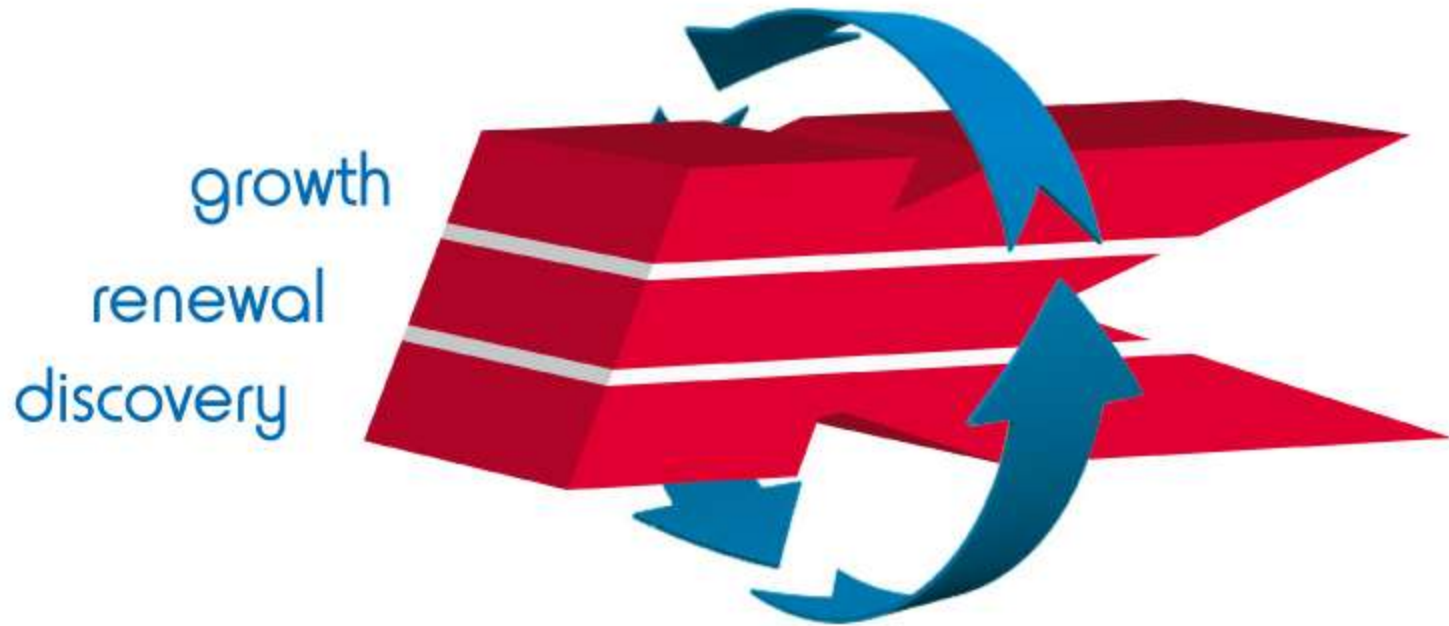
renewal  
discovery



# The journey

growth  
renewal  
discovery



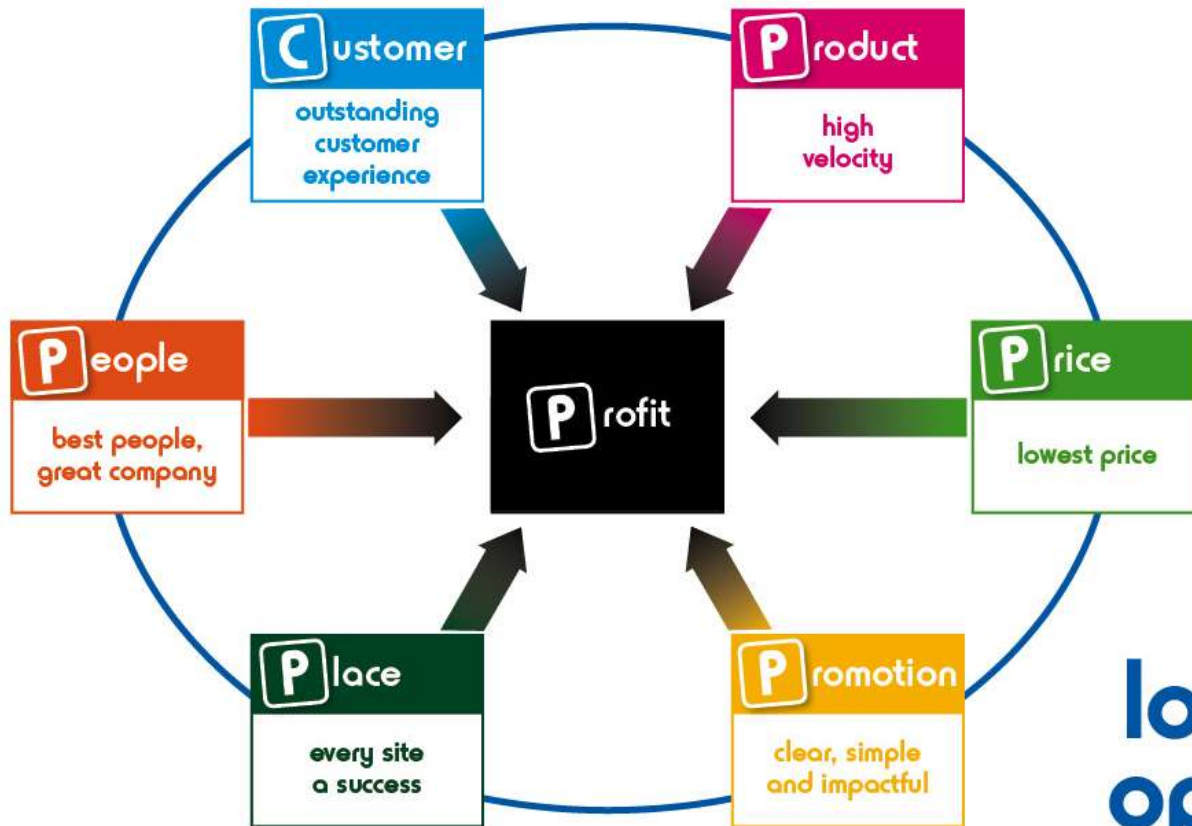


# Retail landscape

- Challenging retail environment
  - Heavy discounting in marketplace
- Pressure on discretionary spending
  - Increasing interest rates & higher petrol prices
  - Stimulus payments now a hurdle
- Customers are cautious



Where families come first for the  
lowest prices on everyday items



**low cost operator**

**P**rice  
lowest price



# % off (past)





# Strong price points



# Low prices



# Sourcing channels



# Sourcing channels



# Price – lowest price

- Value to customers
- Low prices, everyday
- Fewer price points
- Sourcing at lower cost
- Overt in-store pricing

# Grandma TVC





**P**roduct

high  
velocity



# Everyday items





# Product depth



# Product depth



# Product flow



# Product – high velocity

- What families need everyday
- On trend
- SKU reduction
- Efficient product flow

# Kettle TVC



**expect  
change**

**P**romotion  
clear, simple  
and impactful



# Catalogue is a window to our stores (past)

**mustn't miss out sale**

**25% to 40% off manchester**  
bring in receipts

**25% off kids' clothing**  
from all kids' clothing, toys, bedding & homeware. Excludes all electricals, books, toys & homeware. Some items may be excluded.

**£8** ~~was £9~~  
more 25

**£26** ~~was £39~~  
more 25

**£12** ~~was £15~~  
more 25

**On sale Thursday 21st to Wednesday 27th February 2008**  
[www.kmart.com.au](http://www.kmart.com.au)

**Kmart**  
where good times start

© 2008 Kmart. All rights reserved. All offers on this page are not in conjunction with any other offer.



# Catalogue is a window to our stores (now)

## low prices for little ones



Soft touch bamboo knitted bib  
Excludes Sun 19 00kg, size 4-5 approx.



Fisher-Price Laugh & Learn puppy



Fisher-Price Happy Toddler in 1800 00 pack  
Excludes 00 pack, toddler 00 pack or 00 pack

On sale Thursday 15th until Wednesday 21st April 2010

[www.kmart.com.au](http://www.kmart.com.au)

Prices shown are subject to change without notice





# Customer communication



**we may  
look the same,  
but we're  
different**

Been to Kmart lately? You might've noticed we're changing.

We're making shopping for the things you need easier and cheaper. Yes, our prices are lower. That's because we're changing the way we buy for you. Our aisles may seem wider, the reason for that is they're clutter-free making it easier to get around the store. And our team is there to help when you need it.

You'll also discover we've got more of the things you really need, and we're open longer so you can shop when it suits you.

So, while we may look pretty much the same, the next time you visit Kmart, you can expect change.



# Promotion – clear, simple & impactful

- Engage the customer
- Engage Kmart team members
- Increase customer visits
- Customer research guiding our direction
- Events are very important

# Irene TVC





**P**lace  
every site  
a success



# Store refresh



# Wider aisles



# Convenient shopping



# Kmart Tyre & Auto





# Place – every site a success

- Great customer experience
- Replace old floors
- Update old fitting rooms
- Self checkouts
- Clear race tracks & midways
- Resizing stores
- Aggressive new site program

# Dad TVC





**P**eople

best people,  
great company



# Best people, great company

We're making changes in our stores so that shopping is more enjoyable for our customers.

Now we're inviting our customers to come in and give Kmart another go.

So if a customer asks you...

**what does  
expect change?  
mean**



let's tell them...

- We love our customers
- We have faster, friendlier checkouts
- We have clean, clear and unduttered stores
- We have more convenient shopping hours
- We have great products at the lowest price (more change in our customer's pockets)



Where families come first for the lowest prices on everyday items

Isaira Boyd  
Kmart Business Support member

# Best people, great company

- Customers come first
- Respect all stakeholders
- Pride in our work
- Deliver results
- Teamwork & trust

# Customer service – Kate & Cam





ustomer  
outstanding  
customer  
experience

# Customer engagement







# Customer – outstanding experience

- All about the Kmart customer
- Fast & friendly service
- Clean & tidy stores
- Lowest price
- More convenient shopping hours
- Clear race tracks & midways
- On trend everyday items
- Community engagement

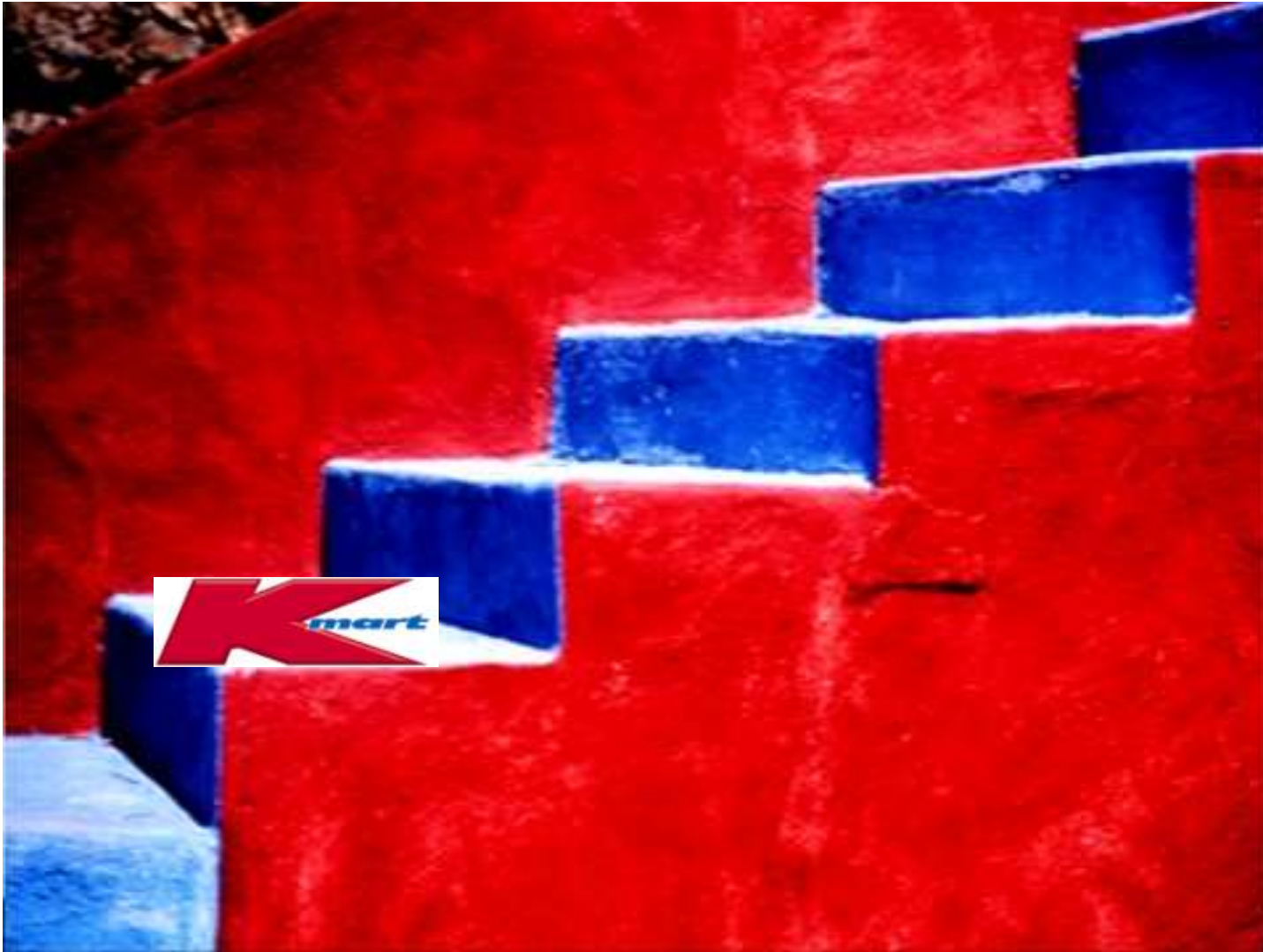
# Dog Food TVC

Kmart



- Early stages of journey, still much to do
  - Customer engagement remains number one priority
- Response to strategy positive to date & we will continue to:
  - Invest in price for our customers
  - Increase volumes
  - Refresh store floors & fitting rooms
- Retail environment remains challenging
  - Competitive landscape intense
  - Downward pressure on margins

# First steps



# Questions



# Home Improvement & Office Supplies

John Gillam/PJ Davis/Mark Ward  
May 2010



# Agenda

## 1. Bunnings

- Background & market trends
- Strategic agenda
- Trading update & outlook



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## 2. Officeworks

- Background
- Strategic agenda
- What has been done & moving forward
- Trading update & outlook



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## 3. Q&A





## Information Centre



# History

- 124 years
- Timber & building sector origins
- Consumer & DIY focus from 1980's
- Long term growth

<p><b>1886</b> Arthur and Robert Bunning arrive in Western Australia. Bunning Bros Pty Ltd is founded. Soon after they purchase their first sawmill.</p> 	<p><b>Bunnings grows through acquisition</b></p> <p><b>1989</b> Bunnings purchase Alco Handyman operations in WA and merge operations to significantly increase exposure to the D.I.Y. market.</p>  <p><b>1993</b> Bunnings purchase McEwans Ltd in Victoria and South Australia enabling expansion of operations to the East Coast.</p> 	<p><b>Further growth by acquisition</b></p> <p><b>2001</b> Wesfarmers purchase the BBC Hardware network including Hardwarehouse and Benchmark stores in Australia and New Zealand.</p>  
<p><b>1952</b> Bunnings expand in the WA market, adding building supplies to the existing timber business; become a public company and the leading supplier of WA hard woods to the housing construction industry.</p> 	<p><b>1994</b> Bunnings open their first Bunnings Warehouse in the Melbourne market and Wesfarmers go to 100% ownership</p>  	<p><b>Today</b> Bunnings continue to expand its operations with new Warehouses, Small Format Stores and Trade Centres throughout Australia and New Zealand.</p> 



1. A winning offer to customers
2. An engaged, focused & committed workforce
3. Business behaviour that builds trust
4. Sustainable satisfactory shareholder returns

*Achieving growth in every store & by expansion*

## Bunnings Warehouse strategic platform



# LOWEST PRICES.

# WIDEST RANGE.

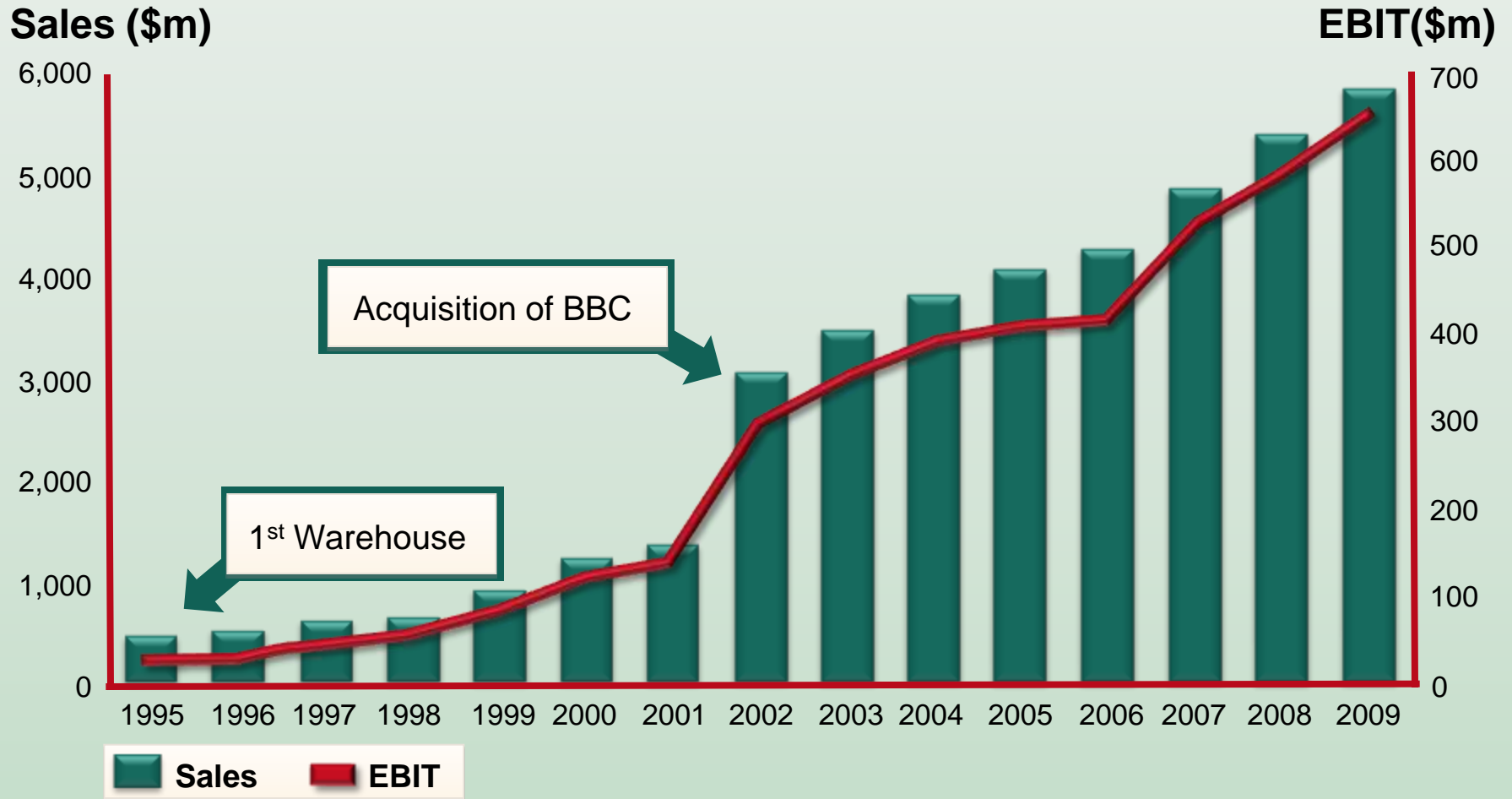


# BEST SERVICE.

# Market trends

- Dynamic evolution across 3 decades
  - “Hardware” to “home improvement & outdoor living”
  - 1980: two markets ... commercial or retail
  - 1990: big box formats enter
- 2010: one much larger market
  - Home improvement and outdoor living
  - Retail and commercial
- Australian market growing; now exceeds A\$36 billion
  - Long term growth anticipated
  - Homogenous, major players ‘vertically capable’
  - Similar traits in New Zealand market (size: NZ\$7.5 billion)

# Bunnings sales & EBIT growth



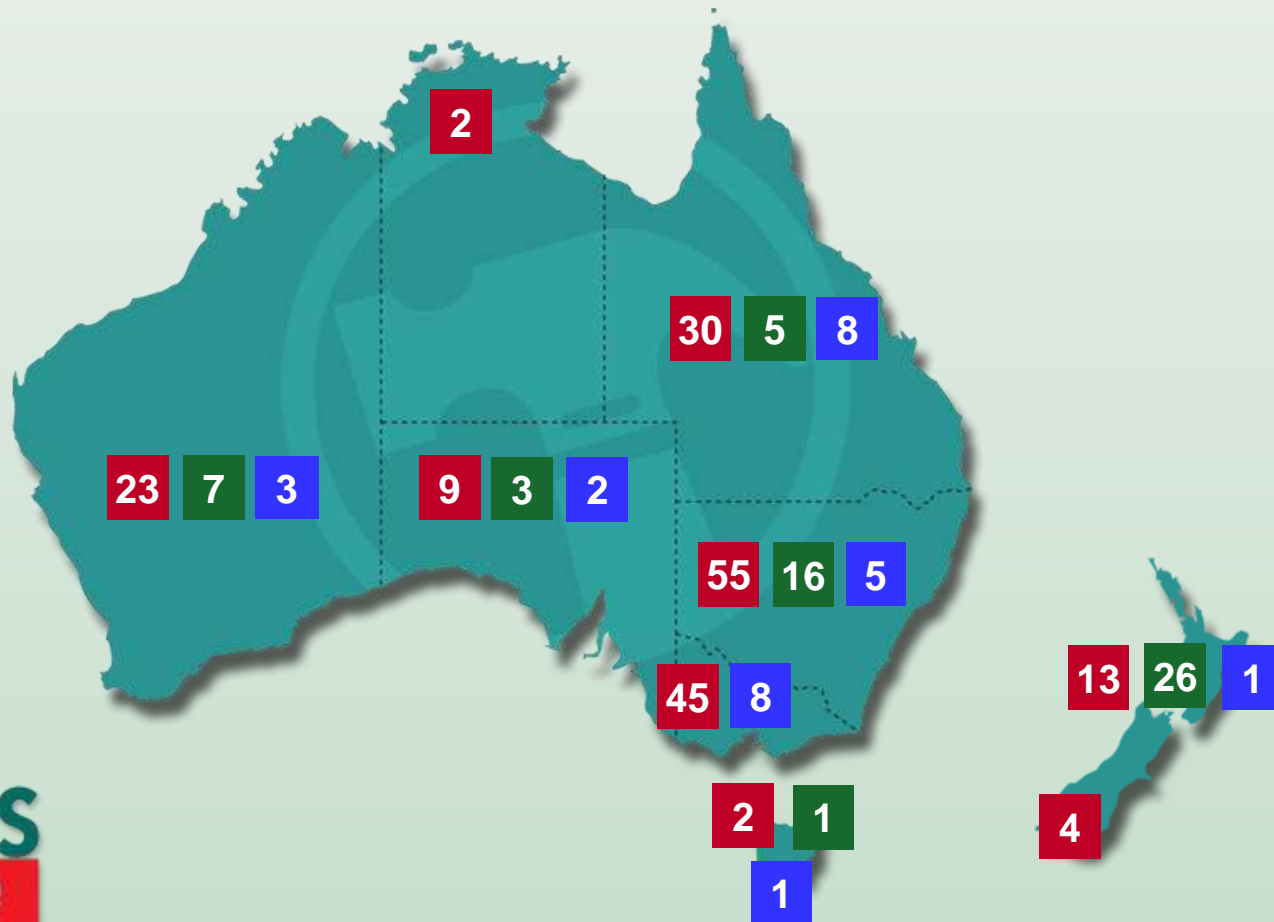
# Store & Trade Centre network

As at 30 April 2010

Home Improvement and  
Office Supplies

110

- 183 Warehouse stores
- 58 Small format stores
- 28 Trade Centres



**BUNNINGS**  
warehouse





# Strategic agenda

1. Profitable sales growth
2. Better stock flow
3. Stronger team engagement & development
4. Improving productivity & execution
5. Sustainability

# Strategic agenda

## Agenda harnessing 5 growth drivers

- Service
- Category expansion
- Store roll-out & reinvestment
- Trade presence
- Business 'fitness' to fuel the productivity loop

# Strategic agenda update

- Concentrated efforts are yielding good results across all areas of our strategic agenda
- Today's discussion focuses on the 'profitable sales growth' area within our strategies
- 3 elements inside 'profitable sales growth'
  - Service
  - Merchandising
  - Network

# Profitable sales growth

## Strengthening customer service

- Great people
- Good service 'basics'
- Opportunity to improve consistency
- Continued priority
- Work focused on 4 key areas
  1. Coverage
  2. Knowledge
  3. Product availability
  4. How to use, how to choose

## Enhanced merchandising for DIY & Trade

- Work focused on 4 key areas
  1. New product ranges & category expansions
  2. Focus on leading brands
  3. Unlocking the 'space prize' in the existing network
    - Format evolution critical enabler
  4. Re-setting of existing ranges
    - Maintain choice, reduce sprawl, leverage volume

# Profitable sales growth

## Enhanced merchandising for DIY & Trade

### 1. New / expanded

Outdoor leisure, kitchens, flooring, play equipment, fencing, sustainability, grow-your-own, special orders, steel, lighting, plumbing, pet accommodation, cooking appliances

### 2. In-progress now

Workshop tool boxes, wardrobe storage solutions, vacuum cleaners, flat pack bathrooms, electrical

*high quality commercial / DIY glass fencing & frameless shower recess*









# Network expansion

## Format & Brand Evolution

---



Warehouse Store Format  
*(commenced 1994)*



Smaller Format Store  
*(business origins)*



Trade Centres  
*(new format commenced 2005)*

# Network & brand configuration

## Trusted Brand & Formats

---

The logo for Bunnings Warehouse, featuring the word "BUNNINGS" in blue with a red swoosh above the "N", and "warehouse" in white on a red rectangular background below it.The logo for Bunnings, featuring the word "BUNNINGS" in blue with a red swoosh above the "N".The logo for Bunnings Trade, featuring the word "BUNNINGS" in blue with a red swoosh above the "N", and "TRADE" in red below it.

- Strong capabilities maximises growth opportunities
  - Intra-market & geographical
- Complimentary trading formats
  - Meets wide variety of customer needs
- Customers 'get it'
- Flexibility of approach

# Bunnings Warehouse



## Bunnings Warehouse Stores



- Large format
- Cornerstone brand
- 183 in network at May 2010
- Opening 10 to 14 per annum
- Format evolving
- 3 basic footprints + multi-level
- Retail & commercial customers

# Bunnings Stores



## Bunnings Stores



- Smaller format
- 58 in network at May 2010
- Opening 2 to 4 per annum
- Acquisition & greenfield
- Highly flexible
- Regional & metro markets
- Retail & commercial customers

# Trade Centres

**BUNNINGS  
TRADE**

## Trade Centres



- Specialised 'DIFOT' format
- Narrow & deep ranging
- 28 in network at May 2010
- Opening 4 to 8 per annum
- Builds customer relationships
- Lowest cost
- Commercial 'delivered' market

# Total market capability

## Store Network DIY & Trade



- Retail & commercial
- Price / range / service
- Wide commercial mix
  - Pick-up & small deliveries
  - Local trades, maintenance, repair, government, business & corporate
- Local relationships

**BUNNINGS**  
warehouse

**BUNNINGS**



## Trade Centres



- DIFOT focus
- Specific customer
  - Medium & large building trades in project volumes
- Core trade product ranges
  - Cover all building stages
  - Frame & truss capability
- Business relationships

**BUNNINGS**  
**TRADE**

# Strong development pipeline

The logo for Bunnings Warehouse, featuring the word "BUNNINGS" in blue with a red swoosh and "warehouse" in white on a red background.The logo for Bunnings, featuring the word "BUNNINGS" in blue with a red swoosh.The logo for Bunnings Trade, featuring the word "BUNNINGS" in blue with a red swoosh and "TRADE" in red.

## Quality & Depth

---

- Disciplined approach delivering high quality sites
  - Long term focus
  - ‘Cost of compromise’ lessons from BBC acquisition
- Development pipeline in excellent shape
- Property development a core competency
  - Well skilled in-house resources



# Warehouse format innovation

## Multi-level “Bunnings Warehouse” store format

---

- Large network expansion opportunities
  - Inner urban, undulating & ‘tight’ metro areas
- Hawthorn store opened December 2008
  - Excellent trading response
  - Successful pilot of format
- Chatswood store under construction
  - Large footprint multi-level store (over 12,000 sqm)
  - Opens December 2010

# Warehouse format innovation



Chatswood impression

# Network growth driver

## Network Expansion & Enhancement

- Opened 21 trading locations year-to-date
- Ongoing rollout of new stores & trade centres
  - a) More 'Bunnings Warehouse' stores
    - Long term plans: open 10 to 14 annually
    - Shorter term: top-end of forecast
  - b) More smaller format 'Bunnings' stores
  - c) More Trade Centres
- Continued re-investment in existing stores
  - Good growth from refurbishments & expansions



# Trading update & outlook

- 9 months to 31 March 2010
  - 11.9% cash sales growth, (nb: 3Q cash sales growth of 7.2%)
  - Cash sales store-on-store growth of 8.8%
  - 8.9% increase in trade sales
  - Growth from merchandising, service & expansion activities
- Strong momentum from strategic agenda
- Sales growth to continue
  - Tempered for impact of Aust. govt. consumer stimulus
  - Improving trade contribution as economy recovers
- Intense focus on customer & business improvements
- More network expansion



**BUNNINGS**





Thank you for  
at

LOWEST PRICE  
GUARANTEE  
WE'LL  
MATCH IT BY  
5%

You don't have to sign

Thank you for shopping at Officeworks

greener  
ever!

Very excited to  
introduce our new 20c  
variable shopping  
bag made from corn stalks  
and certified with natural  
this bag is certified  
compostable to Australia  
Standard AS4736-2006.

help  
save!

# Background

1994



First store opens in Richmond, Victoria

2003



Officeworks acquires Viking

2004



Harris Technology becomes part of Officeworks portfolio

2005



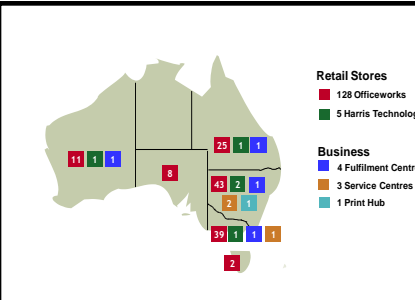
Officeworks online business & Viking become Officeworks Business Direct

2007



Wesfarmers acquires Officeworks

Today



Officeworks Store Network



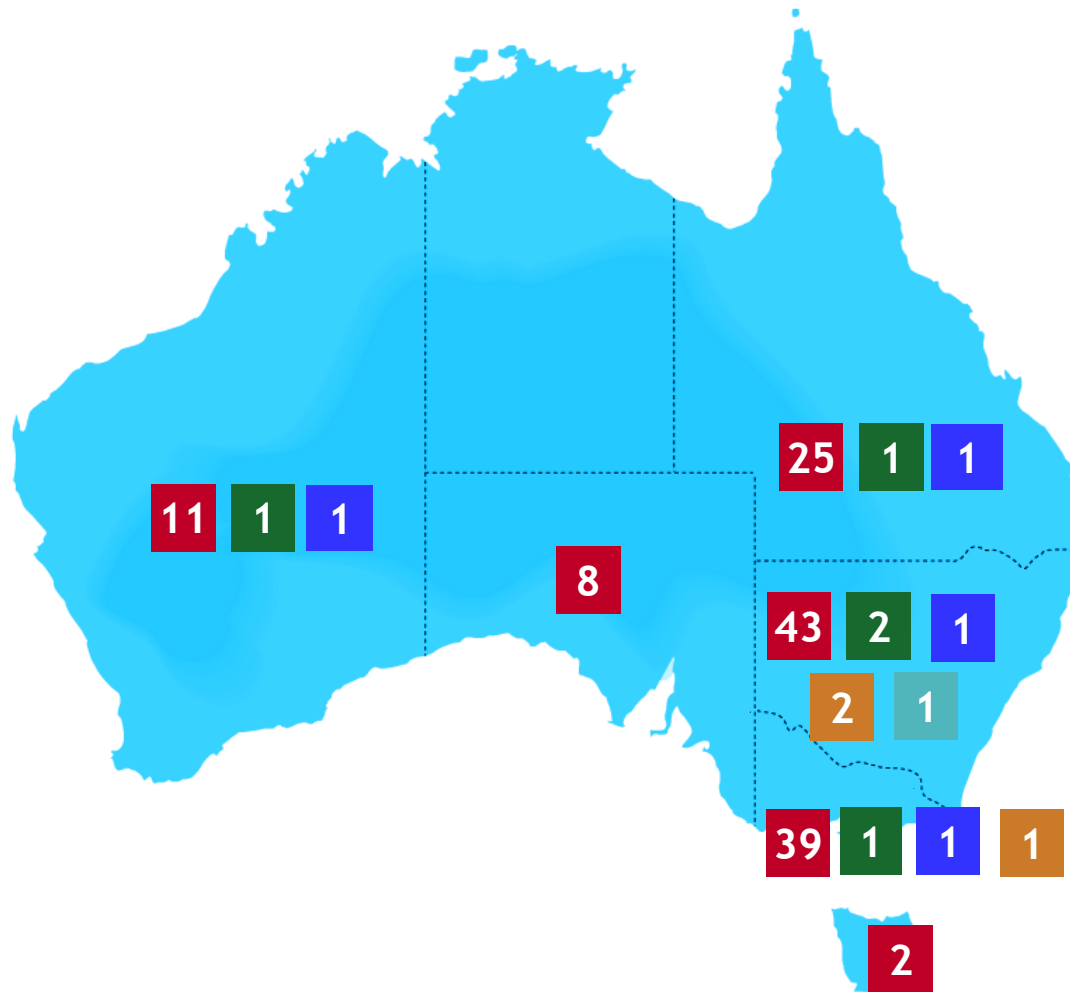


# Strategic platform



# Office supplies network

As at 30 April 2010



## Retail Stores

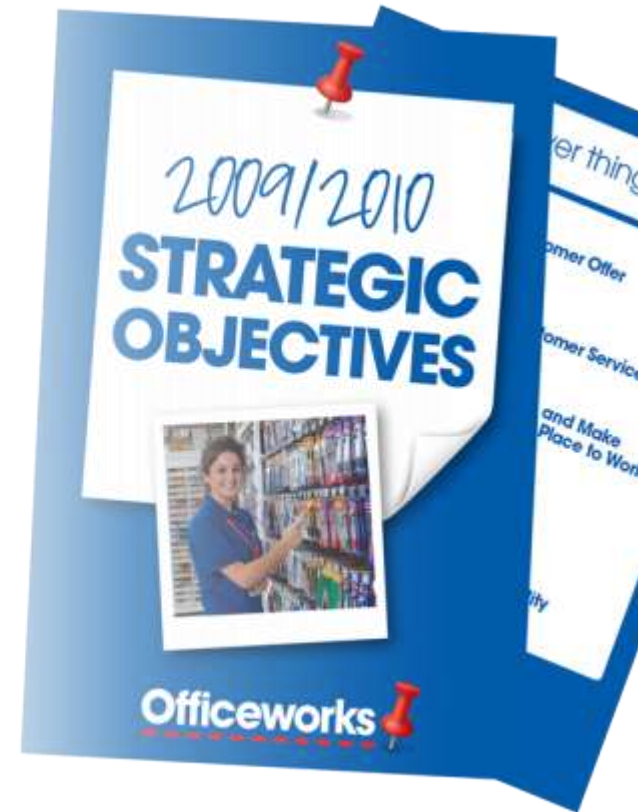
- 128 Officeworks
- 5 Harris Technology

## Business

- 4 Fulfilment Centres
- 3 Service Centres
- 1 Print Hub

# Strategic agenda

1. Improve the customer offer
2. Improve customer service
3. Team development & engagement
4. Make things simple & improve our CODB
5. Drive sales & profitability





Leave the  
assembly  
to us!

Paint the  
day yourself  
today!

\$2.99  
for 20 Binder  
CLOUTIER SPECIAL EVENT

# What has been done?

November 2007 – Present

- Return to category killer format



# What has been done?

November 2007 – Present

- Return to category killer format
- Clear pricing policy



# What has been done?

November 2007 – Present

- Return to category killer format
- Clear pricing policy
- New branding



# What has been done?

November 2007 – Present

- Return to category killer format
- Clear pricing policy
- New branding
- New 'white' store format





# What has been done?

## November 2007 – Present

- Return to category killer format
- Clear pricing policy
- New branding
- New 'white' store format
- New categories e.g. water



# What has been done?

November 2007 – Present

- Return to category killer format
- Clear pricing policy
- New branding
- New 'white' store format
- New categories e.g. water
- New controlled label range



# What has been done?

November 2007 – Present

- Special orders service



# What has been done?

## November 2007 – Present

- Special orders service
- 'How To' classes

The screenshot displays the Officeworks website interface. At the top, there are links for 'Shop Online', 'Login', and 'Register'. A search bar is located in the top right corner. The main content area features a large blue banner with the text 'Free 'How To' Classes' in a handwritten font. Below this, it says 'Unleash your creative side or learn something new with our educational classes available at a store near you.' and 'To view classes and times in your state click on one of the buttons below.' There are seven buttons representing different Australian states and territories: Australian Capital Territory, New South Wales, South Australia, Tasmania, Queensland, Western Australia, and Victoria. The left sidebar contains a 'Browse all categories' menu with options like Catering & Cleaning, Office Supplies, Ink & Toner, Technology, Furniture, and What's New. Below this is a 'print and copy' section with the tagline 'Low cost ways to look professional'. A 'GadgetGuy' section promotes 'Free How-to Classes' with a 'View online Now' button. The 'Quicklinks' section includes links to the latest catalogue, in-store events, how-to videos, an ink and toner finder, store location, ordering, gift cards, FAQs, and business customer login. The right sidebar includes a 'Shopping Cart' showing 0 items for \$0.00, a 'Store Locator' with a postcode input field, a 'Wish List' section, a '2hrs 9mins' delivery promise, a 'Join our email list' button, and a 'Business Customers' section with a 'Log in here' button and the URL 'Officeworks.com.au/business'.

# What has been done?

November 2007 – Present

- Special orders service
- 'How To' classes
- Cultural re-alignment



# What has been done?

November 2007 – Present

- Special orders service
- ‘How To’ classes
- Cultural re-alignment
- Expanded trading hours



# What has been done?

November 2007 – Present

- Special orders service
- ‘How To’ classes
- Cultural re-alignment
- Expanded trading hours
- Eliminated customer facing channel conflict



Retail		
\$1.29	\$5.99	\$279.00
Web		
\$0.98	\$4.98	\$259.00

# What has been done?

November 2007 – Present

- New point of sale system





# What has been done?

## November 2007 – Present

- New point of sale system
- New labour scheduling system



# What has been done?

## November 2007 – Present

- New point of sale system
- New labour scheduling system
- New website



# What has been done?

November 2007 – Present

- New point of sale system
- New labour scheduling system
- New website
- New cross-dock DC provider



# What has been done?

## November 2007 – Present

- New point of sale system
- New labour scheduling system
- New website
- New cross-dock DC provider
- Single customer credit offer



# What has been done?

## November 2007 – Present

- New point of sale system
- New labour scheduling system
- New website
- New cross-dock DC provider
- Single customer credit offer
- Separation from Coles



# What has been done?

## November 2007 – Present

- Opened 16 new stores
  - Return to 'big box' retailing
- Invested in ageing large stores
  - 15 'white' store upgrades
  - 11 'Project Blue' upgrades
- Closed 6 Harris Technology stores
  - Return to original strategy



- Invest in new stores & upgrades



# Moving forward

- Invest in new stores & upgrades
- Improve customer service





# Moving forward

- Invest in new stores & upgrades
- Improve customer service
- Expand & grow customer offer
  - Print & copy
  - Services
  - Furniture



# Moving forward

- Invest in new stores & upgrades
- Improve customer service
- Expand & grow customer offer
  - Print & copy
  - Services
  - Furniture
- Strengthen & expand B2B offer



# Trading update

1 July – 31 March 2010

- Retail store sales growth 10.5%
  - Strong transaction growth
- Business channel showing solid improvement
- Focus on growth through ongoing investment & improvement

- Moderate sales growth in retail stores
  - Competitive pressure on margin & costs
- Focus on executing strategic agenda
  - Drive sales
  - Improve customer offer & service
  - Network expansion & upgrade
  - Reduce complexity & CODB



Thank you for shopping at

LOWEST PRICE GUARANTEE  
WE'LL MATCH IT BY 5%

You don't have to sign

Thank you for shopping at Officeworks

greener ever!

Very excited to  
introduce our new 20c  
variable shopping  
bag made from corn skin  
and certified with natural  
this bag is certified  
compostable to Australia  
Standard AS4736-2006.

help  
save!

# Agenda

## 1. Bunnings

- Background & market trends
- Strategic agenda
- Trading update & outlook



---

## 2. Officeworks

- Background
- Strategic agenda
- What has been done & moving forward
- Trading update & outlook



---

## 3. Q&A

# Questions



# Resources

## Stewart Butel







Export metallurgical & domestic steaming coal

QLD



Domestic steaming coal

WA



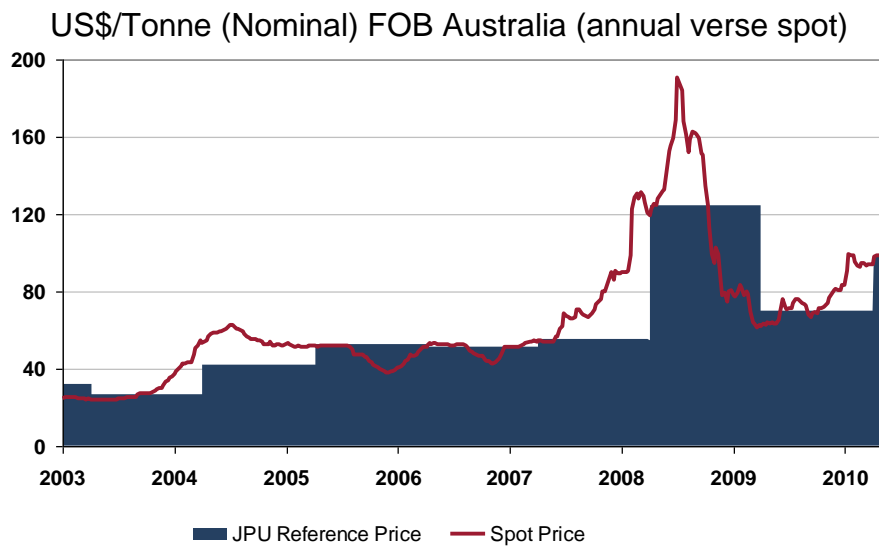
Export & domestic steaming coal

NSW  
(40% ownership)

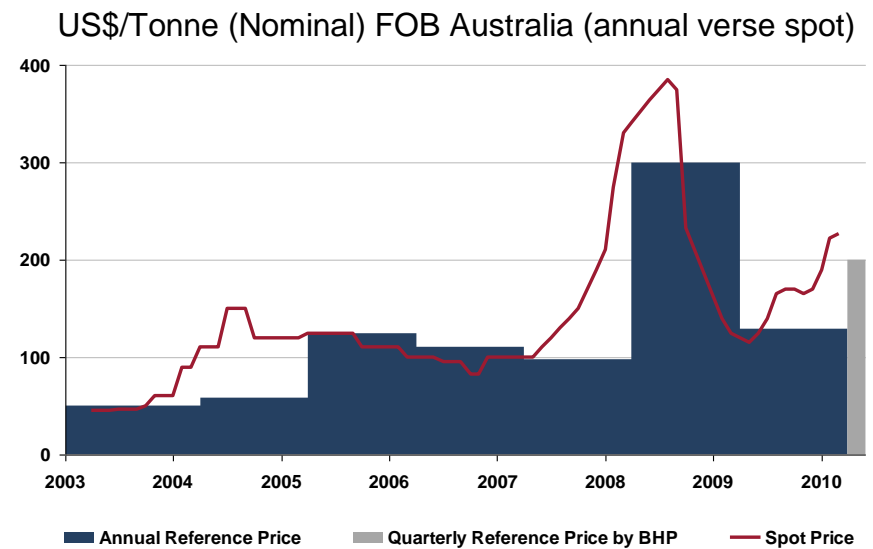
# Business environment

- Return to more positive outlook for most major world economies
  - Particularly North & South Asia
- Customers
  - Global steel production back to pre-GFC levels
  - Increased metallurgical coal demand & spot prices
- Suppliers
  - Rail & port infrastructure constraints continue
  - Australian metallurgical coal production back to pre-GFC levels
- Industry move to quarterly pricing for metallurgical coal
- Volatile Australian dollar
- Re-emergence of tight labour market & industry cost pressures
- Longer-term outlook for the coal industry remains positive
  - Uncertainty regarding Resources Super Profit Tax

## Steaming coal



## Hard coking coal

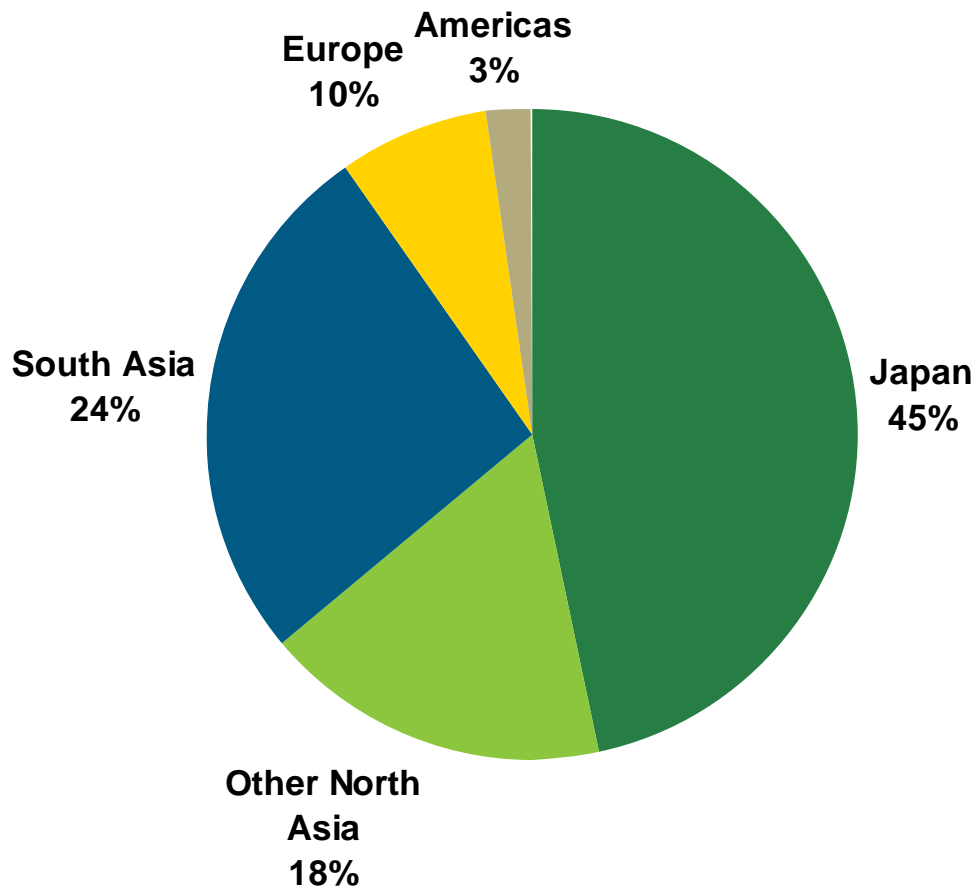


Source: Energy Publishing, Tex Report, Macquarie Research, CRU

# 2010 coal price negotiation update

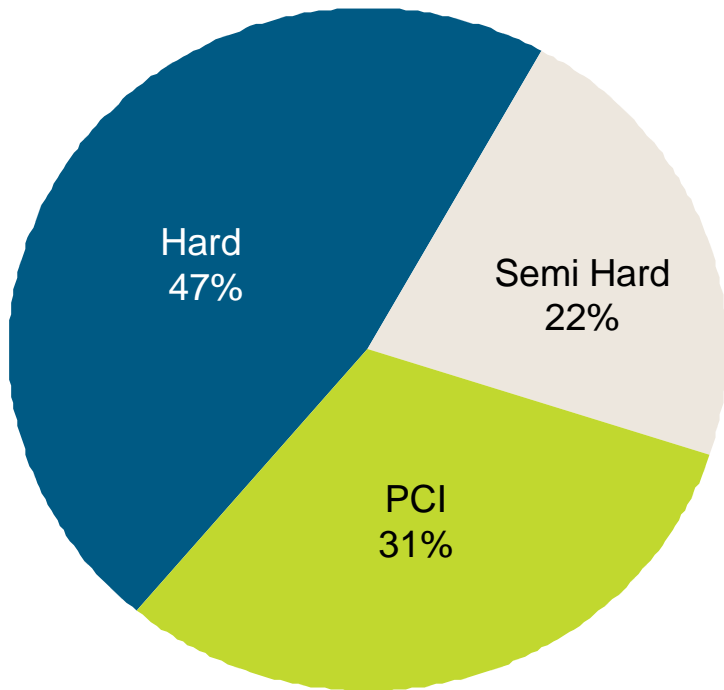
- 75% of Curragh's metallurgical contracted tonnage has moved to quarterly pricing
  - Weighted average US\$ FOB Q1 price increased by 70%
  - Agreed annual tonnage framework
- 25% of Curragh's metallurgical contracted tonnage remains under annual pricing mechanism
  - Weighted average US\$ FOB price increased by 78%
- Curragh's market price relativity has improved
- Two-thirds of Curragh's April export sales were carryover tonnage at last year's pricing
- Q2 pricing negotiations to be concluded in June

# Metallurgical customer mix 2010



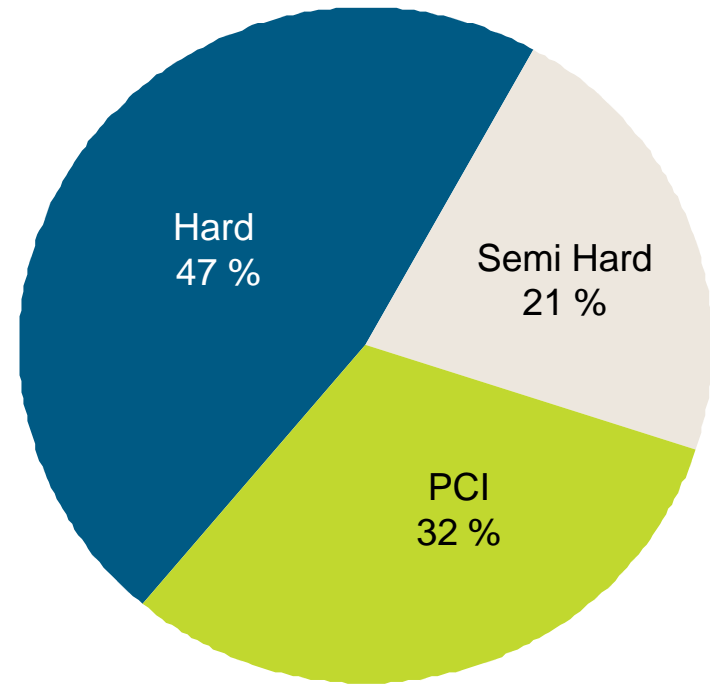
Queensland Japan Chamber of  
Commerce & Industry  
Export Excellence Awards - Winner

# Curragh export metallurgical sales



**2009/10 estimate**

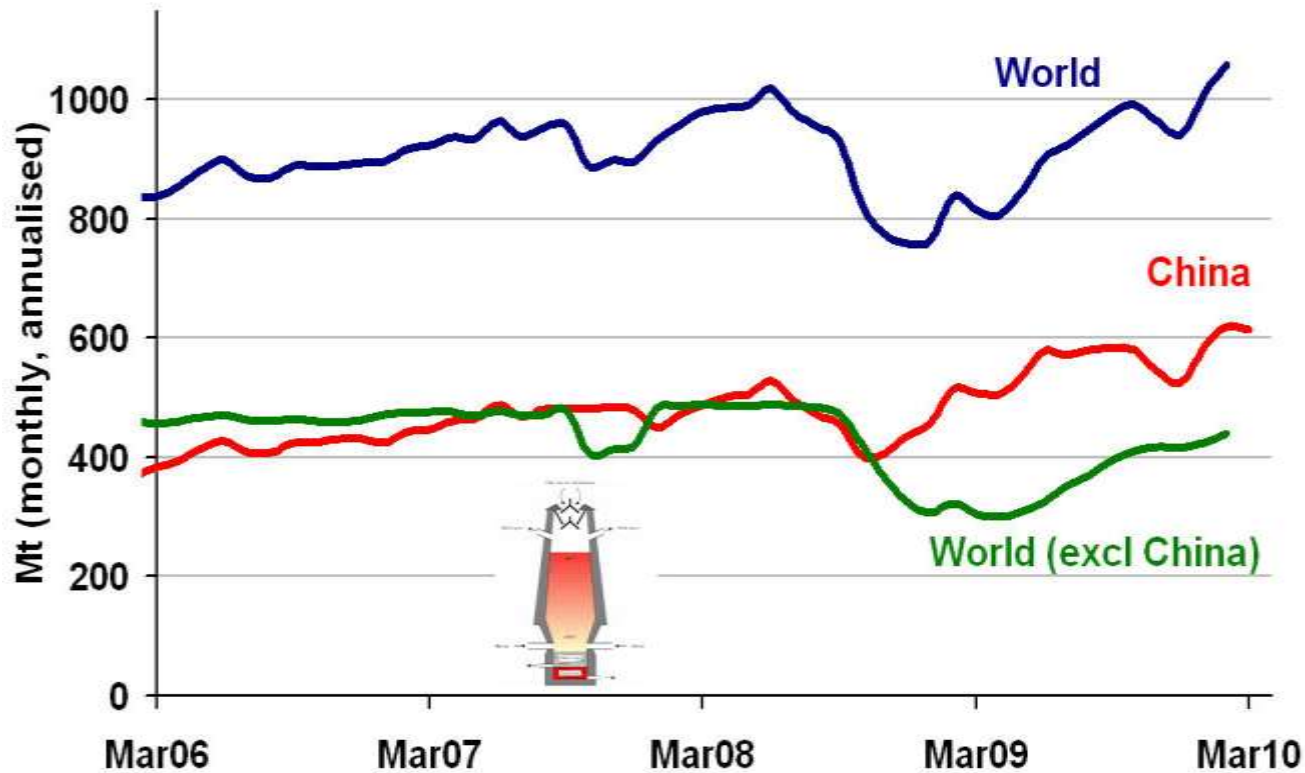
**6.3 to 6.8 million tonnes**



**2010/11 estimate**

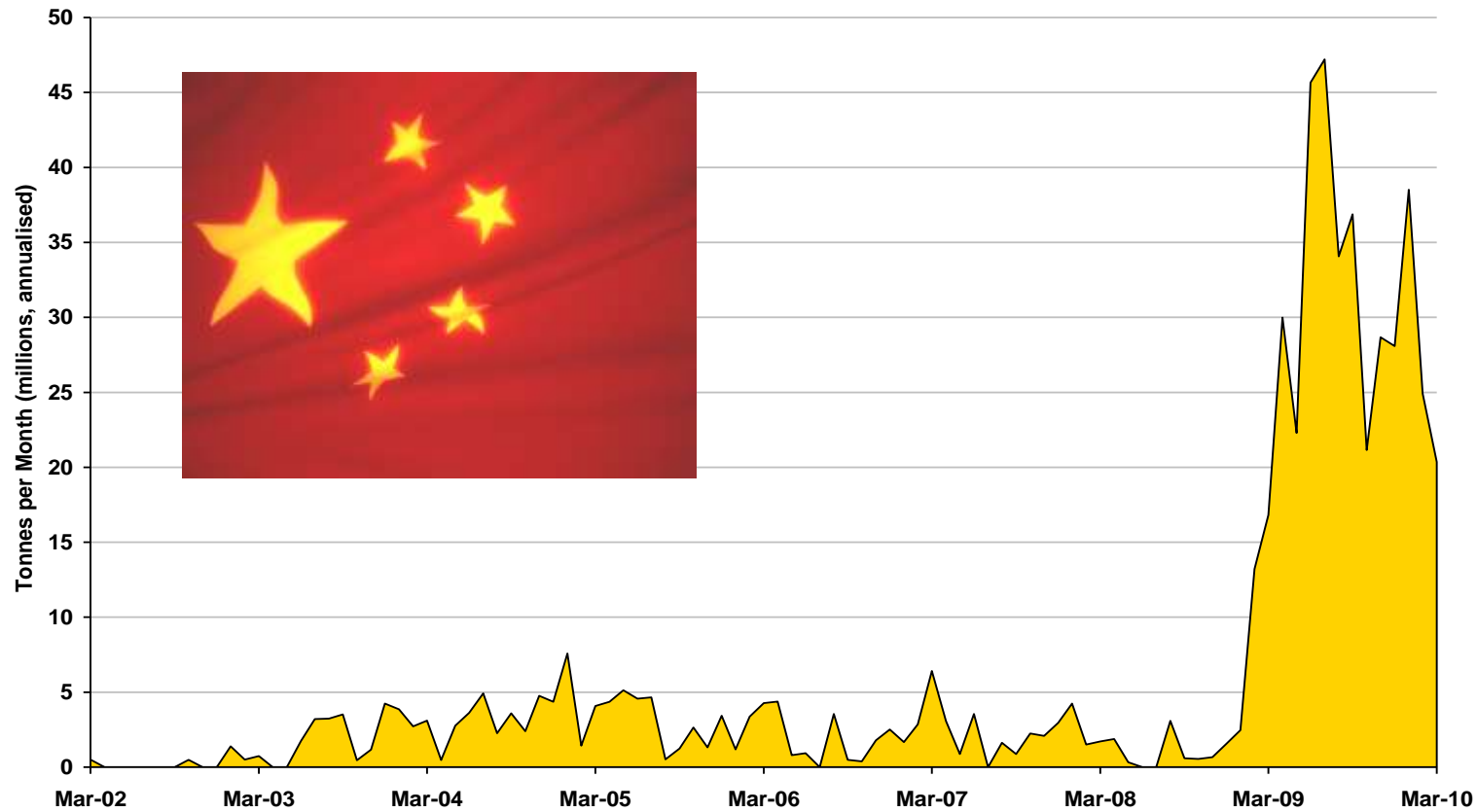
**6.5 to 7.0 million tonnes**

# Demand – world pig iron



Source: WSA

# Chinese met coal imports from Australia



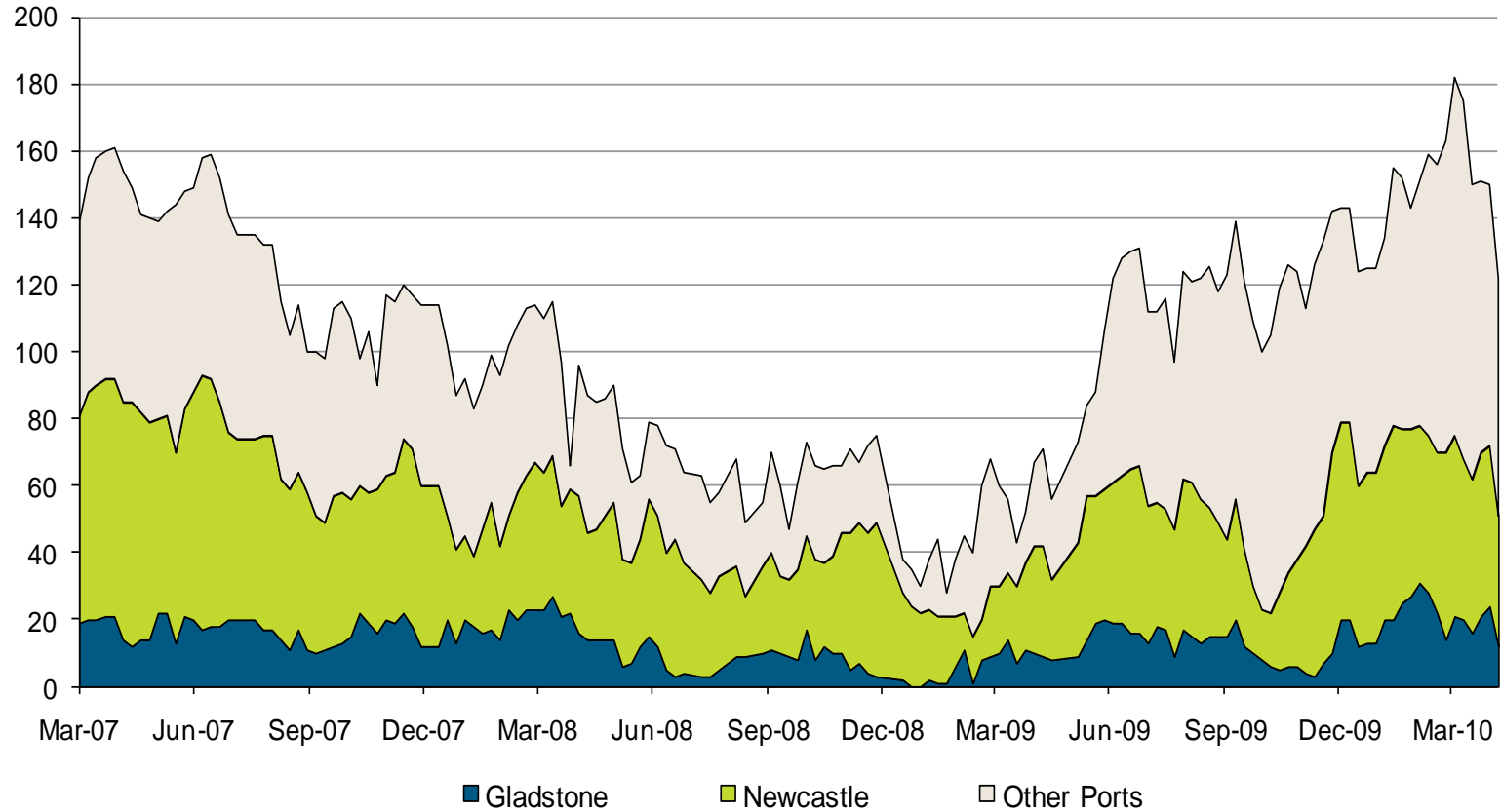
Source: McCloskey



# Coal port congestion

East Coast Australia as at 30 April 2010

No. of ships at anchor



Source: McCloskey Fax

# Coal – production volumes

Mine	Beneficial Interest	Coal Type	YTD ended (’000 tonnes)	
			Mar-10	Mar-09
Curragh, QLD	100%	Metallurgical	5,001	5,016
		Steaming	1,784	2,217
Premier, WA	100%	Steaming	2,162	2,663
Bengalla, NSW*	40%	Steaming	1,652	1,529
<b>Total*</b>			<b>10,599</b>	<b>11,425</b>

\* Wesfarmers attributable production

# Resources strategies

Strategic initiatives	Comments
Maximise export sales & optimise sales mix	<ul style="list-style-type: none"> <li>• Curragh expansion tonnage contracts in place</li> <li>• Price relativity improved</li> <li>• Maximise higher value products</li> <li>• Winner of Australian &amp; Queensland export awards</li> </ul>
Cost reduction programs	<ul style="list-style-type: none"> <li>• Curragh cost reduction program in place</li> <li>• Mine cash costs (\$/t) reduced eight per cent in 1H10 vs 1H09</li> <li>• Industry cost pressure returning</li> </ul>
Expansion opportunities	<ul style="list-style-type: none"> <li>• Blackwater Creek diversion completion</li> <li>• Curragh expansion underway</li> <li>• Bengalla expansion feasibility study underway</li> </ul>
Extend product & market reach	<ul style="list-style-type: none"> <li>• Evaluate acquisitions that offer economies of scale or downstream benefits</li> <li>• Brownfield growth opportunities</li> </ul>
Sustainability	<ul style="list-style-type: none"> <li>• Improved safety performance</li> <li>• Environmental performance</li> <li>• Community engagement</li> </ul>

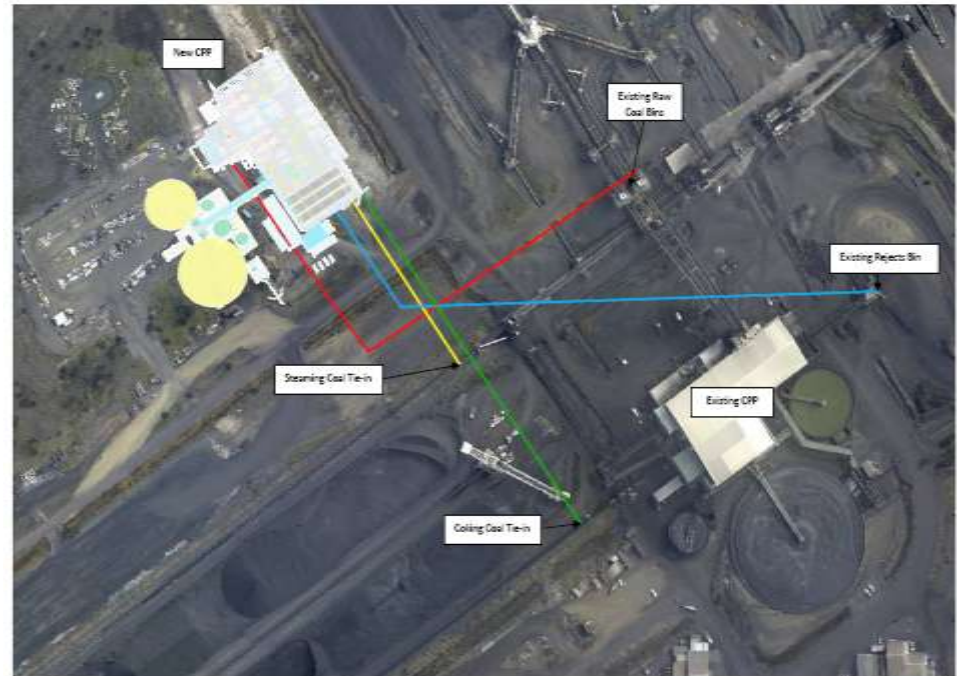
# Curragh mine expansion

- Expand metallurgical coal exports to 8.0mtpa to 8.5mtpa
- Increase of approx. 1.5mtpa metallurgical coal exports from late CY11
- New Stanwell agreement providing additional coal reserves, with modified export rebate payment above 7.0mtpa
- Approved capital expenditure of \$286m
  - New 1,200tph coal preparation plant
  - Other expansion infrastructure
- New long-term overburden removal contract at Curragh North
- Export rail & port capacity contracted
- Expansion tonnage contracts in place



# New coal preparation plant

- Design & construct contract awarded via competitive tender
- 1,200tph nominal capacity
- Located adjacent to existing CPP
- Existing CPP (25 years old) to be de-rated
- Ample capacity to produce 8.0mtpa to 8.5mtpa metallurgical coal
- Product sales mix unchanged
- Site mobilisation underway



Milestone		Completion
Wesfarmers Board approval		10 November 2009
New CPP:	Design & construction	Q2 CY2011
	Commissioning	Q3 CY2011
	Operational	Q4 CY2011

# Curragh focus on cost control

- Aggressive cost reduction program in place
- Mine cash costs (\$/t): eight per cent reduction 1H10 vs 1H09
- Strategies targeted include:
  - Mining & processing practices, equipment utilisation & productivities
  - Procurement optimisation on key input costs
  - Optimisation of contractor usage & roles
    - Truck & shovel overburden removal
  - Completion of Blackwater Creek diversion will alleviate short-term mine sequencing issues
- Curragh recently reconfirmed in lowest quartile of Australian hard coking coal industry cost curve
- Re-emergence of tight labour market & industry cost pressures

# Bengalla expansion study



- Development Consent approval granted
- Feasibility study underway
- Potential expansion from 7.8mtpa to 10.7mtpa ROM
- Additional port capacity secured



# Current hedging profile

## Curragh – Open Contracts

Year end 30 Jun	Current US\$ sold forward (US\$m)	Average A\$ / US\$ hedge rate
2011	641	0.83
2012	450	0.84
2013	263	0.82
2014	56	0.81

## Bengalla – Open Contracts

Year end 30 Jun	Current US\$ sold forward (US\$m)	Average A\$ / US\$ hedge rate
2011	112	0.82
2012	58	0.80
2013	31	0.81
2014	9	0.81

# Resources Super Profit Tax ('RSPT')

- Some details on proposed application of tax require clarification
  - Indications are Stanwell royalty is either an offset or deduction; consultation commenced with Treasury
- No 'in-principle' objection to a well structured resources tax to replace state royalty regimes but in current form a number of concerns with RSPT
  - Results in a high effective tax rate which could damage Australia's long term export competitiveness
  - Retrospective application of proposed tax
  - Government bond hurdle rate not risk-adjusted
  - Discriminates against high-capital / low-operating cost projects

# Resources outlook

- Strong global metallurgical coal demand
- Price negotiations concluded with major customers
  - Move to quarterly pricing mechanism
  - Price relativity improved
  - Q2 pricing discussion to commence shortly
- Volatile Australian dollar
- Re-emergence of tight labour market & industry cost pressures
  - Cost reduction programs continue
- \$286m Curragh expansion to 8.0mtpa to 8.5mtpa export capacity approved
  - Works commenced
  - Completion expected late CY11

# Resources outlook

- Curragh metallurgical sales for FY10 at lower end of range of 6.3 to 6.8 million tonnes range
  - Estimated sales mix (Hard 47%; Semi-Hard 22%; PCI 31%)
  - Stanwell royalty estimate A\$150 to \$160 million for FY10 assuming A\$:US\$ of \$0.90
  - Locked-in hedge losses of A\$85m in FY10 now concluded (A\$65m in 1H10)
- Forecast Curragh metallurgical sales of 6.5 to 7.0 million tonnes in FY11
  - Estimated sales mix (Hard 47%; Semi-Hard 21%; PCI 32%)
  - Stanwell royalty estimate A\$130 to \$145 million for FY11 assuming A\$:US\$ of \$0.90
- Uncertain impact & application of RSPT from 1 July 2012

# Questions



# Insurance

Rob Scott



# Market conditions

- Significant weather events in March in Australia
  - Net earnings impact of March weather events \$29m
  - Exceeded Maximum Event Retention of \$10m twice
- Favourable YTD claims environment in New Zealand
- Premium rates in commercial lines relatively stable
- Modest rate growth in personal lines following CAT events
- Higher interest rates improving investment earnings

# Trading update - underwriting

## Australia

- Pleasing turnaround in underlying profitability
- Achieving premium growth in core portfolios
- March weather events & WFI crop claims
- Losses from Lumley run-off portfolio
  - Builders' warranty losses of \$14m

## New Zealand

- Continued improvements in underwriting earnings





# Trading update - broking

- Revenues relatively flat against last year
  - SME market has been challenging, particularly in NZ
- Strong growth in premium funding
- Maintaining strong operating margins
- Lower profit share from UK agency operations
- Successful completion of earn-out with Crombie Lockwood
  - Acquisition targets exceeded
  - Strong staff retention & engagement

CROMBIE  LOCKWOOD  
New Zealand's Insurance Brokers

  
OAMPS  
INSURANCE BROKERS

  
OAMPS  
UK GROUP

# Key strategies - underwriting

## Fundamental Objective

Profitable growth through leadership in chosen segments

## Key Strategies

- Stronger partnerships
- Disciplined underwriting & pricing
- Managing claims effectively
- Growth in chosen segments
- Building a culture of achievement

# Strategy update - underwriting

## Australia

- Continued expansion & growth of WFI agency network
- Lumley focus shifting from remediation to Profitable growth
- Launch of KTAS personal motor offer
- Launch of Lumley Corporate Solutions
- Good take up on my.place on-line broker system
- Significant investment in systems

## New Zealand

- New distribution partners & affinity schemes
- Investment in new policy administration system



**Kmart Tyre & Auto Service**

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phone to book now

service centre locator  
suburb  and/or postcode  **go**  
advanced search

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- get a quote
- our policies
- why choose us
- existing customers
- contact us
- gradient callout

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Welcome to Kmart Tyre & Auto Service (KTAS) car insurance.

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**Car care**

Kmart Tyre & Auto Service provides all your tyre, servicing and mechanical repair needs, at over 250 locations Australia wide.

[> Click here for KTAS website](#)

**GET A QUOTE** →

NOT SURE WHAT IS THE RIGHT TYPE OF INSURANCE FOR YOU?  
Compare our different policy types. →

[www.ktas.com.au/insurance](http://www.ktas.com.au/insurance)

# Personal lines initiatives



Need help with your quote?  
Call us on 1300 590 766

**CAR INSURANCE**  
from the car experts

## Get a premium estimate

I want to insure a

kept overnight at  [Car not listed?](#)

The main driver of this car is a  born on

In the last 3 years, this driver has made  car insurance claims.

I  need cover for [drivers under the age of 25](#).

**Estimate your premium**

## Coles Insurance

Online Quote  
for your car, for your home  
or call 1300 265 374

- Home
- Car Insurance
- Home Insurance
- Existing Policyholders
- Contact Us
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### New To Coles Home Insurance

Building and contents insurance that delivers real value



→ Find out more



### Car Insurance Quote

Get an online quote now



More about Coles Car Insurance »

### Home Insurance Quote

Get an online quote now



More about Coles Home Insurance »

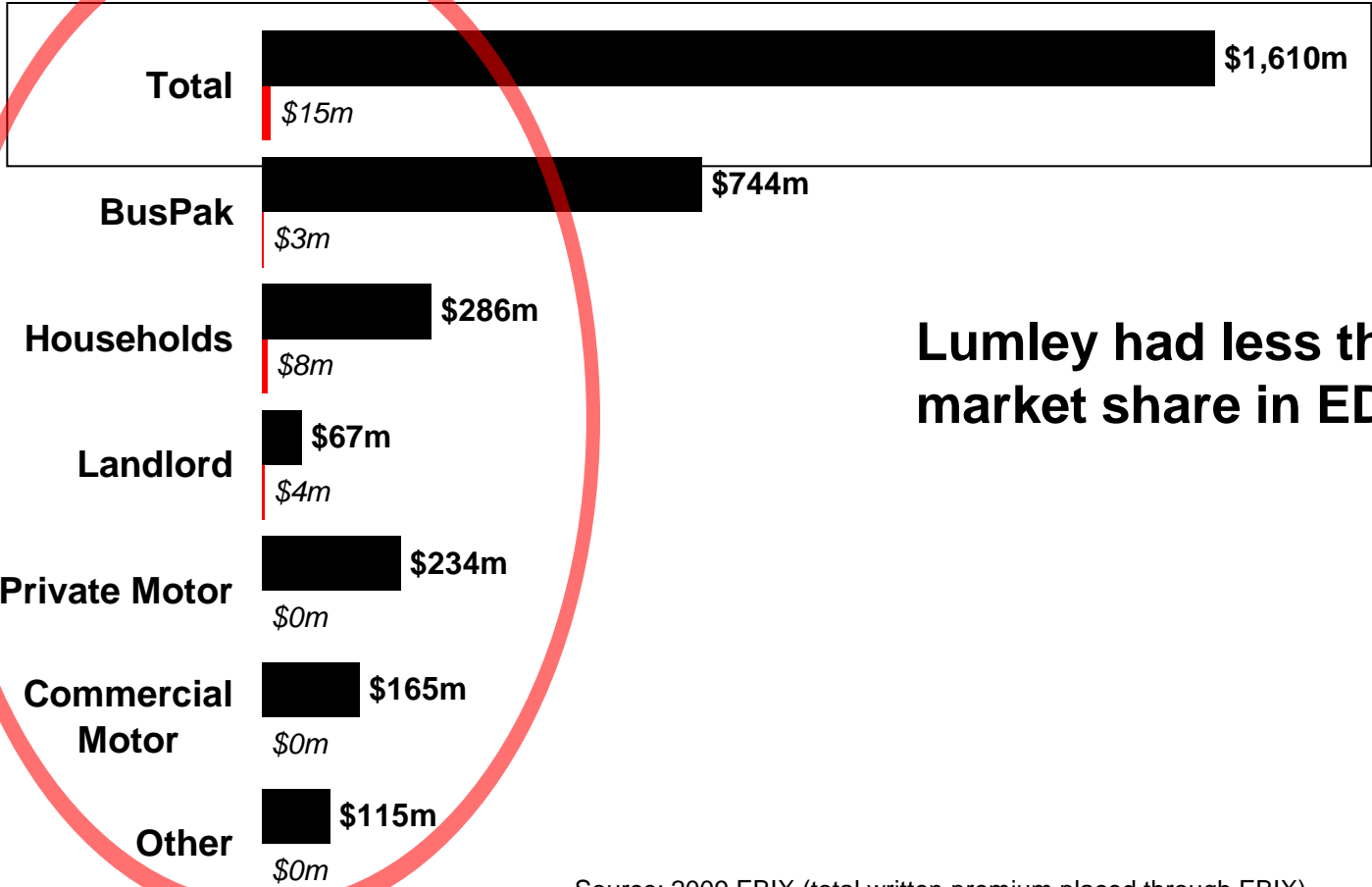
### Why Choose Coles Insurance?

At Coles, we're always looking for new ways to bring you savings on products you can trust.

# Lumley EDI - the opportunity



■ Lumley's Share      ■ Industry GWP



Lumley had less than 1% market share in EDI in 2009

Source: 2009 EBIX (total written premium placed through EBIX)





Client Code AJOLIE  
Broker Name JudyR  
Broker Office

Policy Number PGCL00013024  
Transaction Type New Business  
Status Incomplete

Policy Inception 24/02/2010  
Policy Expiry 24/02/2011  
Effective Date 24/02/2010



## Policy Details

## Commercial Business Package

V28.5.1 / PGCL00013024

- Policy Details
- Add Situation
- Situation 1
  - Situation Details
  - Fire and Perils
  - Business Interruption
  - Theft
  - Money
  - Glass
- Broadform Liability
- General Property
- Machinery
- Electronic Equipment
- Employee Dishonesty
- Transit
- Premium Summary
- General Page
- Insured(s) & Int'd Parties
- Finalise

### Declines and Referrals

#### Policy Overview

Broker Office \*

Please select the wording to apply \*  
 Lumley  Steadfast

Are you exempt from paying Stamp Duty?  
 Yes  No

#### Primary Situation

Unit / Street Number \*

Street Name \*

Enter a Postcode or Suburb \*

Select Situation \*

#### Occupancy Type

Are you the Owner Occupier, Landlord or a Tenant of the Business Premises? \*  ?

#### Core business carried on at the premises

Search Criteria \*  Occupation  Industry Group  ANZSIC Code

Business Search \*

Select Business \*

Sections Available  
**Mouse over here to check for the sections availability**

Industry Group  
Food & beverage

Business  
Restaurants - < 100 seats with deep frying &/or wok cooking

ANZSIC Code  
4511

Business description to appear on Schedule \*

Business Annual Gross Turnover \*

#### Current Insurance Details

The company that your insurance is currently underwritten through \*  ?



# Key strategies - broking

## Fundamental Objective

To understand our clients, earn their trust & provide solutions to enable them to financially survive any insurable event

## Key Strategies

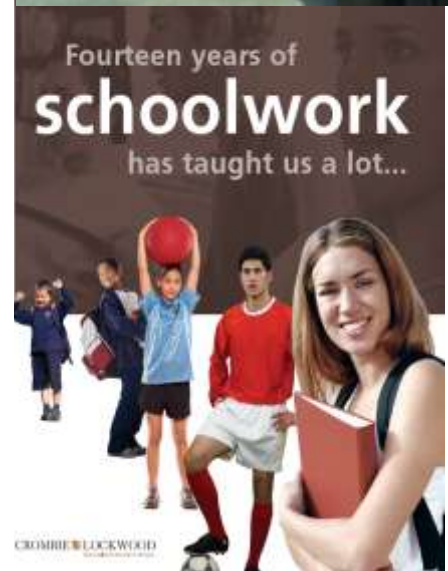
- Support our brokers in being client focused
- Improve efficiency & productivity
- Develop engaged & highly capable people
- Develop new sales opportunities
  - Life Risk
  - Create a new SME insurance solution
- Targeted broking acquisitions

# Strategy update - broking

CROMBIE  LOCKWOOD  
New Zealand's Insurance Brokers

  
OAMPS  
INSURANCE BROKERS

- Appointment of Steve Lockwood to Divisional Broking leadership role
- Good growth in Monument Premium Funding
- Focus on Affinity & National Business Lines
- Delivering on OAMPS business support improvements
  - IT, Marketing, HR, Branch engagement
- Preparation for NZ Regulation
- Small acquisition in NZ - more under review



- Continued improvements in underlying profitability of Lumley
- FY10 earnings affected by
  - March weather events & WFI crop claims
  - Run-off portfolios (Builders warranty)
- Higher interest rates increasing investment returns
- Good traction on key growth initiatives
  - Broker EDI solution (my.place)
  - Lumley Corporate Solutions
  - Retail personal lines
- Continued investment in people, systems & processes
- Bolt-on acquisitions being assessed

# Questions

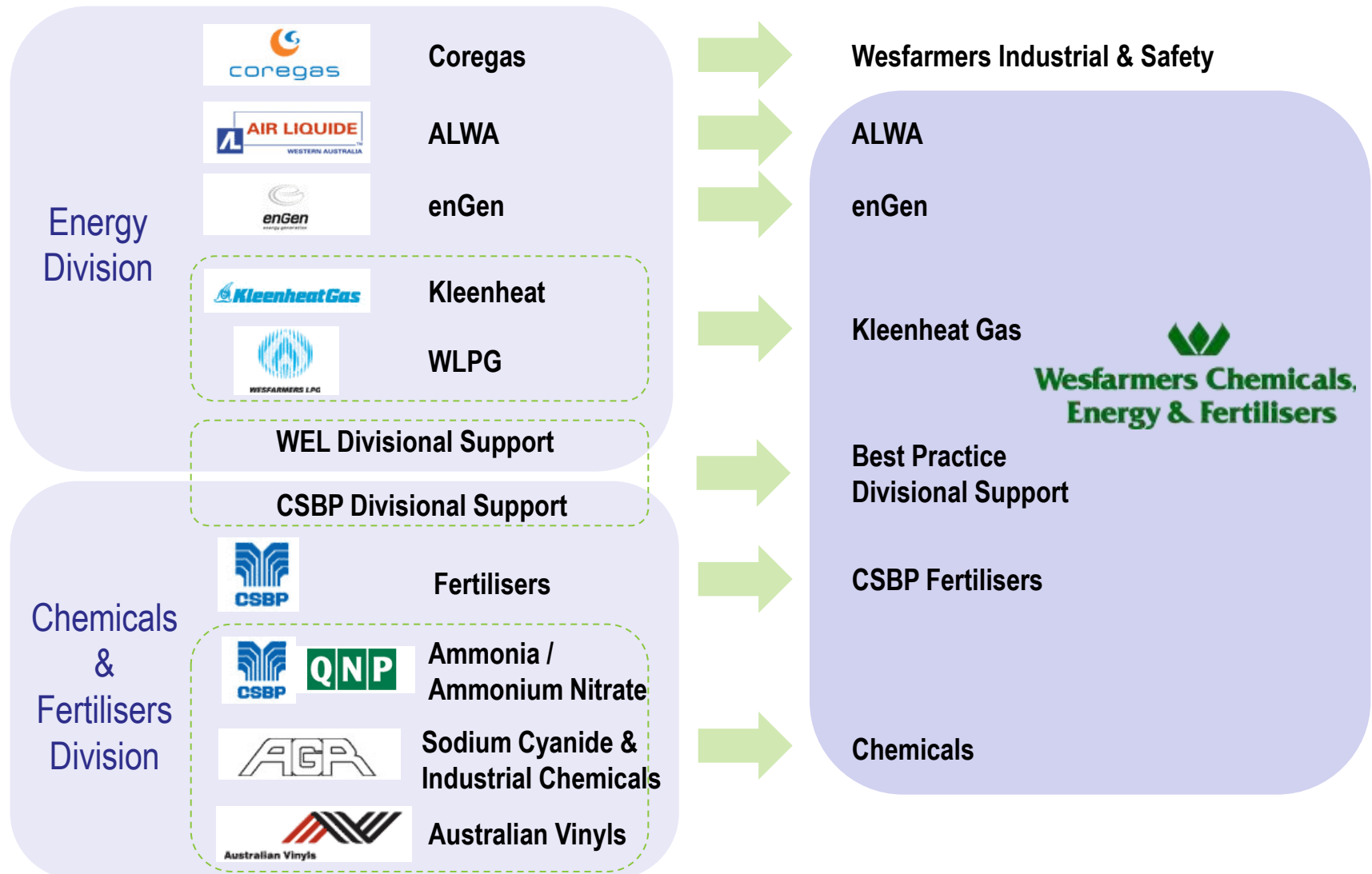


# Chemicals, Energy & Fertilisers

Tom O'Leary



# Merger overview












# Merger rationale & update

- Following the decision to transfer Coregas to Wesfarmers Industrial & Safety and to merge Wesfarmers LPG and Kleenheat Gas into a single business unit, the merger of the Energy and Chemicals & Fertilisers divisions was compelling
- Increased size and scale allows for first class support functions
- Structured to support divisional growth
  - Organic: with a leadership team to drive internal growth projects and business improvement
  - Step-out: strong leadership of business units and a dedicated business development function to enable effective evaluation of opportunities
- Effective 1 July 2010 with work to date focused on organisational restructure and senior management appointments
- Restructuring costs in FY10 expected to be ~\$10m

# Business overview

From 1 July 2010

	Business	Geography	Sector	Key Customers
	Ammonia	WA	Nickel	BHP, Minara
	Ammonium Nitrate	WA	Iron Ore	Orica, Dyno Nobel, Rio Tinto
	50% Ammonium Nitrate	Qld	Coal	BMA, AngloCoal, Rio Tinto
	75% Sodium Cyanide	WA/Global	Gold	Newmont, Barrick, AngloGold
	PVC Resin / Specialty Chemicals	Vic/Aust	Construction	Iplex, Vinidex
	Gas Production & Distribution	WA/Aust	Residential, Transport, Industrial	Gas distributors, resources, engineering, residential, leisure, autogas, transport, power generation
	40% Gas Production & Distribution	WA/NT	Industrial & commercial	TiWest, BHP Nickel West, BOC, Hismelt, oil & gas, gold mining
	Power	WA/SA	Mining, Community	Mine sites, remote towns
	Fertilisers	WA	Agriculture	AWB Landmark, independent distributors



# Key strategies update

## CHEMICALS

- AN3 FEED study underway, completion expected by early CY11
- Sodium Cyanide 8,000tpa expansion commissioning underway

## ENERGY

- Gas supply agreement completed with Santos

## FERTILISERS

- Market share maintained through effective management of customer relationships

## CHEMICALS

- Strong demand for ammonia, AN & sodium cyanide expected to continue
- Recovery in PVC demand expected as economy continues to recover although continued margin pressure likely due to input costs

## ENERGY

- Dependent on LPG content & international LPG & diesel prices

## FERTILISER

- Reduced volatility in global fertiliser prices; impact of higher priced inventory flowing through earnings
- Seasonal break critical

## GENERAL

- Impact of longer term higher gas input costs
- High A\$ affecting import parity pricing & export revenue
- Uncertainty around the potential impact of:
  - The Resources Super Profit Tax on our customers
  - CPRS legislation on the division & its customers

# Questions



# Industrial & Safety

Olivier Chretien



## Australia

“All your workplace needs”



Safety Specialist



Industrial Specialists



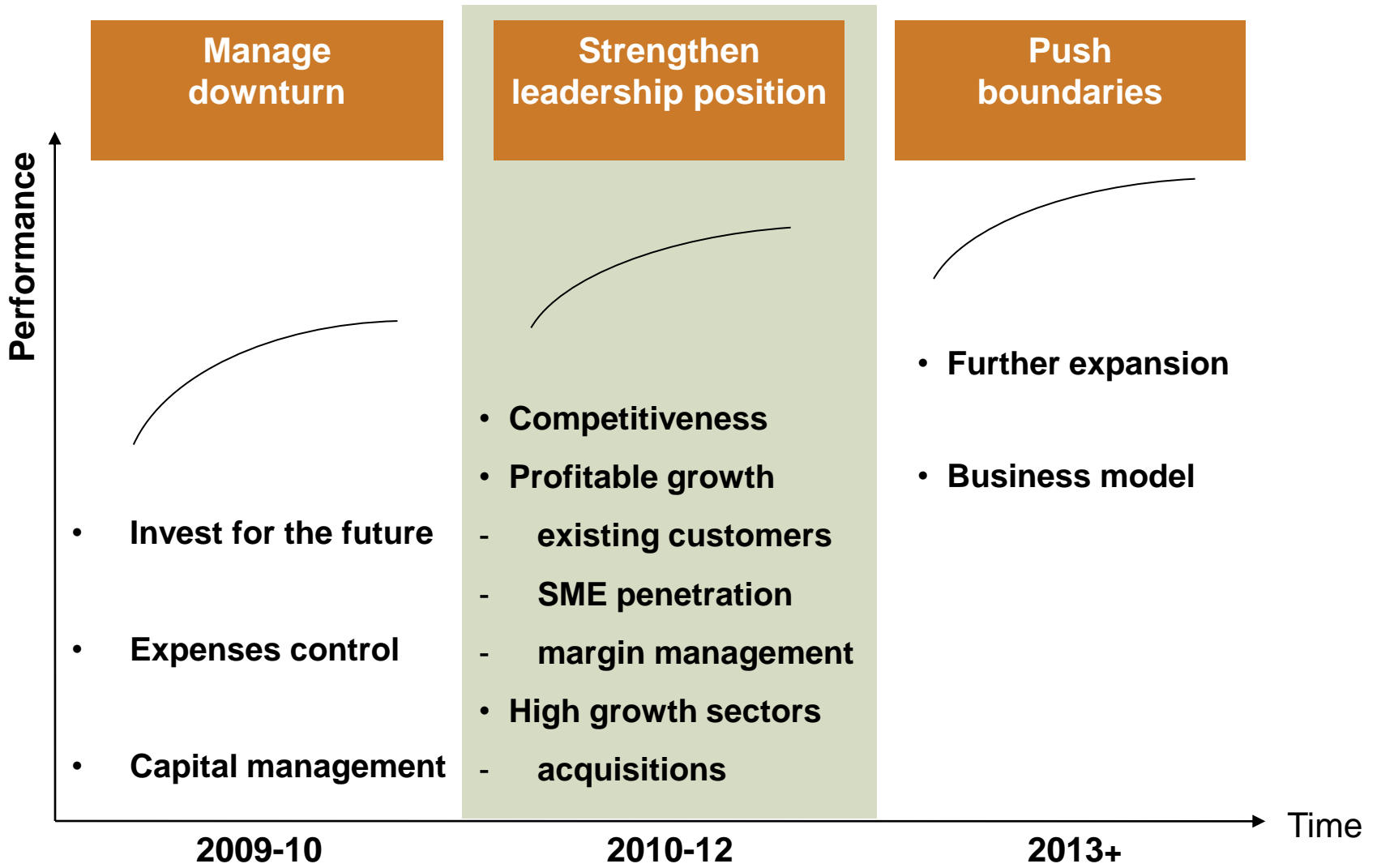
Industrial, Medical & Specialty Gases



## New Zealand



# Strategic agenda



## Improved competitiveness

- Supply chain
- Enabling technology
- Portfolio performance
- Expenses control
- Capital management
- Sustainability & people



Blackwoods Perth Distribution Centre



## Enabling profitable growth

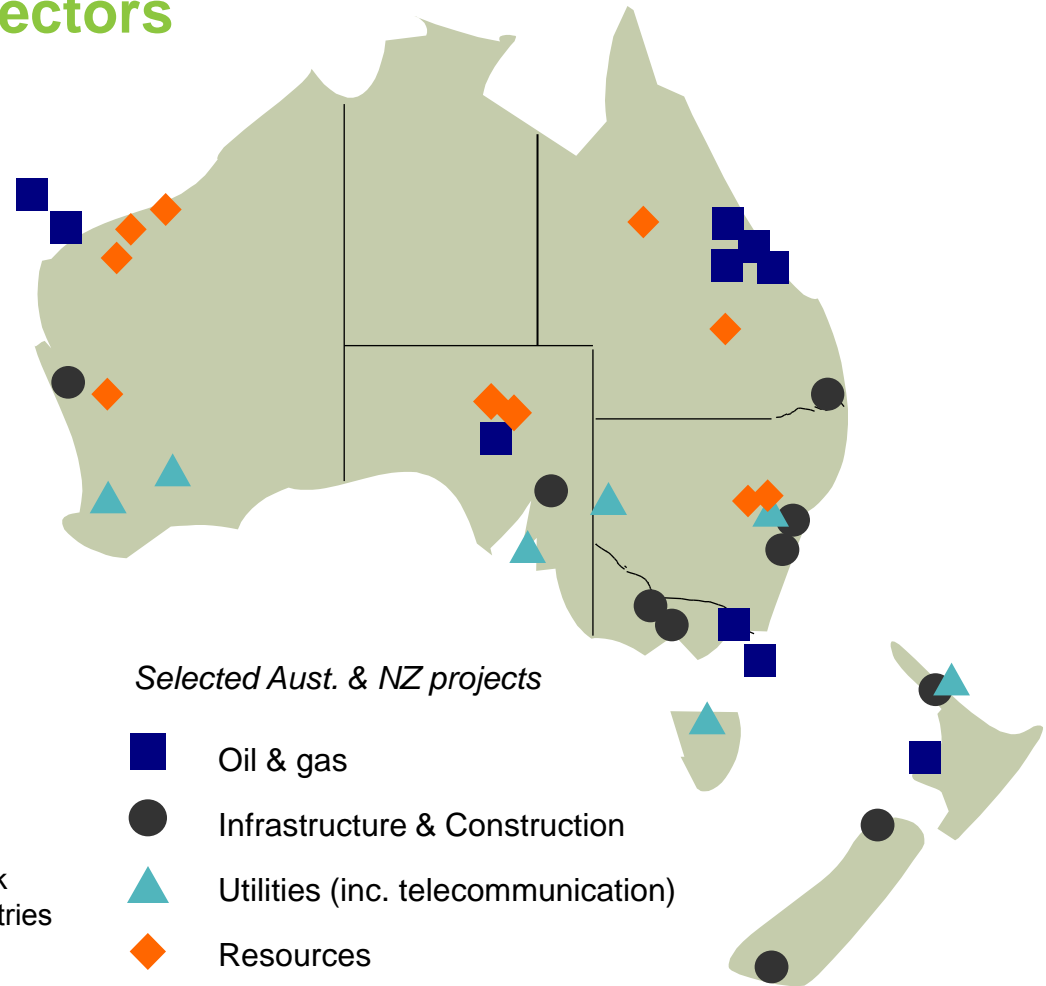
- Increasing sales to large customers
  - Security of supply
  - Service performance
  - Sales force effectiveness
  - Expansion of range & services
  - eBusiness growth
- SME<sup>1</sup> penetration
- Margin management



(1) Small & medium enterprise

## Targeting higher growth sectors

- Significant project pipeline
- Portfolio development
  - Specialists
  - Services



Source: ABARE, NZIER, Industry Capability Network (NZ), State governments' resources & primary industries websites, WIS

## Coregas

- Targeted growth
  - Key industrial accounts
  - Growth sectors
  - Medical & specialty gases
- Sales & channel effectiveness
- Customer experience



- Strengthening growth platform to take advantage of recovery
- Market conditions improving; margin pressure remains
- Future growth driven by
  - Increasing share of customers' spend
  - Resources & infrastructure projects
  - Acquisitions

# Questions



**Terry Bowen**

Finance Director, Wesfarmers Limited



**Wesfarmers**

- Positive contribution from Gresham Private Equity Funds, Bunnings Warehouse Property Trust & Wespine
- Non-trading expense of ~\$10 million relating to the restructure of Wesfarmers Chemicals, Energy & Fertilisers
  - 1H10 non-trading expense of \$39 million
- End of year impairment testing to be finalised

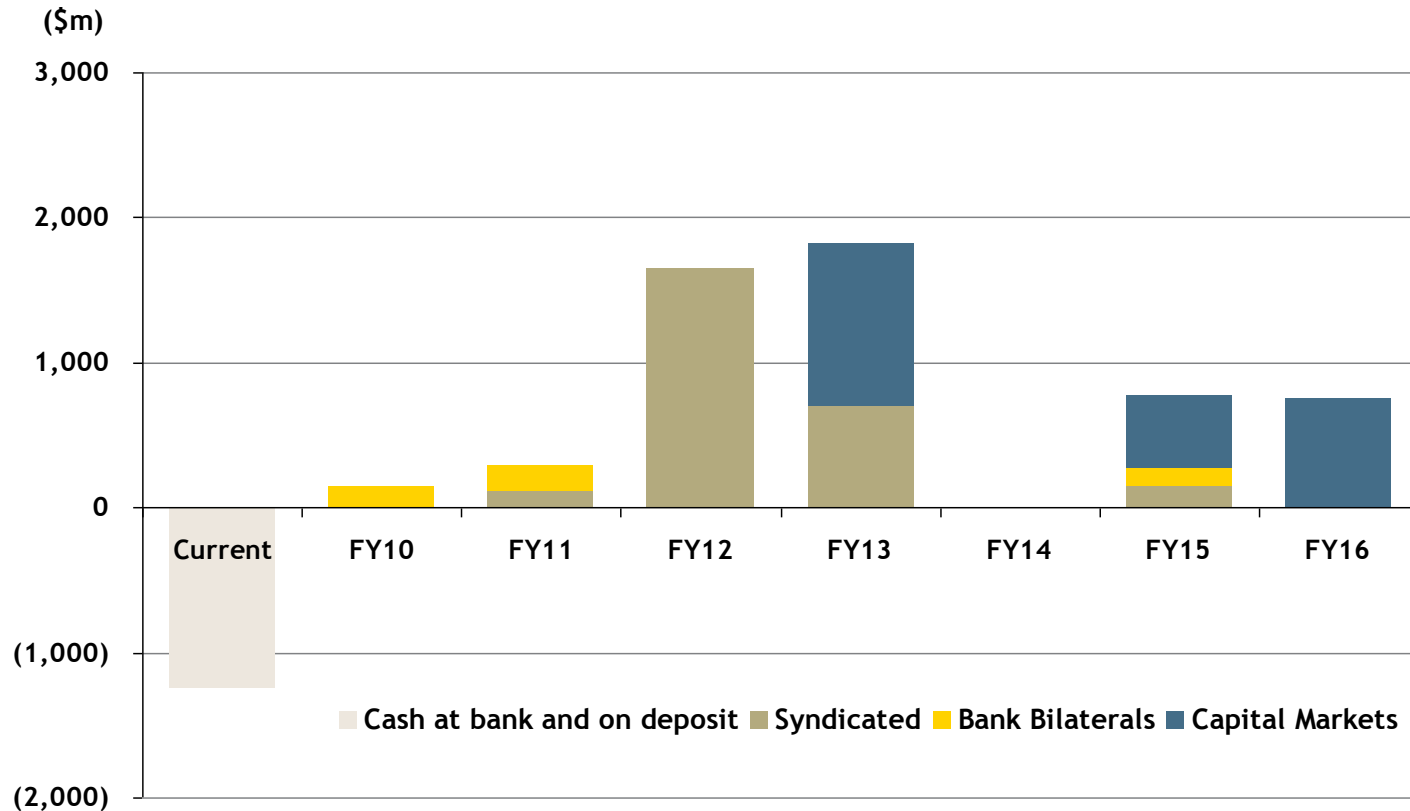
- Strong liquidity position provides a solid foundation against a backdrop of uncertain foreign debt markets
- Strong cash generating businesses & a continued focus on working capital contributing to balance sheet strength
- Cash on deposit used in part to fund seasonal working capital, short term debt maturities & organic growth (capital expenditure)
- Improvement to investment grade credit metrics; S&P long-term BBB+ credit rating upgraded from stable to positive outlook



- Inaugural issue of €500 million Euro Medium Term Note in March 2010
  - Provides further diversification to the Group's debt profile
  - Prepaid \$1 billion in shorter term syndicated facilities in April 2010
  - Associated brought forward interest costs of ~\$40 million in FY10 (relating to the early close out of ineffective hedges)
- Weighted average cost of borrowings for FY10 of 8.8% to 9.0% (excluding one-off costs associated with the pre-payment of debt)
- Current liquidity supported by \$1.3 billion of undrawn committed bank facilities

# Debt maturity profile

(pro-forma: 31 December 2009)



Net debt as reported at 31 December 2009 adjusted for:

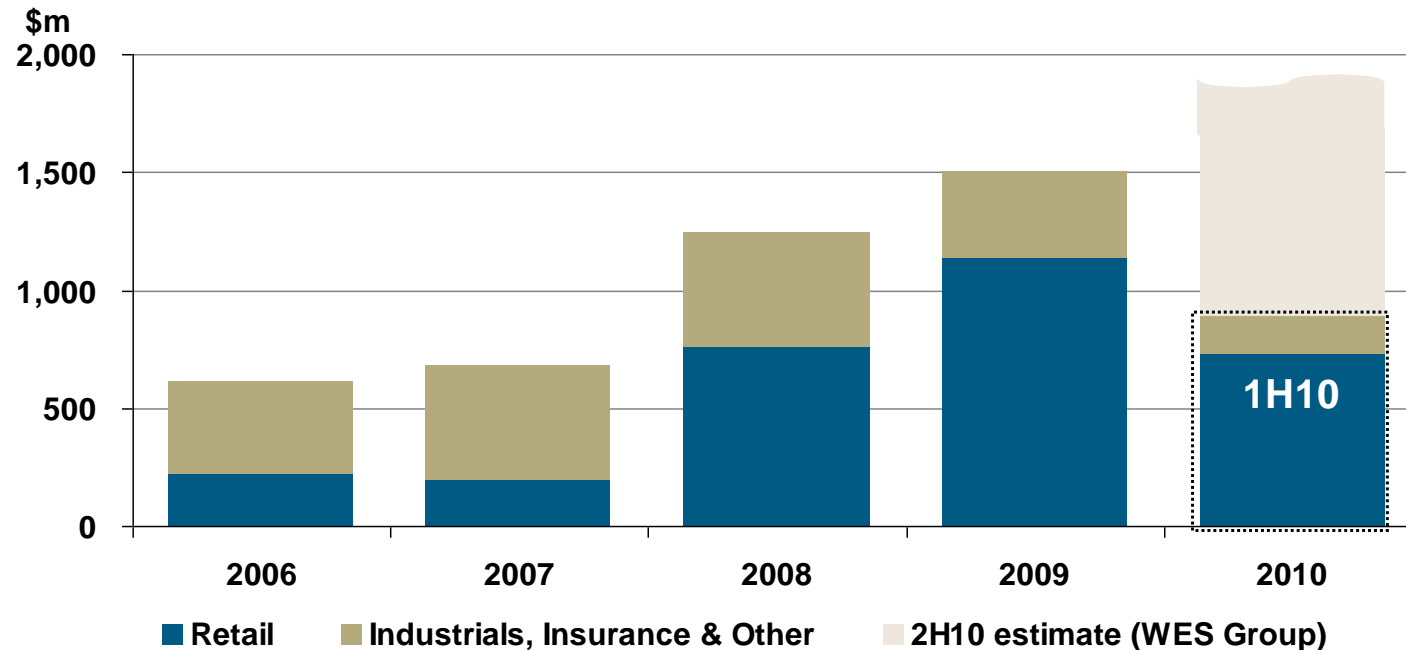
- Euro bond issue (~A\$750 million) maturing FY16
- Prepaid A\$1 billion of shorter term syndicated facilities maturing FY13
- Prepaid A\$200 million of bank bilaterals maturing FY12
- Reduced cash at bank & on deposit by A\$450 million

- Hedging implemented to protect the Group's competitive position & reduce uncertainty associated with movements in interest rates & foreign exchange
- Interest rate hedging at 78%\* as at 30 April 2010
- Main foreign currency exposure against US\$ through retail & coal operations
  - Discretionary retail: provides up to 80% cover of highly probable forecast direct US\$ purchases for the upcoming 12 month period
  - Resources: provides between 80% to 95% cover based on contracted sales prices in the first year declining to 0% to 20% based on long term price estimates in the fifth year

\* for the 12 month period ending 30 April 2011

# Investment expenditure

- Strong return on capital focus
- Continued investment in organic growth, maintenance & development opportunities
- FY10 capital expenditure estimate \$1.7 billion to \$1.8 billion



- Wesfarmers recognises the desire of shareholders to receive stable & growing dividends
- The Group's policy as previously stated is:

*Dividends will be paid based on the company's current & projected cash position, having regard to capital expenditure requirements, retained earnings, franking credits, debt levels & business & economic conditions generally. Within these parameters Wesfarmers will seek to deliver stable & growing dividends in the future*

# Q & A

Richard Goyder  
Managing Director, Wesfarmers Limited

Terry Bowen  
Finance Director, Wesfarmers Limited



# Appendices



**Wesfarmers**

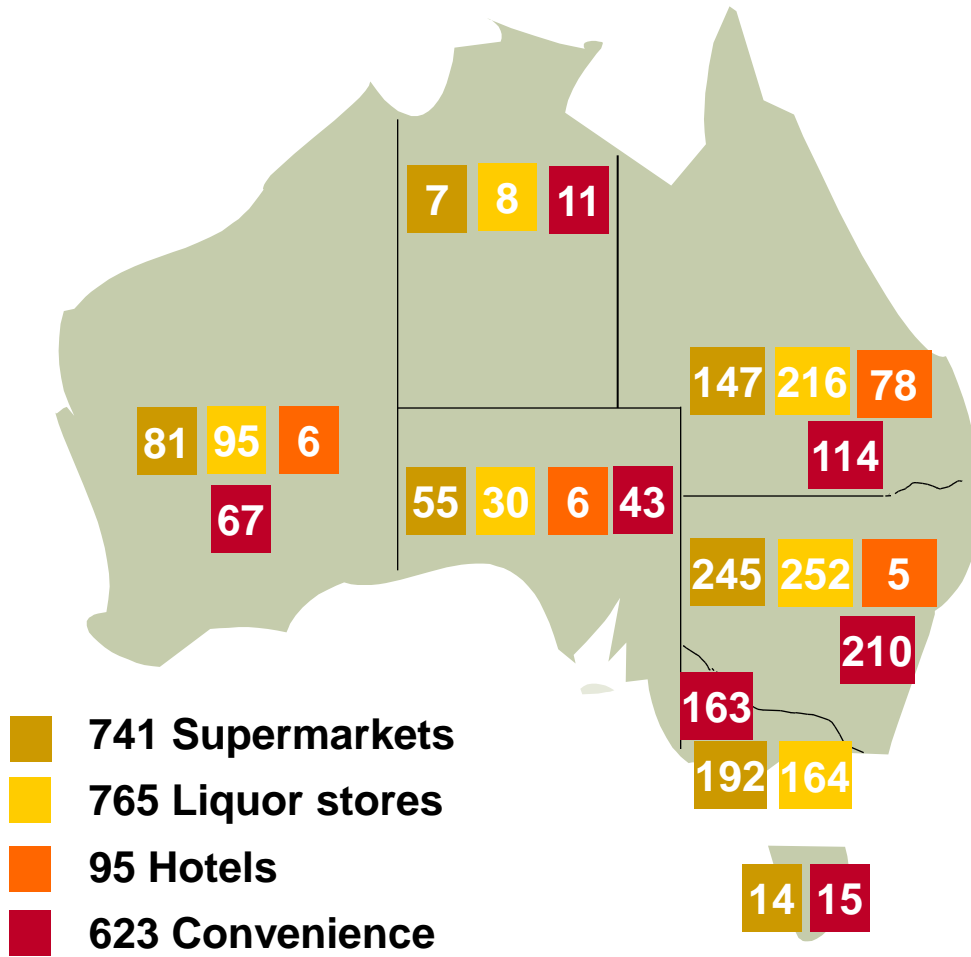
# Coles Appendices





# Our national footprint

As at 30 April 2010



## Selling Area

Supermarkets (sqm)	1,583,023
Liquor (sqm) – ex hotels	180,180

- 741 Supermarkets
- 765 Liquor stores
- 95 Hotels
- 623 Convenience

# Improving our franchise

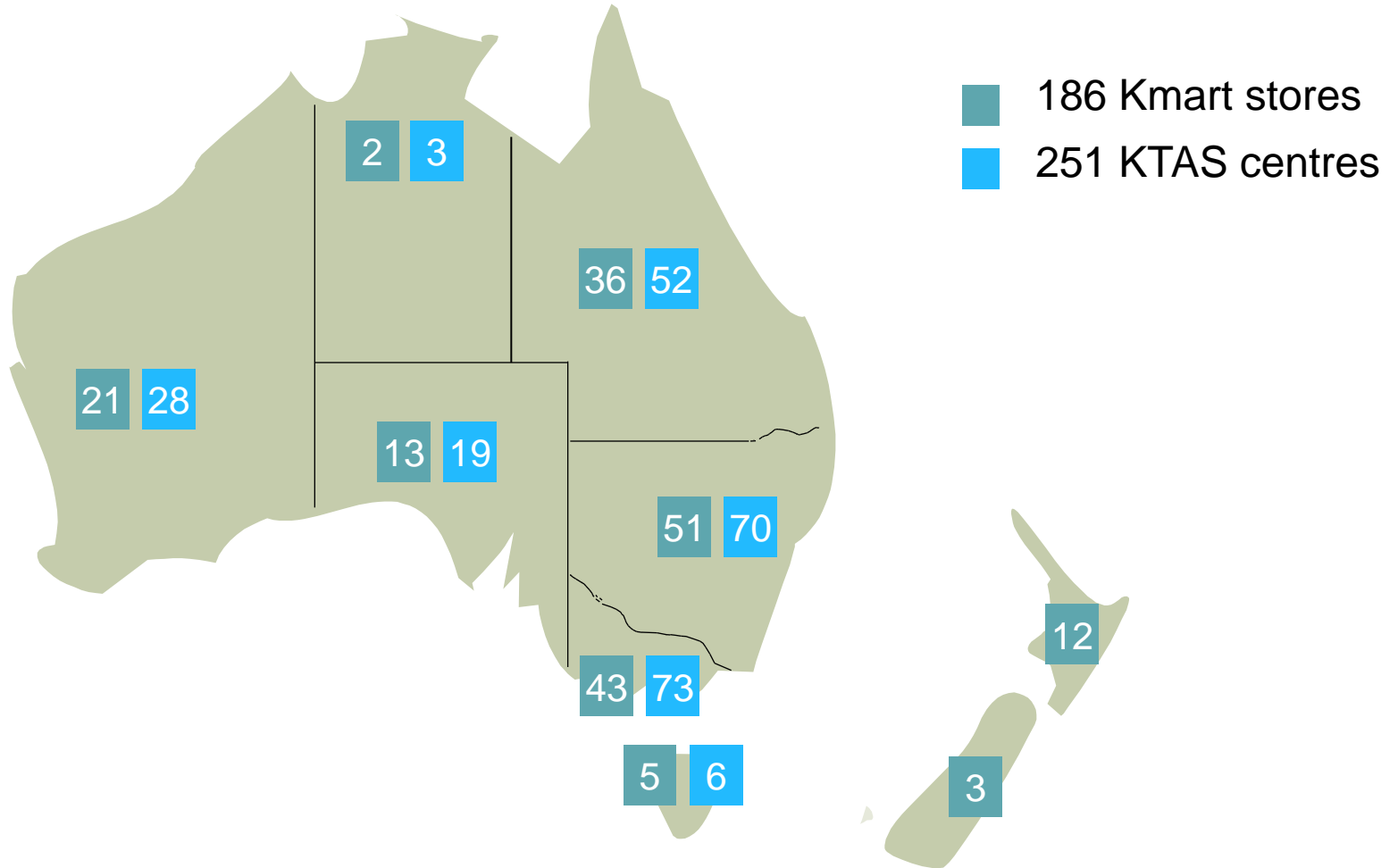
	Open at 1 July 2009	Opened	Closed	Open at 30 April 2010
<b>Supermarkets</b>				
Coles	705	9	24	690
Bi-Lo	58	-	7	51
<b>Total Supermarkets</b>	763	9	31	741
<b>Liquor</b>				
1 <sup>st</sup> Choice	64	10	2	72
Vintage Cellars	80	-	2	78
Liquorland	631	10	26	615
Hotels	95	1	1	95
<b>Total Liquor</b>	870	21	31	860
<b>Convenience</b>	625	3	5	623

# Kmart Appendix



# Kmart Store Network

As at 30 April 2010



# Home Improvement & Office Supplies Appendices



# Strategic agenda

1. Improve the customer offer
2. Improve customer service
3. Team development & engagement
4. Make things simple & improve our CODB
5. Drive sales & profitability



## 1. Improve the customer offer

- Delivering range authority
- 'How To' classes & demonstrations
- Special orders service rollout
- Business Essentials on website
- Store upgrades & merchandise rollbacks



## 2. Improve customer service

- Expanding our services offer
- Operation Blueprint savings re-invested into customer service
- Customer convenience
  - 3 ways to shop
- Ramping up training





- Strong focus on team members
- Significant lift in 'cultural engagement'
- Investment in team member training
- Reward & recognition
- Developing, attracting & retaining the best



## 4. Make things simple & improve our CODB

- Supply chain productivity & CODB gains
- Processes & procedures simplified
- Stock management improvements
- Reduction in-store support cost base



- Open 8 to 10 new stores p.a.
  - Pipeline progressing well
- Upgrade 8 to 10 existing stores p.a.
  - Strong results to date
- Driving new & existing customer loyalty
  - Corporate & education to complement existing SMEs
- Continue to improve website



# Industrial & Safety Appendix



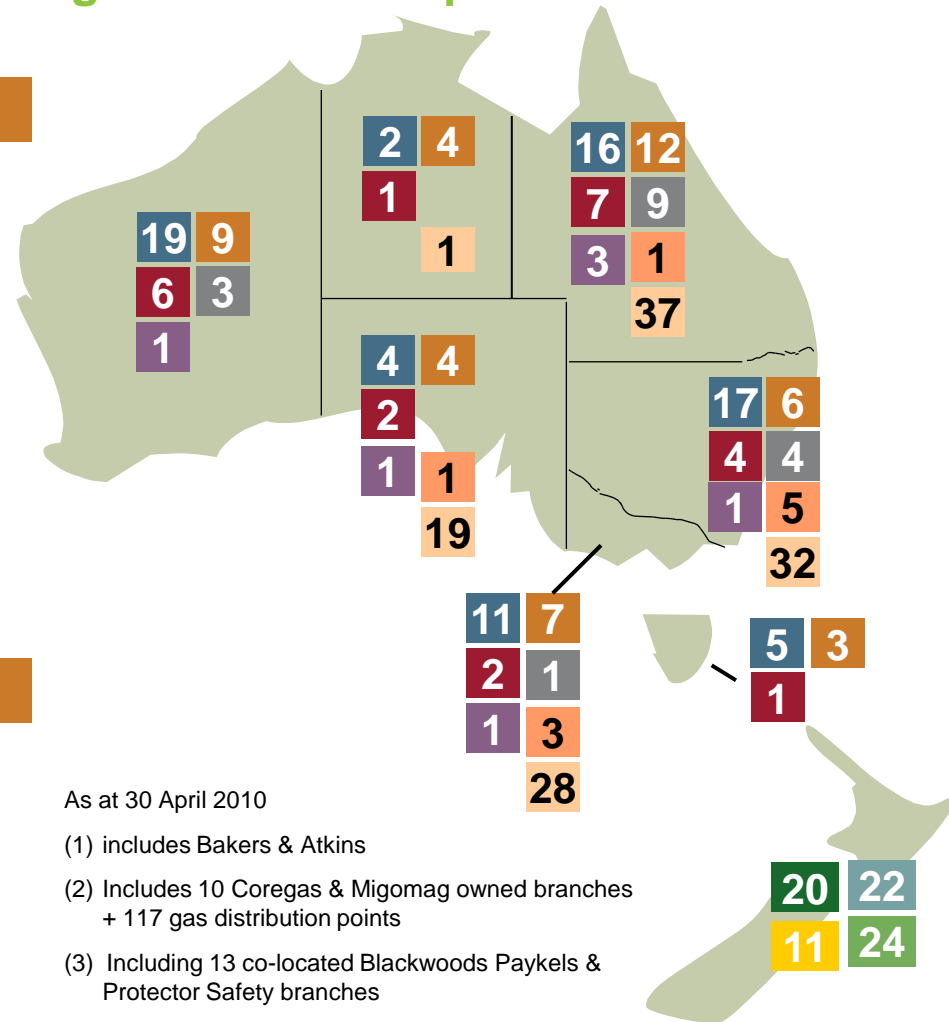
**Wesfarmers**

# Distribution network

243 industrial & safety branches & 127 gas distribution points

Australia		No.
	74	"All your workplace needs" industrial <sup>(1)</sup>
	45	Safety
	23	Materials handling, lifting & rigging
	17	Fasteners
	7	Engineering
	10	Industrial, Medical & Specialty Gases <sup>(2)</sup>
	+117	

New Zealand		No.
	20	Industrial, hose, conveyor <sup>(3)</sup>
	22	Safety <sup>(3)</sup>
	24	Safety
	11	Packaging, hygiene





**Wesfarmers**