



**Wesfarmers**

# Philosophy, Performance and Direction

JPMorgan Investor Conferences

New York & Edinburgh

24 - 28 September 2007

Discussion Pack

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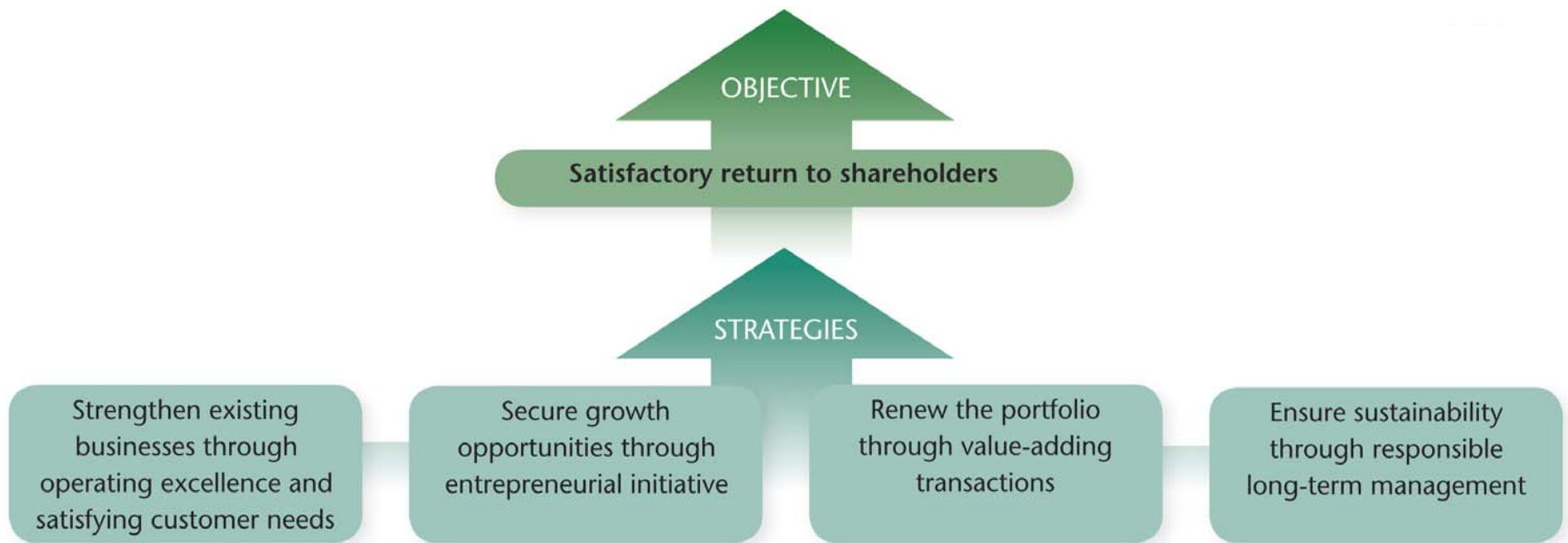
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# Philosophy, Performance and Direction



# Long-term, consistent strategies



## Strong key attributes



Strong cash flows through the cycle

Pursuing growth opportunities

Investing in high quality assets

Achieving improved earnings

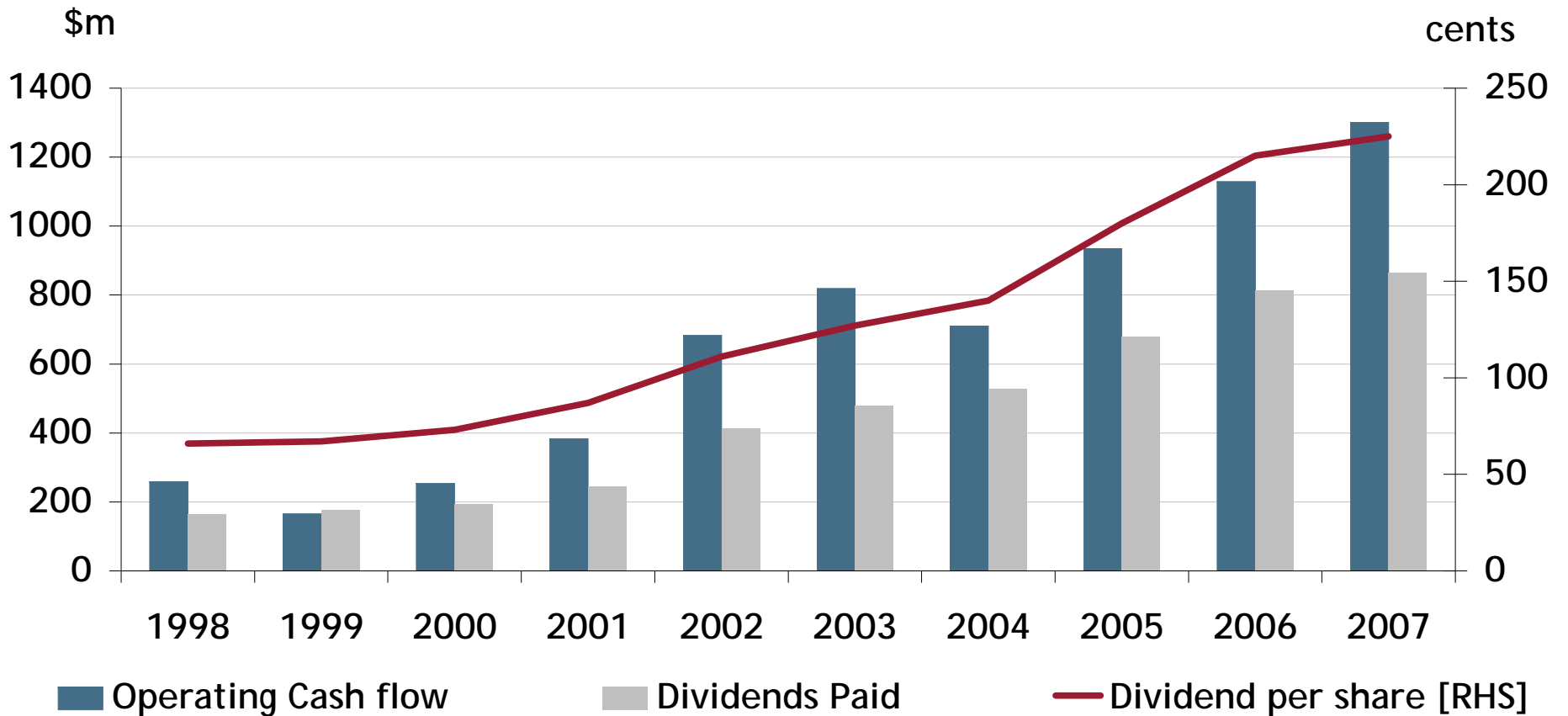
Strong internal processes



# Strong key attributes



- Cash flows
- Growth
- Quality Assets
- Earnings
- Processes



# Strong key attributes



## Home Improvement

- Continued rollout of warehouse stores at 10 -14 pa
- Rollout of new range concepts; lighting, kitchens & flooring

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## Coal

- \$360m Curragh North development
- Bengalla, Curragh feasibility studies

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## Insurance

- Consolidation of the insurance broking market

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## Industrial & Safety

- Stronger platform for growth allowing WIS to meet competition
- Acquisition of Bullivants, further opportunities in fragmented markets

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## Chemicals & Fertilisers

- Kwinana AN expansion to double capacity
- Sodium Cyanide expansion
- Expansion into new markets & geographies – Australian Vinyls

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## Energy

- \$138m Kwinana LNG plant
- Coregas acquisition – industrial and medical gases east coast



# Strong key attributes



## Home Improvement

- National store network (Aust. & NZ)
- Leading retailer in home and garden improvement

## Coal

- Annual production capacity of >6.5mtpa of metallurgical coal; >7.5mtpa steaming coal
- Consistent quality; low costs

## Insurance

- Diverse mix of businesses
- 200,000 direct customer relationships

## Industrial & Safety

- #1 or #2 in most markets in which it operates
- Leading supplier (Blackwoods) with extensive branch network

## Chemicals & Fertilisers

- Sole producer of AN in WA. Reliable, high quality, local supply
- 65% of WA fertiliser market, unmatched infrastructure

## Energy

- LPG vertical integration
- Industrial gas, LNG and power production facilities





# Strong key attributes



## Home Improvement

- Store on store cash sales growth of 10.4% in FY07
- 5 year EBITA CAGR of 12.6% pa

## Coal

- Maintaining lowest quartile cash cost production for export coal

## Insurance

- 5 year EBITA CAGR of 46.2% pa

## Industrial & Safety

- Margin and expense control
- Continuing improvements in supply chain and delivery performance
- Significant working capital reduction; >50% decrease in SKUs

## Chemicals & Fertilisers

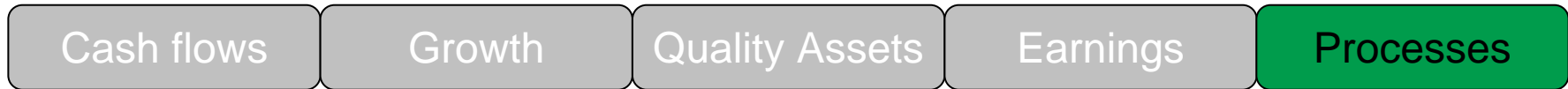
- Improved contribution from ammonium nitrate
- Continued focus on working capital management and expenses

## Energy

- Full year contribution from Coregas acquisition from 2008
- LNG project earnings in 2008/09



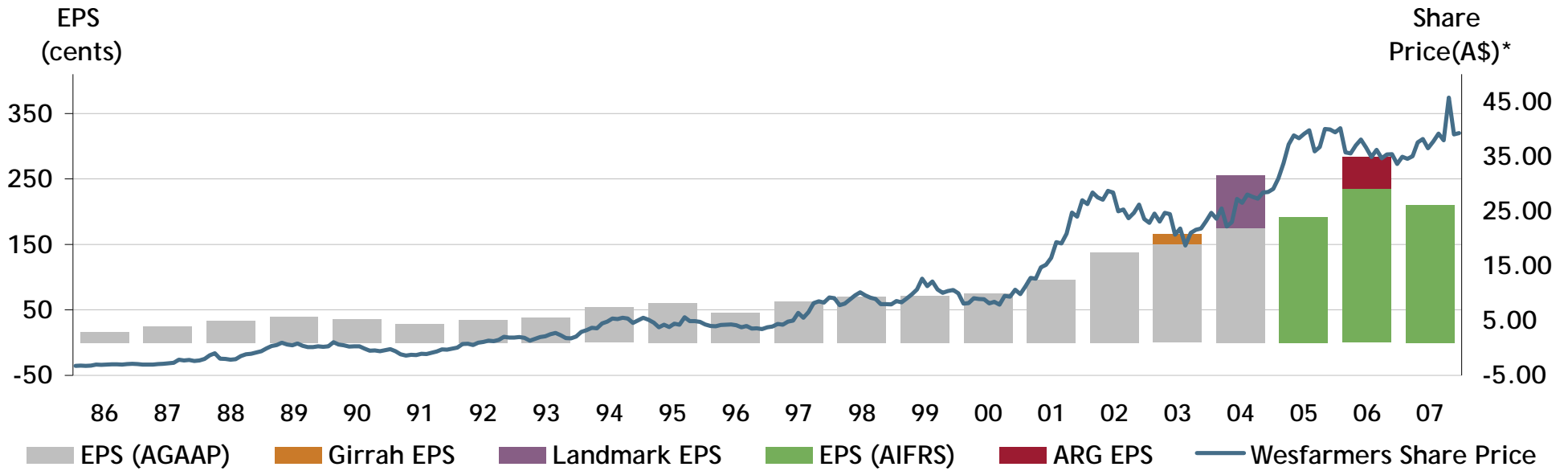
# Strong key attributes



- Lean corporate office
- Divisional autonomy, responsibility and accountability
- Flexibility to manage portfolio

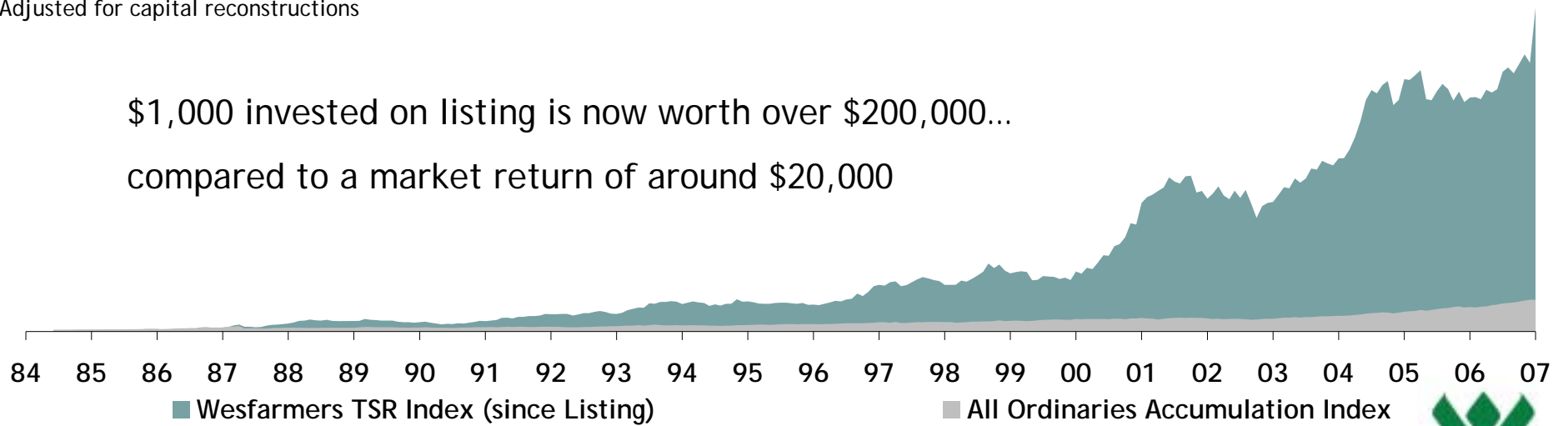


# Resulting in increasing returns



\* Adjusted for capital reconstructions

\$1,000 invested on listing is now worth over \$200,000...  
 compared to a market return of around \$20,000



Sustainability



# Sustainability

## Financial performance

- All our actions are directed towards satisfying our corporate objective of providing a satisfactory return to shareholders. To be sustainable, Wesfarmers must continue to achieve high standards of financial performance thereby allowing us to make the most meaningful contribution possible to the community through wealth generation and employment creation

## Safe and rewarding workplaces

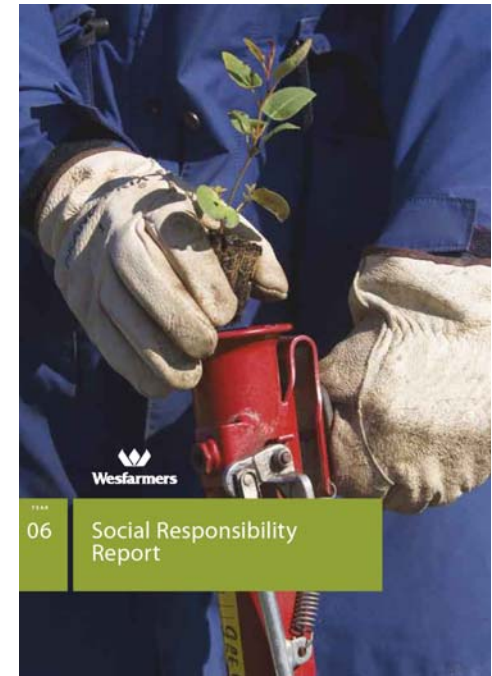
- Attraction and retention of skilled and committed employees is one of our key priorities. We have an obligation to provide safe workplaces, to treat our people with decency and respect and provide them with opportunities for interesting and rewarding career paths. Each business unit is set a target of reducing its lost time injury frequency rate by 50 per cent a year on the path to zero. Senior staff remuneration is linked to achievement of safety targets

## Good value products and services

- Central to our business success is to maintain a reputation for quality and value across the range of our diversified suite of operations. We seek to apply the same principles and standards to delivering export coal as we would to dealing with clients in the insurance businesses and catering to the needs of our retail hardware customers

## Respect for customers and suppliers

- Retention of high levels of satisfaction in both these groups is essential if we are to continue to succeed. Extensive customer feedback systems are maintained in the retail operations with procedures in place to handle feedback of a positive or negative nature



# Sustainability



## Environmental responsibility

- Our diverse range of businesses expose us to a number of challenging or potentially challenging environmental issues, including waste disposal, contamination and greenhouse gas emissions. We set legal compliance as a minimum and seek to exceed that wherever possible.

## Ethical dealings

- Respect for the letter and the spirit of the law is paramount. There are codes of ethics and conduct in place at both Group and business unit level, as well as for the Board of Directors. Every year hundreds of our employees participate in detailed seminars covering obligations under the Trade Practices Act in Australia and consumer protection legislation in New Zealand.

## Community contribution

- We believe the company benefits from having a reputation as a good corporate citizen. We have a significant programme of support for community-focused organisations and causes which the Board contributes up to 0.25 per cent of before tax profits each year. In 2005/2006 this amounted to A\$2.8 million with a further \$3.1 million in direct assistance from the business units and another \$3.2 million attributable to fundraising activities of our Home Improvement division.

Wesfarmers is a member of the Dow Jones Sustainability World Indexes for 2006, rating it in the top 10 per cent of companies assessed worldwide against economic, environmental and social criteria



# Sustainability



## Sustainability reporting

- Voluntarily publicly reporting on sustainability issues since 1998/99. The stand-alone Social Responsibility Report is published to coincide with the company's Annual General Meeting. The 2006 report ran to 100 pages of very detailed information on our environmental, health and safety and community engagement performance and was independently verified using the AA1000 Assurance Standard. The 2005 report was judged equal best occupational health and safety report by the judges of the 2006 Australasian Reporting Awards. The report can be accessed on-line at [www.wesfarmers.com.au](http://www.wesfarmers.com.au).

## Climate change

- Greenhouse gas emissions from wholly-owned business units or those where we have management responsibility are disclosed in the Social Responsibility Report. Three of our operating businesses - CSBP and the Curragh and Premier coal mines - are members of Greenhouse Challenge Plus, the Australian government's voluntary emissions reduction programme. Our remote power generation business, Energy Generation, has submitted a letter of intent to join the programme.
- In 2006 and 2007 we took part in the extension to Australia and New Zealand of the Carbon Disclosure Project which sought responses from major companies to their approach to climate change-related risks and opportunities. Our 2006 report can be accessed at [www.cdproject.net](http://www.cdproject.net)
- Our coal operations are contributors to the Coal21 Fund established by the Australian coal industry to demonstrate promising technologies to reduce greenhouse emissions from coal-fired power stations. The Fund is expected to raise up to \$1 billion over ten years with Wesfarmers putting in around \$30 million.
- We support the development of a global emissions trading scheme and the work being done in Australia at the moment to investigate the feasibility of setting up a domestic scheme ahead of global agreement. Any such local scheme would need to involve both the Commonwealth and state governments and contain protections for trade-exposed companies competing in markets which have not adopted such measures.

## Energy efficiency

- We have registered all divisions under the Australian government's Energy Efficiency Operations (EEO) programme which requires companies using more than 0.5 petajoules in any year to conduct assessments and report on implementation of measures designed to increase energy efficiency. We believe there are financial as well as environmental benefits to be obtained from adopting a positive approach to this legislative requirement.



# Group Overview





# Financial Summary

		FY05	FY06*	FY07	% Change pcp	
<b>Operating Results</b>						
Operating revenue	<i>A\$m</i>	8,159	8,859	9,754	10.1	↑
EBITDA	<i>A\$m</i>	1,260	1,650	1,650	0.0	
Earnings before interest and tax	<i>A\$m</i>	1,071	1,366	1,305	4.4	↓
Net profit after tax	<i>A\$m</i>	702	869	786	9.6	↓
<b>Financial Position</b>						
Total assets	<i>A\$m</i>	7,153	7,430	12,076	62.5	↑
Net borrowings <sup>#</sup>	<i>A\$m</i>	1,723	1,460	4,986	241.5	↑
Shareholders' equity	<i>A\$m</i>	2,742	3,166	3,503	10.7	↑
Capital expenditure on PPE	<i>A\$m</i>	465	615	680	10.6	↑
Depreciation and amortisation <sup>^</sup>	<i>A\$m</i>	189	283	345	21.6	↑
<b>Financial Performance</b>						
Earnings per share	<i>cents</i>	192.0	235.6	210.5	10.7	↓
Dividends per share	<i>cents</i>	180	215	225	4.7	↑
Operating Cash flow per share	<i>A\$</i>	2.48	2.99	3.41	14.3	↑
Return on average shareholders' equity	%	25.4	31.1	25.1	6.0pt	↓
Gearing (net debt to equity) <sup>#</sup>	%	62.9	46.1	143.6	97.5pt	↑
Net interest cover (cash basis) <sup>#</sup>	<i>times</i>	12.4	13.8	8.7	5.1pt	↓

\* excluding the sale of ARG















<sup>^</sup> including Stanwell amortisation (FY07 A\$119.6m, FY06 A\$80.9m, FY05 A\$4.3m)

<sup>#</sup> FY07 includes \$2.1b in debt relating to acquisition of Coles stake. Gearing & interest cover excluding Coles debt and related interest is 84.3% and 10.6 times respectively



# Financial Summary

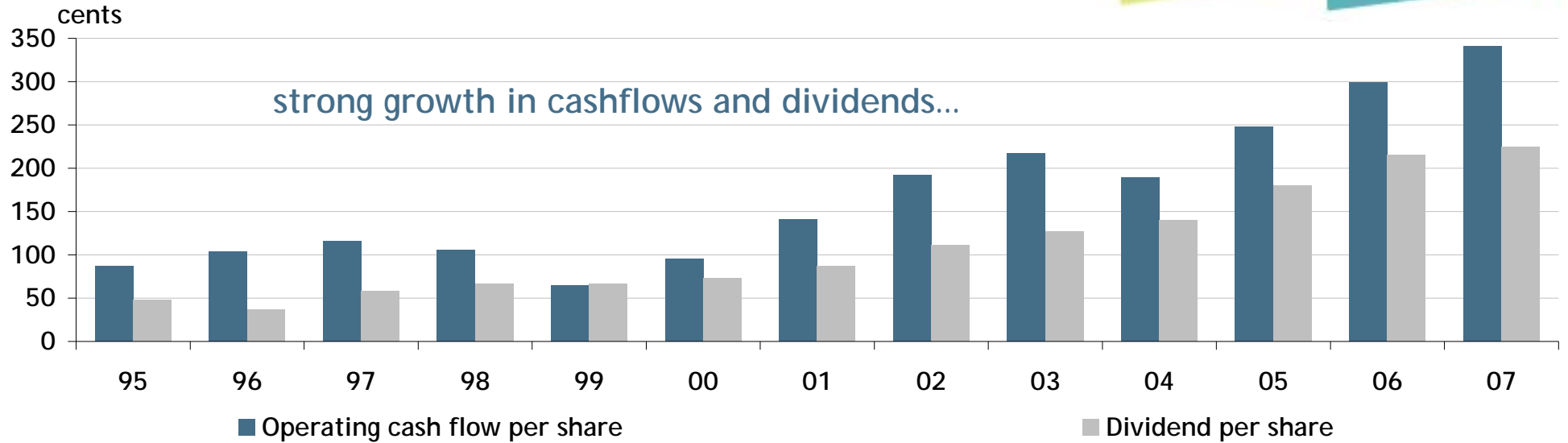


	Activities	FY2007 Revenue (A\$m)	FY2007^ EBIT (A\$m)	FY2007 ^ EBIT Contribution	FY2007 Capital Employed (A\$m)
<b>Home Improvement</b>	Australasia's leading supplier of home and garden improvement products and building materials	4,939	528	 39%	 1,879
<b>Coal</b>	Mining of metallurgical and steaming coal to domestic and export markets	1,134	338	 25%	 870
<b>Insurance</b>	Provider of general and specialist insurance products in Australia and New Zealand	1,410	120	 9%	 764
<b>Industrial &amp; Safety</b>	Supplier and distributor of maintenance repair and operating (MRO) products and industrial safety products and services	1,208	115	 8%	 734
<b>Chemicals &amp; Fertilisers</b>	Manufacture and marketing of industrial chemicals and fertilisers	592	101	 7%	 604
<b>Energy</b>	Production, marketing and distribution of LPG; manufacture and marketing of industrial gases; and power generation	463	75	 5%	 422
<b>Other Businesses</b>	50% interest in Gresham Partners; Gresham Private Equity investments; 50% interest in Wespine; and 23% interest in BWPT	8	95	 7%	 536

^ before corporate overheads and consolidation adjustments of \$66.8m



# Cashflow and Dividends per share



Excludes profit on sale of Girrah (2003), Landmark (2004) and ARG (2006)

\* Before goodwill amortisation



# 2007 Annual Results



## 2007 Full Year Results Performance Highlights

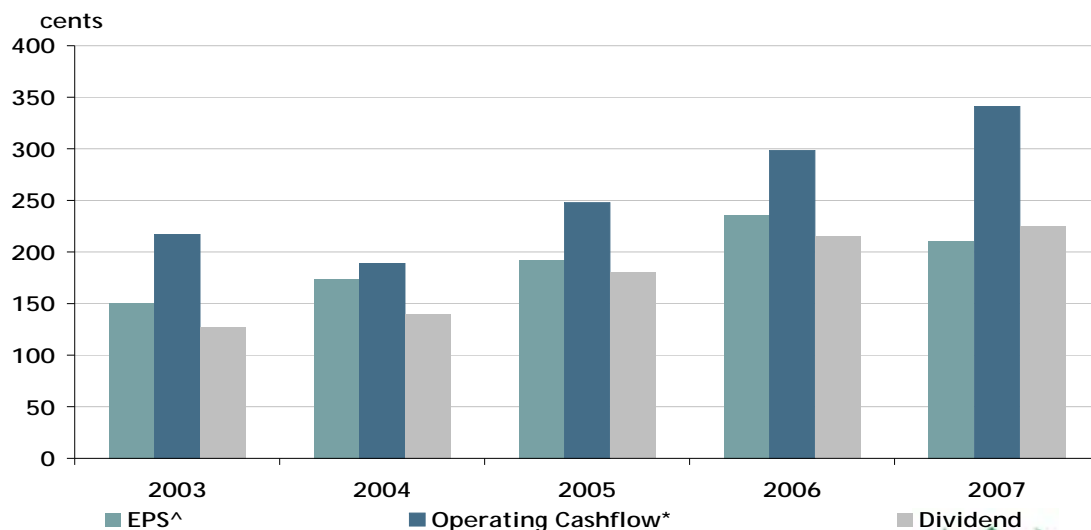
### Group Performance Highlights

- Operating revenue up 10.1%
- Group profit after tax of \$786 million
- Earnings per share of 210.5 cents per share
- Operating cash flow up 15.2%
- Return on Equity of 25.1%
- Full year dividend increased to \$2.25 per share

Year ended 30 June (\$m)	2007	2006*	↕ %
Operating revenue	<b>9,753.7</b>	8,858.8	10.1
EBITDA	<b>1,650.0</b>	1,649.5	0.0
EBIT	<b>1,305.3</b>	1,366.0	(4.4)
Net profit after tax	<b>786.3</b>	869.4	(9.6)
Operating cash flow	<b>1,300.6</b>	1,129.1	15.2
Earnings per share (ex. employee res. shares)	<b>210.5</b>	235.6	(10.7)
Earnings per share (inc. employee res. shares)	<b>206.5</b>	229.9	(10.2)
Cash flow per share (inc. employee res. shares)	<b>341.5</b>	298.7	14.3
Dividends per share ^	<b>225.0</b>	215.0	4.7

^ 2007 Dividends per share includes 25 cents per share relating to franking credits from ARG sale

\* Excludes the sale of ARG



EPS and Cashflow excl. sale of Girrah (2003), Landmark (2004) and ARG (2006)

\* Based on weighted average number of ordinary shares incl. employee reserved shares

^ AGAAP excl. goodwill amortisation (2003 and 2004), AIFRS excl. employee reserved shares (2005 onwards)



# 2007 Full Year Results Performance Highlights

## Divisional Performance Overview

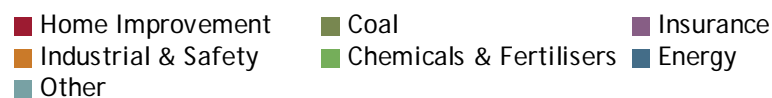
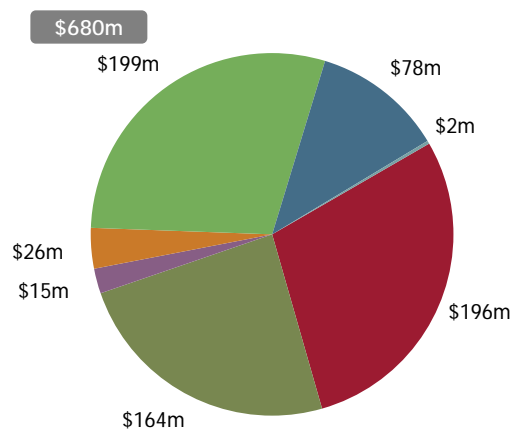
- Improved performance from most divisions
- Significant increase in earnings from Home Improvement
- Coal earnings down due to softening export metallurgical coal prices and increasing costs
- Insurance EBIT impacted by competition and a higher claims incidence in Lumley
- Industrial & Safety EBIT higher due to stronger performance from all businesses
- Chemicals & Fertilisers EBIT higher despite lower rainfall
- Energy EBIT higher due to continuing higher LPG prices and increased LPG volumes
- OAMPS, Crombie Lockwood, Coregas and Bullivants acquisitions performing in line with expectations
- Expansion of LNG and Ammonium Nitrate continuing on schedule

Year ended 30 June (\$m)	2007	2006*	↕ %
Home Improvement	<b>528.4</b>	420.5	25.7
Coal	<b>338.0</b>	577.8	(41.5)
Insurance	<b>120.3</b>	124.8	(3.6)
Industrial & Safety	<b>114.6</b>	96.8	18.3
Chemicals & Fertilisers	<b>100.6</b>	81.4	23.6
Energy	<b>75.4</b>	49.4	52.6
Other	<b>94.8</b>	72.2	31.3
<b>Divisional EBIT<sup>^</sup></b>	<b>1,372.1</b>	1,422.9	(3.6)
Corporate overheads and consolidation adj	<b>(66.8)</b>	(56.8)	(17.5)
<b>Group EBIT</b>	<b>1,305.3</b>	1,366.0	(4.4)

<sup>^</sup> 2007 EBIT is after amortisation of intangibles of \$9.8m in Insurance and \$0.2m in Energy

\* Excludes the sale of ARG

## Capital Expenditure Year end 30 June 2007



# Home Improvement - 2007 Full Year Performance

## Highlights

- 13.8% cash sales growth and 3.2% lift in trade sales
  - store on store cash sales growth of 10.4%
- 13 warehouse and 3 small format store openings
  - 31 store upgrades, NZ re-branding largely complete
- Good progress on merchandising and operational strategic agenda
- Phase 1 system upgrade successfully completed
- Strong property contribution

## Outlook

- Continued cash sales growth
  - Positive retail conditions, some concerns on the horizon
- Improving trade performance
- Continued network development
- Maintaining strong focus on core retail drivers
- Reducing the cost of doing business
- Strong focus on improving customer service

## Financial Performance

Year ended 30 June (\$m)	2007	2006	↕ %
Revenue	4,938.9	4,275.5	15.5
EBIT	528.4	420.5	25.7
ROC (R12 %)	28.1	22.9	5.2 pt
Trading Revenue* (\$m)	4,689.8	4,193.0	11.9
Net property contribution (\$m)	53.7	5.3	907.1
<b>Trading EBIT*</b>	<b>485.3</b>	417.9	16.1
Trading EBIT / Trading Revenue (%)	10.3	10.0	0.3 pt
Safety (R12 LTIFR)	14.5	12.4	

\* Excludes property, WA Salvage, and other non-trading items



# Coal - 2007 Full Year Performance

## Highlights

- Continued increase in metallurgical coal sales
- Completion of Curragh North Materials Handling project
- Curragh North Project completed on budget at \$360 million
- Gladstone Port expansion
- Bengalla Modified Development Consent approved
- Feasibility study commenced to expand Curragh exports to 8.0 - 8.5mtpa
- Active in coal industry support of clean coal technologies

## Outlook

- Strong market fundamentals and customer demand
- Appreciating Australian dollar
- Constrained export coal chains
- Ongoing industry cost pressure
- Continued increase in metallurgical coal sales
  - 6.5mt to 6.9mt in 2007/08
- Lower Stanwell Rebate
- Bengalla expansion feasibility study
- Curragh expansion feasibility study

## Financial Performance

Year ended 30 June (\$m)	2007	2006	↑↓ %
<b>Revenue</b>	1,133.7	1,304.2	(13.1)
<b>EBITDA</b>	519.5	720.8	(27.9)
<b>Depreciation &amp; Amortisation*</b>	(181.5)	(143.1)	(26.9)
<b>EBIT#</b>	338.0	577.8	(41.5)
<b>ROC (R12 %)</b>	38.8	78.3	(39.5 pt)
<b>Coal Production ('000 tonnes)</b>	13,754	14,959	(8.1)
<b>Safety (R12 LTIFR)^</b>	3.4	4.5	

\* Includes Stanwell rebate amortisation of \$119.6m in 2007 and \$80.9m in 2006

# Includes positive adjustment of \$17.8m in 2007 in relation to the mine rehabilitation provision

^ Curragh and Premier only





# Insurance - 2007 Full Year Performance

## Highlights

- A difficult year in a soft insurance market with intense competition
- Higher claims incidence in Lumley Australia/NZ
- Significant events (Hunter and Victorian storms)
- Reduced reinsurance levels in line with strategy to retain more risk
- Record earnings for WFI
- Earnings contribution from acquisitions in line with expectations
  - OAMPS acquisition in November 2006
  - Crombie Lockwood acquisition in March 2007
- Acquisition of other specialist distribution businesses
- One-off provisions, write-offs and acquisition integration costs

## Outlook

- Underwriting performance constrained by competitive pressures
- Full year contribution from recent acquisitions
- Efficiency gains from integration of recent acquisitions
- Maintain business focus in selected market segments
- Improved Crop outlook due to favourable weather patterns
- Continue to seek opportunities for profitable growth via acquisition

## Financial Performance

Year ended 30 June (\$m)	2007*	2006	↑ %
Gross Written Premium Underwritten	1,191.0	1,025.9	16.1
EBITA Underwriting	96.7	121.6	(20.5)
EBITA Broking	32.2	--	--
EBITA Other	1.1	1.2	(8.3)
<b>EBITA Insurance Division</b>	<b>130.0</b>	124.8	4.2
EBIT Insurance Division <sup>^</sup>	120.3	124.8	(3.6)
Net Earned Loss Ratio (%)	62.4	60.1	(2.3 pt)
Combined Operating Ratio (%)	94.2	88.1	(6.1 pt)
EBITA Margin (Broking) (%)	27.1	--	--

\* Includes 8 months of OAMPS' result and 4 months of Crombie Lockwood's results

<sup>^</sup> EBIT is after amortisation of intangibles in 2007 of \$9.8m and a non-trading gain in 2006 of \$2.0m



# Industrial & Safety - 2007 Full Year Performance

## Highlights

- Operating Revenue up 3.8% at \$1,208m
  - Sales growth of 8.7% in the second half (inclusion of Bullivants from January)
  - Growth in Blackwoods and generally stronger performance from all businesses
- Earnings increased by 18.3% to \$114.6m
  - Stronger performance from Blackwoods, Protector Alsafe and Blackwoods Paykels
  - Half year contribution from Bullivants
  - Property income exceeded restructuring costs
- Strong cash flow performance, with working capital reduced by 13%
- Return on Capital up 3.0 percentage points to 15.6%

## Outlook

- Mixed market conditions
- Stronger platform allowing WIS to meet competition
- Each business firmly focused on profitable growth
- Ongoing review of acquisition opportunities to complement organic growth

## Financial Performance

Year ended 30 June (\$m)	2007	2006	↑ ↓ %
Revenue <sup>^</sup>	1,208.0	1,163.5	3.8
EBITDA	128.2	111.0	15.6
Depreciation & Amortisation of PPE	(13.7)	(14.2)	3.4
<b>EBIT</b>	<b>114.6</b>	<b>96.8</b>	<b>18.3</b>
EBIT / Revenue (%)	9.5	8.3	1.2 pt
ROC (R12 %)	15.6	12.6	3.0 pt
Safety (R12 LTIFR)*	4.4	5.1	

<sup>^</sup> 2006 revenue has been restated in line with 2007 Wesfarmers Group Accounting Policies

\* Includes Bullivants for 7 months in 2007



# Chemicals & Fertilisers - 2007 Full Year Performance



## Highlights

- Continued safety improvement
- Chemicals contribution in line with last year
  - Improved contribution from ammonium nitrate and QNP
- Fertiliser contribution higher than prior year
  - Continued focus on working capital management and expenses
- \$11 million positive one-offs during year
  - Profit on sale of chlor-alkali business
  - Demonstration that soil contamination at Bayswater was prior to CSBP ownership

## Outlook

- Chemicals
  - Positive outlook for demand
  - Improved performance from ammonia plant
  - Commissioning of Kwinana ammonium nitrate project
  - Expansion of sodium cyanide capacity
- Fertilisers
  - Second poor season in northern agricultural areas
  - Volumes for balance of calendar year likely to be suppressed
  - Harvest critical to 2008 volumes
- Complete Australian Vinyls acquisition, expected September 2007

## Financial Performance

Year ended 30 June (\$m)		2007	2006	↕ %
<b>Revenue</b>	Chemicals	247.6	252.1	(1.8)
	Fertilisers	344.5	343.1	0.4
		<b>592.1</b>	595.2	(0.5)
<b>EBITDA</b>		<b>137.6</b>	123.1	11.8
Depreciation & Amortisation of PPE		<b>(37.0)</b>	(41.7)	11.3
<b>EBIT</b>		<b>100.6</b>	81.4	23.6
Sales Volume ('000t):	Chemicals	<b>449</b>	469	(4.3)
	Fertilisers	<b>901</b>	959	(6.0)
ROC (R12 %)		<b>16.7</b>	15.1	1.6 pt
Safety (R12 LTIFR)		<b>1.6</b>	4.6	



# Energy - 2007 Full Year Performance

## Highlights

- Completed \$500 million acquisition of Coregas - national producer and distributor of industrial and medical gases
- Higher LPG production and export sales
- LNG Project
  - announced commitment to a \$138 million LNG project
  - construction has commenced and is on schedule and on budget
- Kleenheat Gas - improved earnings in challenging market
- Power generation - new power station construction progressing well

## Outlook

- Higher contributions from industrial and medical gases:
  - a full year from Coregas
  - completion of new supply projects
  - growth opportunities in oil and gas sector
- LPG earnings dependent on:
  - Saudi contract prices
  - export and production volumes
- Commissioning of LNG plant in March 2008
- Further development of LNG markets
- Implementation of new power generation projects

## Financial Performance

Year ended 30 June (\$m)	2007	2006	↑ %
Revenue	463.0	371.9	24.5
EBITDA	<b>104.1</b>	74.1	<b>40.4</b>
Depreciation & Amortisation	<b>(28.7)</b>	(24.7)	<b>(16.0)</b>
<b>EBIT*</b>	<b>75.4</b>	49.4	<b>52.6</b>
ROC (R12 %)	<b>17.9</b>	26.8	<b>(8.9pt)</b>
LPG production (kt)	<b>185.9</b>	157.6	<b>17.9</b>
Safety (R12 LTIFR)	<b>2.0</b>	1.6	

\* Amortisation of intangibles in 2007 of \$0.2m



## Other Businesses - 2007 Full Year Performance

### Highlights

#### Gresham Private Equity - Fund 1

- Current investment of \$30.2m
- Raywood exited in 06/07; Norcros in July 07; and Riviera likely within 2 years

#### Gresham Private Equity - Fund 2

- Wesfarmers' commitment of \$161m; capital invested \$90.1m
- GEON expanding with acquisition of Promentum
- Acquisition of Barminco announced in July 2007 and Mimco in August 2007
- Revaluations are taken to Wesfarmers' earnings

### Financial Performance

Share of net profit of associates included in EBIT Year ended 30 June (\$m)	Holding %	2007	2006*
<b>Associates:</b>			
ARG	0	-	16.5
Gresham Private Equity - Fund 1	50	0.3	11.7
Gresham Private Equity - Fund 2	67	12.5	(1.6)
Gresham Partners	50	3.9	2.7
Wespine	50	8.1	9.8
Bunnings Warehouse Property Trust	23	46.9	17.0
Tax on relevant associates		(8.3)	(8.6)
<b>Sub-total</b>		<b>63.3</b>	<b>47.5</b>
Other^		31.6	24.7
<b>Total</b>		<b>94.8</b>	<b>72.2</b>

\* Excludes sale of ARG

^ Includes corporate interest & investment income, BPML and self insurance, and in 2007 includes \$5m profit on sale of Overseas & General and \$10m from settlement of Goninan dispute



# Operating Divisions



Home Improvement



**WIDEST RANGE**  
**LOWEST PRICES**  
**BEST SERVICE**



# Bunnings' Store Network at June 2007



- 155 Warehouse stores
- 65 Small format stores
- 3 HouseWorks stores

Excludes Trade operational sites

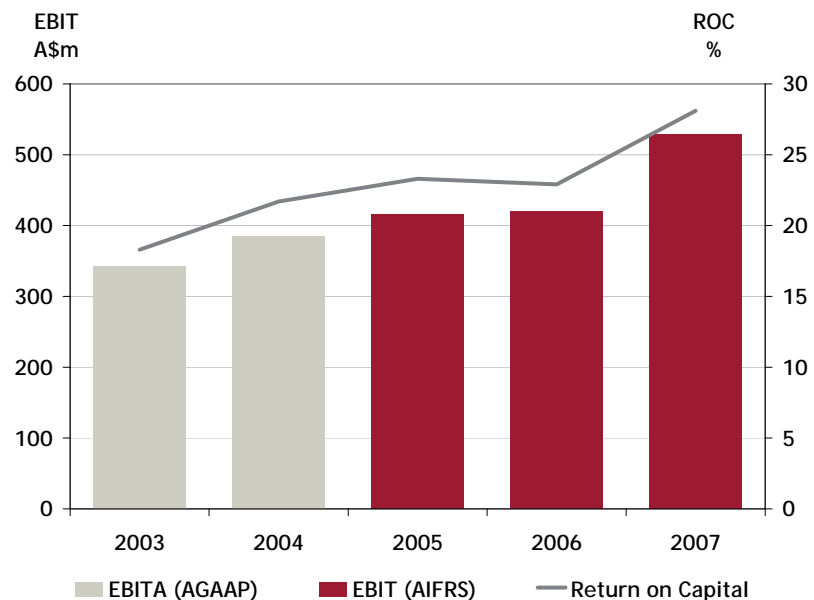




# Home Improvement - Performance



Growth Strategies	
Strategies	
<b>Profitable sales growth</b>	Strong focus on “driving the basics” – Price, Range & Service Rollout of new range concepts; lighting, kitchens & flooring Warehouse store rollout continues – 10 to 14 warehouse store pa 2 distinct trade market segments – 11 trade specific sites now open
<b>Improving customer service</b>	Major focus within business Effectiveness of in-store processes lifting Good progress on new labour scheduling system
<b>Innovation &amp; improvement of the offer</b>	Driving new product ranges, expanding offer to customer Lifting offer through store upgrades and refits Developing installation service & special orders range
<b>Team member performance</b>	Lifting investment in development programmes Supporting improved performance Continuing strong safety programme
<b>Business improvements to lower costs</b>	Systems upgrade project well advanced Continued supply chain enhancements Better business disciplines providing positive benefits Achieving a lower cost of doing business Positioning for community expectations and needs on climate change



(A\$m)	2003	2004	2005 <i>A-IFRS</i>	2006 <i>A-IFRS</i>	2007 <i>A-IFRS</i>
Revenue	3,474.5	3,845.7	4,065.4	4,275.5	4,938.9
EBITA	342.8	384.8	415.7	420.5	528.4
Goodwill Amortisation	(50.1)	(50.1)	na	na	na
EBIT	292.7	334.7	415.7	420.5	528.4
<i>EBITA/Revenue Ratio</i>	<i>9.9%</i>	<i>10.0%</i>	<i>10.2%</i>	<i>9.8%</i>	<i>10.7%</i>



# Coal



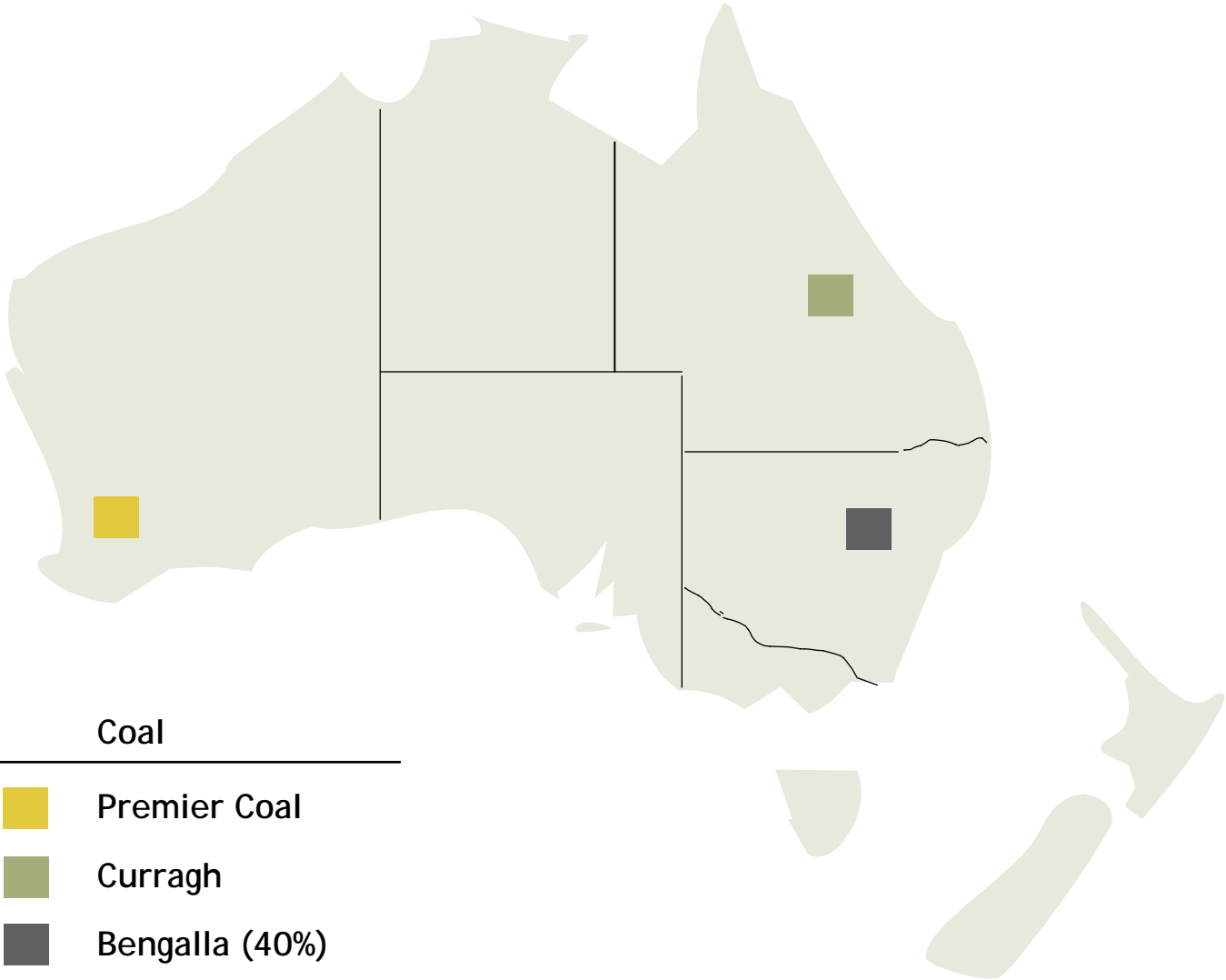
**URRAGH**



**Premier Coal**

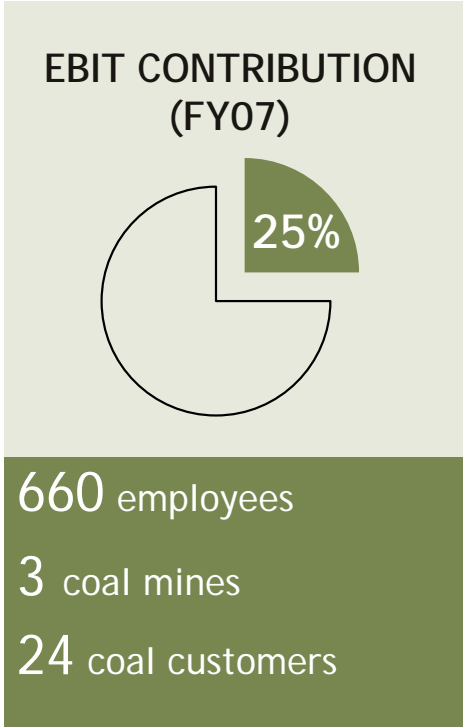


# Coal - Locations



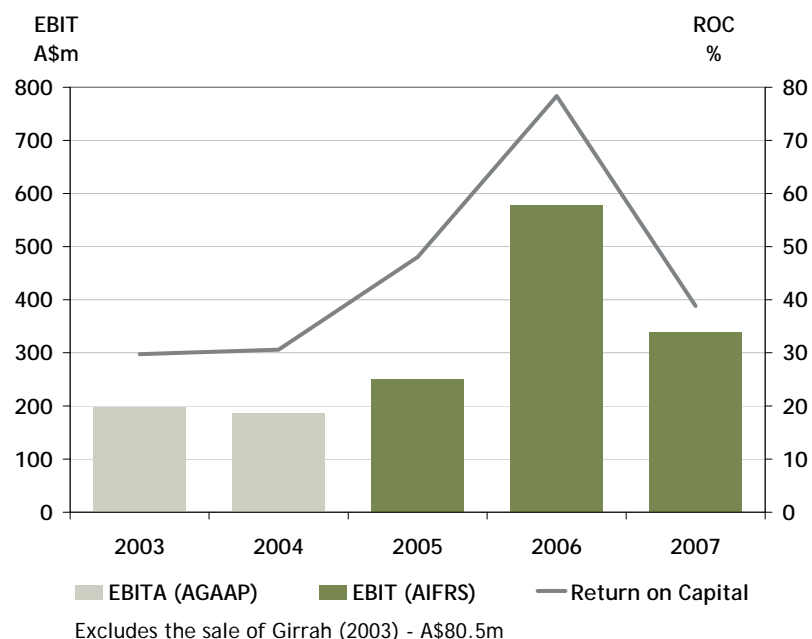
## Coal

- Premier Coal
- Curragh
- Bengalla (40%)



# Coal - Performance

Growth Strategies	
Opportunities / Challenges	2006/07 Strategic initiatives
<b>Strong export customer demand</b>	Maximise export sales Long-term export contracts in place Optimise sales mix Export price relativity
<b>Cost pressures</b>	Cost reduction programmes
<b>Infrastructure constraints</b>	Closely monitor and capture opportunities to export as soon as capacity becomes available
<b>Increase coal production</b>	Curragh North Materials Handling Project completion Bengalla Development Consent approval Curragh Expansion Feasibility study
<b>Extend product and market reach</b>	Evaluate acquisitions that offer economies of scale or downstream benefits
<b>Sustainability</b>	Coal21 Safety and environmental performance



(A\$m)	2003	2004	2005 <i>A-IFRS</i>	2006 <i>A-IFRS</i>	2007 <i>A-IFRS</i>
Revenue	595.0	627.8	763.7	1,304.2	1,133.7
EBIT	196.7	185.7	251.2	577.8	338.0
<i>EBIT/Revenue Ratio</i>	<i>33.1%</i>	<i>29.6%</i>	<i>32.9%</i>	<i>44.3%</i>	<i>29.8%</i>
Stanwell Amortisation	-	-	4.3	80.9	119.6



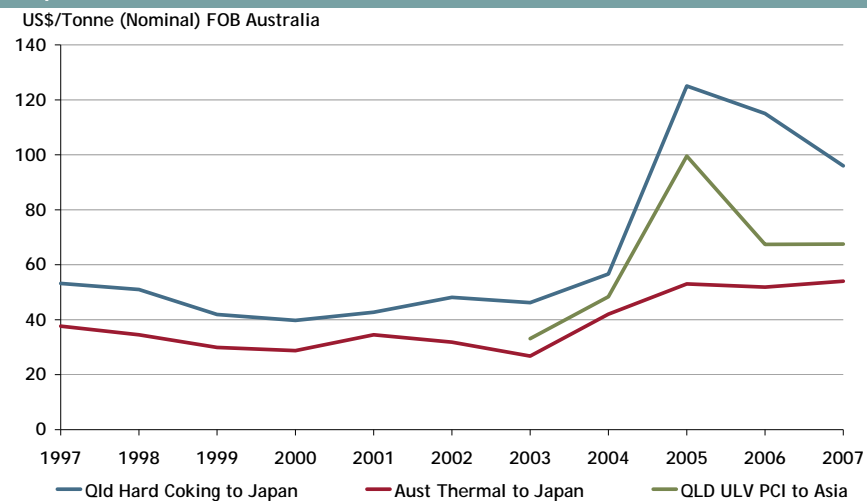
# Coal - Sales

## Coal Sales Volumes by Mine (2007)

Mine (mtpa)	Domestic Steaming	Export Steaming	Export Metallurgical	Total
Curragh, QLD	2.2		6.5	8.7
Premier, WA	3.0			3.0
Bengalla*, NSW	1.0	4.5		5.5
<b>Total</b>	<b>6.2</b>	<b>4.5</b>	<b>6.5</b>	<b>17.2</b>

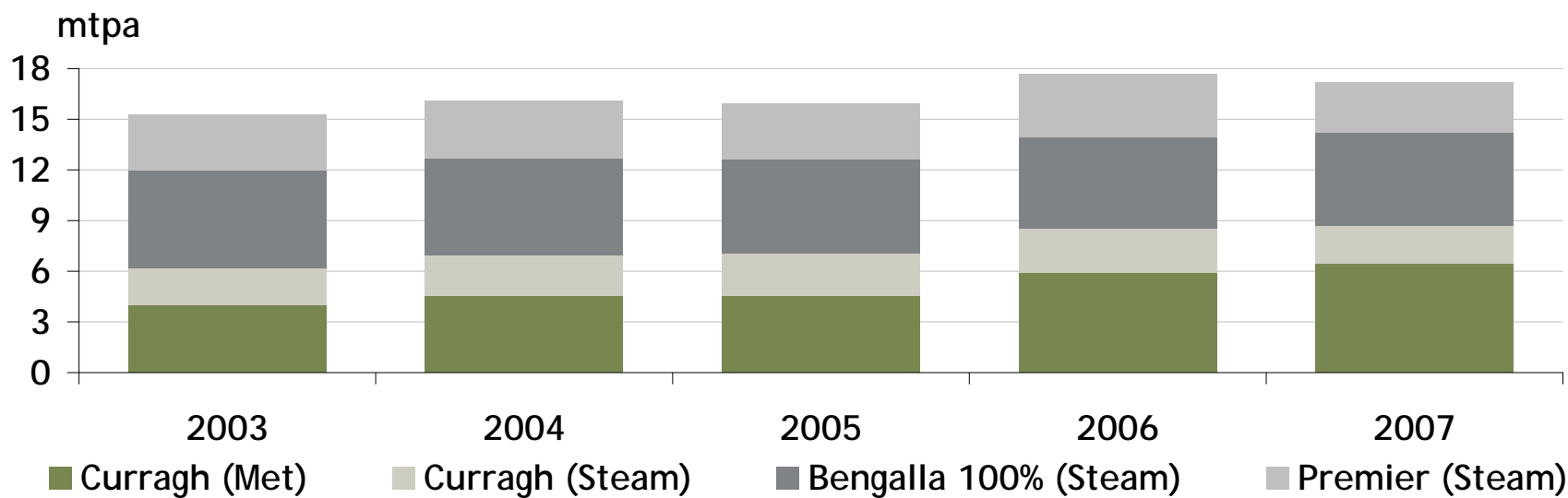
\* 100% volumes, Wesfarmers interest is 40%

## Coal Prices Japanese Fiscal Year



Source: Barlow Jonker

## Historic Coal Sales Volumes by Mine



# Insurance

The advertisement features a background image of a man and a woman in business attire looking at a computer monitor. Overlaid on this image are several logos and text elements. At the top center is the circular logo for WFS (Wesfarmers Federation Insurance Limited). Below it, the text 'WESFARMERS FEDERATION INSURANCE LIMITED' is written in green. To the left, the word 'Lumley' is written in a large, light grey font. In the center, the word 'Lumley' is written in a large, bold black font, accompanied by a red coat of arms logo. Below that, the word 'OAMPS' is written in a large, blue font with a small orange stick figure icon above the letter 'O'. At the bottom, the text 'CROMBIE & LOCKWOOD' is written in a black serif font, with a small orange '@' symbol between the words. Below this, the text 'New Zealand's Insurance Brokers' is written in a smaller, brown font.

**WFS**  
WESFARMERS FEDERATION  
INSURANCE LIMITED

Lumley

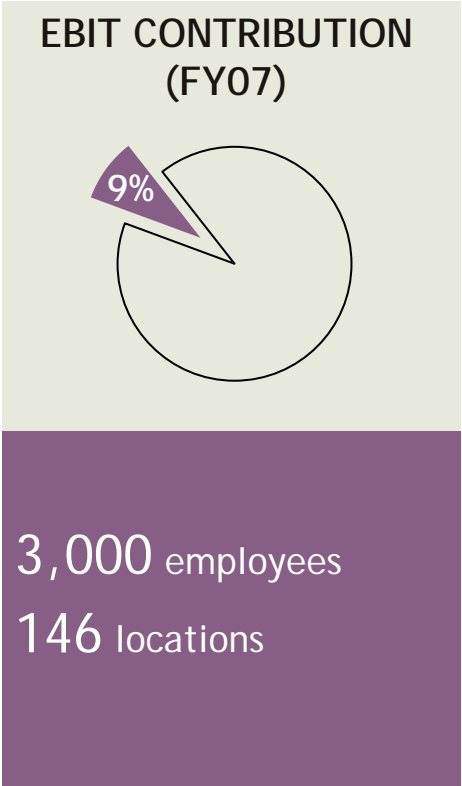
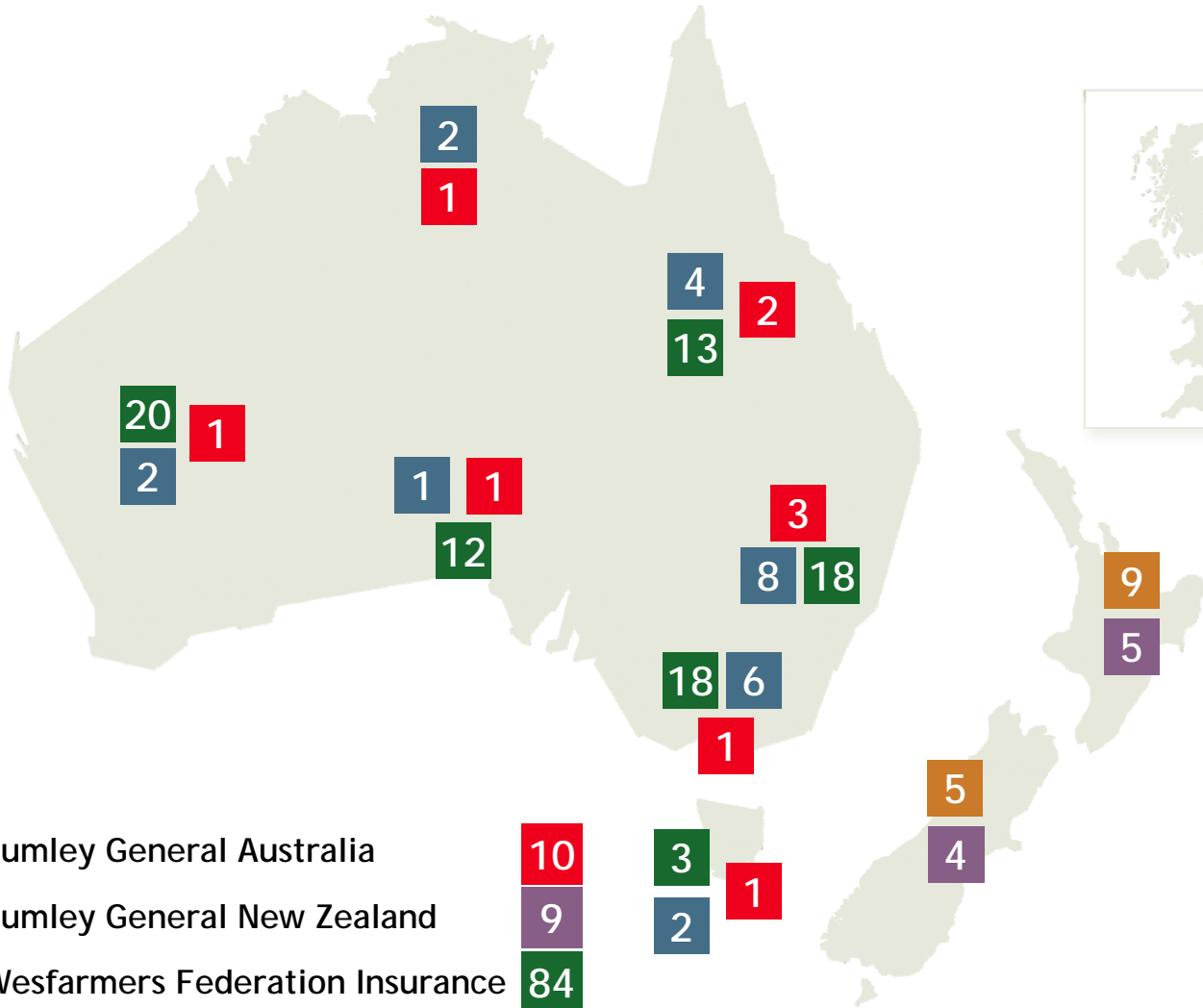
**Lumley**

OAMPS

CROMBIE & LOCKWOOD  
New Zealand's Insurance Brokers



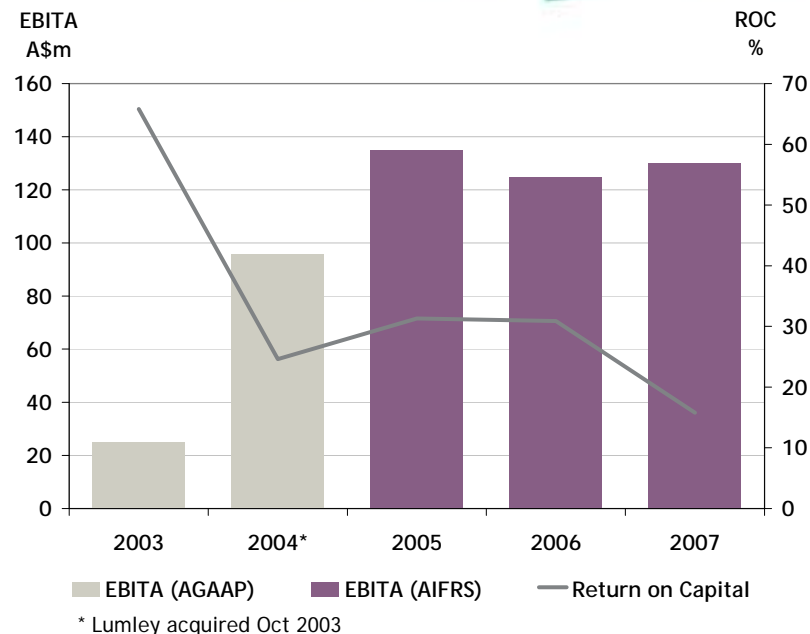
# Insurance - Locations



# Insurance - Performance

## Growth Strategies

Opportunities / Initiatives	Details
<b>Target Profitable growth</b>	Maintain technical rates Creation of tailored products and services Maintain key alliances and client relationships Business focus on specialty segments
<b>Build technical capabilities and improve processes</b>	EDI initiatives between brokers and Lumley Sales support system for WFI agents
<b>Further participation in industry consolidation (broking)</b>	Continue to selectively evaluate acquisition opportunities (Aust, NZ and UK)
<b>Strengthen management capabilities</b>	New CEO and CFO OAMPS Increased business development resources
<b>Business Improvement</b>	Drive best practice across broking business Strengthen specialist teams Process efficiencies in underwriting



(A\$m)	2003	2004	2005 A-IFRS	2006 A-IFRS	2007 A-IFRS
Gross Written Premium (underwriting)	217.7	787.3	1,019.9	1,025.9	1,191.0
Broking revenue	na	na	na	na	118.6
EBITA Underwriting	25.2	95.6	132.7	121.6	96.7
EBITA Broking	na	na	na	na	32.2
EBITA Other	-	0.2	2.2	1.2	1.1
<b>EBITA Insurance Division</b>	<b>25.2</b>	<b>95.8</b>	<b>134.9</b>	<b>124.8</b>	<b>130.0</b>
EBIT Insurance Division <sup>^</sup>	25.2	88.3	134.9	124.8	120.3
<b>Combined Operating Ratio</b>	<b>90.7%</b>	<b>86.3%</b>	<b>86.1%</b>	<b>88.1%</b>	<b>94.2%</b>

The above table includes Lumley from Oct 2003, OAMPS from Nov 2006, and Crombie Lockwood from Mar 2007

<sup>^</sup> EBIT is after amortisation intangibles in 2007 of \$9.8m, a non-trading gain in 2006 of \$2.0m, and goodwill amortisation in 2004 of \$7.5m

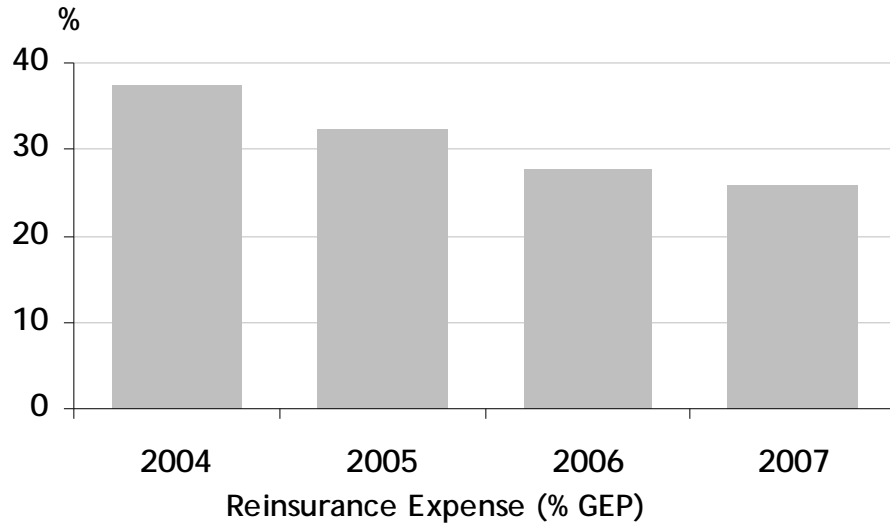




# Insurance - Underwriting Performance

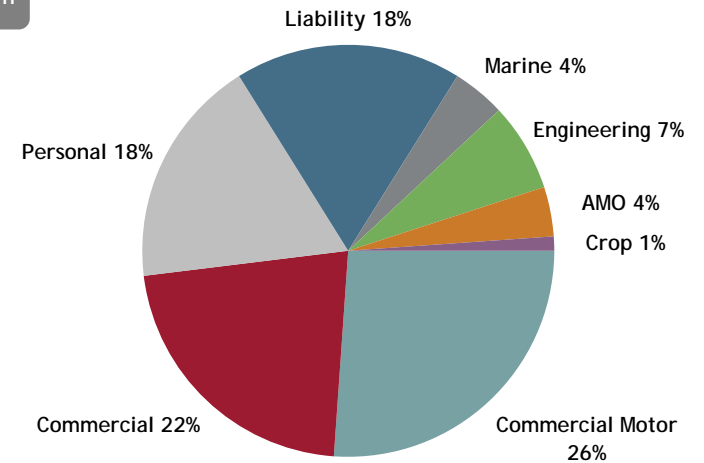


## Reduced reinsurance levels: strategy to retain more risk



## 2007 Gross Written Premium by Class of Business

Total: \$1,191m



## Key Performance Indicators: 2005 - 2007

KPI (%)	Lumley 									Wesfarmers Insurance Division		
	Australia			New Zealand			2005	2006	2007	2005	2006	2007
	2005	2006	2007 <sup>^</sup>	2005	2006	2007						
Net Earned Loss Ratio	58.4	60.3	67.8	61.2	60.4	61.1	57.9	59.7	57.3	58.8	60.1	62.4
Combined Operating Ratio	83.7	86.1	97.1	87.9	89.5	96.7	86.2	88.1	88.2	86.1	88.1	94.2
Insurance Margin	20.1	17.1	7.0	14.2	13.0	5.2	18.0	15.7	16.1	17.6	14.9	9.5

<sup>^</sup> excludes AILL for comparative purposes



# Industrial & Safety



Australian market leader in distribution of Maintenance, Repair and Operating supplies (MRO)

## National Specialist Businesses

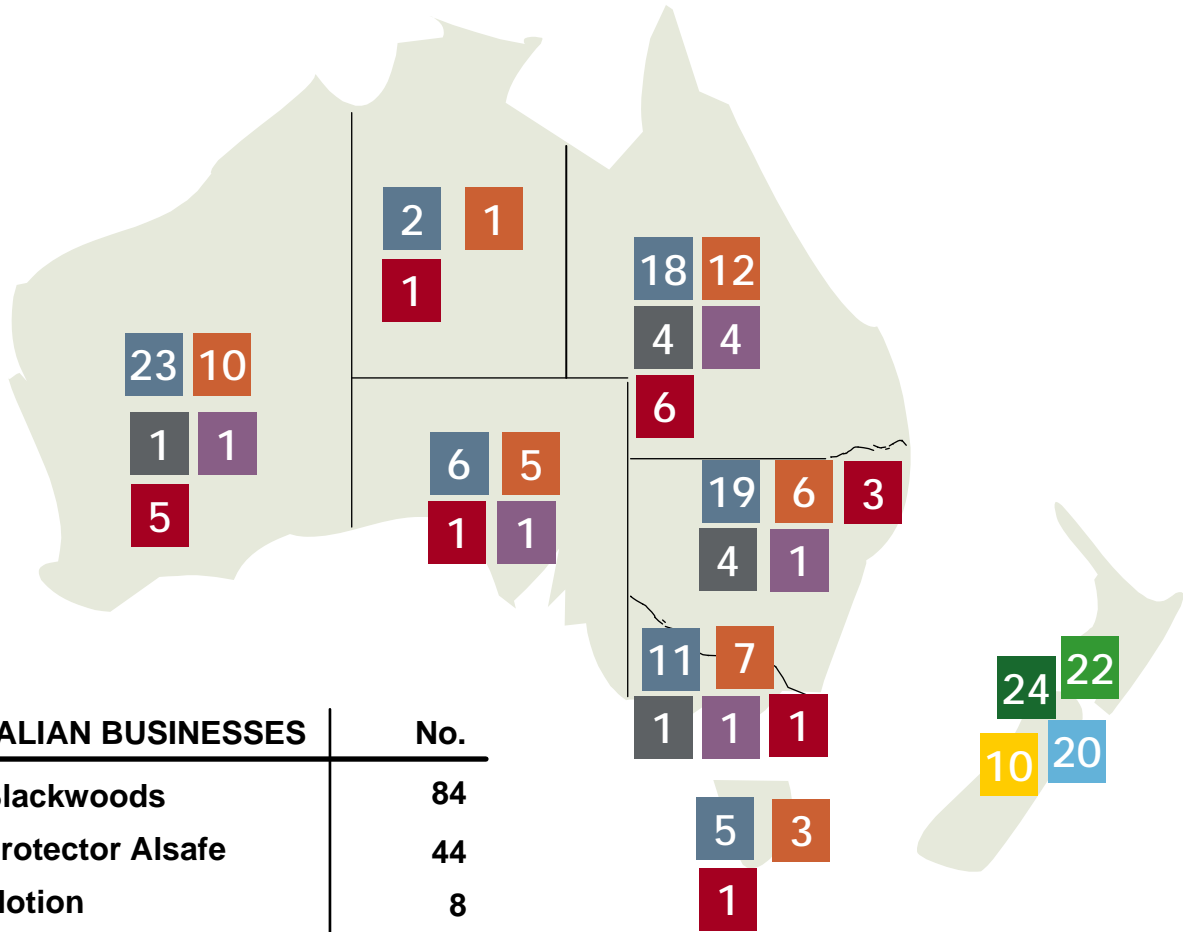
### Australia



### New Zealand



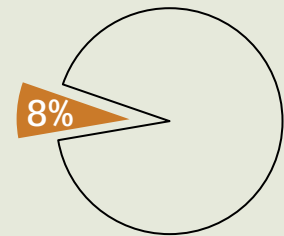
# Industrial & Safety - Distribution Network



AUSTRALIAN BUSINESSES	No.
Blackwoods	84
Protector Alsafe	44
Motion	8
Mullings	10
Bullivants (trading from 2007)	18

NEW ZEALAND BUSINESSES	No.
NZ Safety	24
Protector Safety	22
Blackwoods Paykels (NZ)	20
Packaging House	10

## EBIT CONTRIBUTION (FY07)

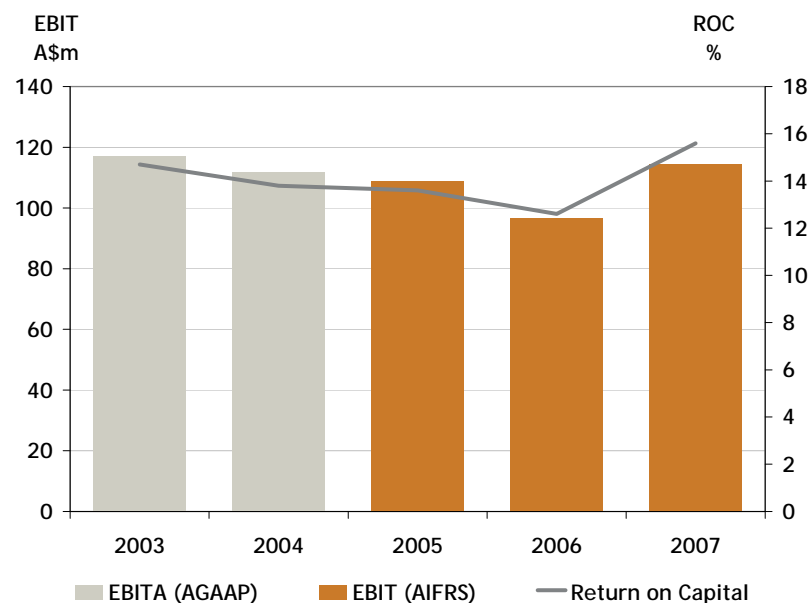


3,200 employees  
 240 locations  
 100,000+ customers  
 190,000 product lines



# Industrial & Safety - Performance

Growth Strategies	
Opportunities	Strategic Initiatives
<b>Target higher growth sectors</b>	<ul style="list-style-type: none"> <li>Networks expansion</li> <li>New product ranges and services</li> <li>Acquisitions complementing organic growth</li> </ul>
<b>Increase sales to existing customers</b>	<ul style="list-style-type: none"> <li>Ongoing focus on customer service and delivery performance                             <ul style="list-style-type: none"> <li>• technical and industry expertise, supply chain efficiency</li> </ul> </li> <li>Better value propositions                             <ul style="list-style-type: none"> <li>• services, e-Business, pricing consistency</li> </ul> </li> </ul>
<b>Improve metropolitan sales performance</b>	<ul style="list-style-type: none"> <li>Small customer targeting                             <ul style="list-style-type: none"> <li>• sales force growth and effectiveness, competitive pricing</li> <li>• website upgrades, greater brand visibility</li> </ul> </li> </ul>
<b>Further increase competitive position</b>	<ul style="list-style-type: none"> <li>Continued improvements to sourcing, range and supplier management</li> <li>Lower cost to serve</li> <li>Capital management excellence</li> </ul>



(A\$m)	2003	2004	2005 <i>A-IFRS</i>	2006 <sup>^</sup> <i>A-IFRS</i>	2007 <i>A-IFRS</i>
Revenue	1,112.0	1,150.6	1,174.7	1,163.5	1,208.0
EBITA	117.2	112.0	108.8	96.8	114.6
Goodwill Amortisation	(25.3)	(25.3)	na	na	na
EBIT	91.9	86.8	108.8	96.8	114.6
<i>EBITA/Revenue Ratio</i>	<i>10.5%</i>	<i>9.7%</i>	<i>9.3%</i>	<i>8.3%</i>	<i>9.5%</i>

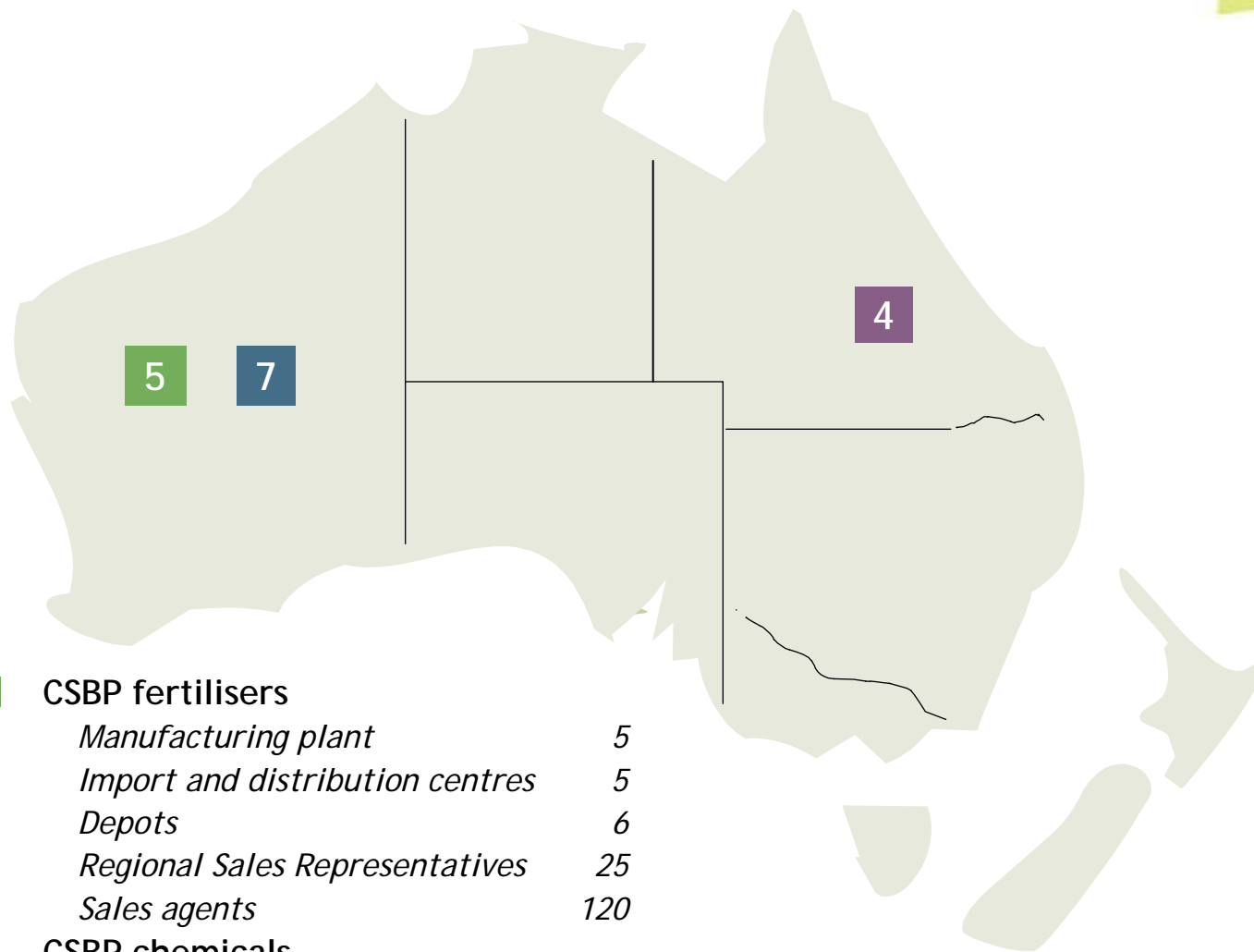
<sup>^</sup> 2006 revenue has been restated in line with 2007 Wesfarmers Group Accounting Policies



# Chemicals & Fertilisers



## Chemicals & Fertilisers - Locations



<span style="color: green;">■</span>	<b>CSBP fertilisers</b>	
	<i>Manufacturing plant</i>	5
	<i>Import and distribution centres</i>	5
	<i>Depots</i>	6
	<i>Regional Sales Representatives</i>	25
	<i>Sales agents</i>	120
<span style="color: blue;">■</span>	<b>CSBP chemicals</b>	
	<i>Manufacturing plants</i>	7
<span style="color: purple;">■</span>	<b>QNP (50%)</b>	
	<i>Manufacturing plants</i>	4

**EBIT CONTRIBUTION (FY07)**

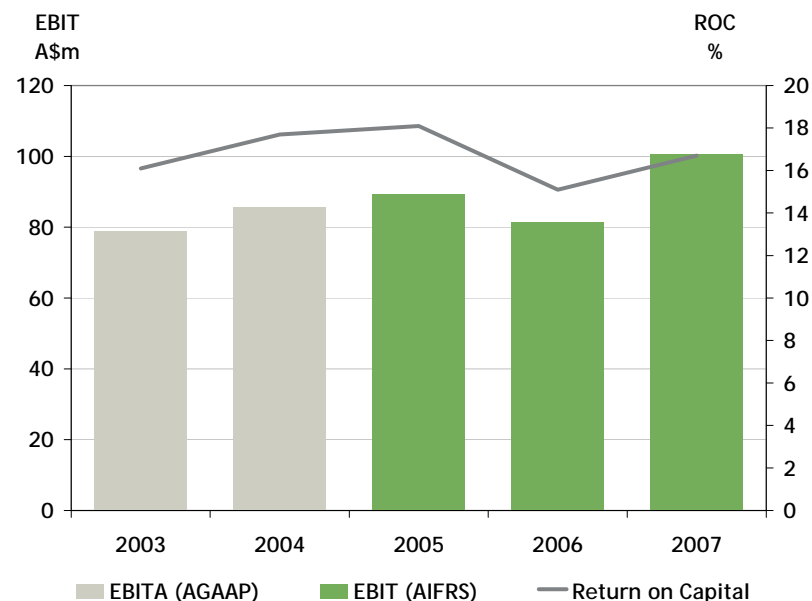
7%

**618** employees  
**170** chemical customers  
**2** major fertiliser distributors servicing over 5,000 fertiliser customers  
**11** chemical manufacturing plants  
**5** fertiliser manufacturing plants



# Chemicals & Fertilisers - Performance

Growth Strategies		
	Opportunities / Challenges	Strategies
Chemicals	<b>Maintain and grow business</b>	Kwinana AN expansion: <ul style="list-style-type: none"> <li>➢ Duplication of capacity to 470,000 tpa</li> <li>➢ Completion expected second half CY2007</li> </ul>
	<b>Improve performance of sodium cyanide business and identify opportunities for growth</b>	Sodium cyanide volume growth Domestic growth opportunities for sodium cyanide – Boddington gold project
	<b>Review position in industrial chemicals</b>	Completed exit from chlor-alkali business Australian Vinyls acquisition
Fertilisers	<b>Continue to develop liquid fertilisers</b>	Extend product development activity
	<b>Optimise cost and capital</b>	Focus on expense reduction strategies and investigate ways to make cost base more variable
Chemicals and Fertilisers	<b>Growth opportunities</b>	Dedicated business development team
	<b>Optimal cost and capital structure</b>	Reduce working capital and manage expenses



(A\$m)	2003	2004	2005 <i>A-IFRS</i>	2006 <i>A-IFRS</i>	2007 <i>A-IFRS</i>
Revenue	473.6	518.5	586.9	595.2	592.1
EBITA	78.9	85.6	89.4	81.4	100.6
Goodwill Amortisation	(0.3)	(0.3)	na	na	na
EBIT	78.6	85.4	89.4	81.4	100.6
<i>EBITA/Revenue Ratio</i>	<i>16.7%</i>	<i>16.5%</i>	<i>15.2%</i>	<i>13.7%</i>	<i>17.0%</i>

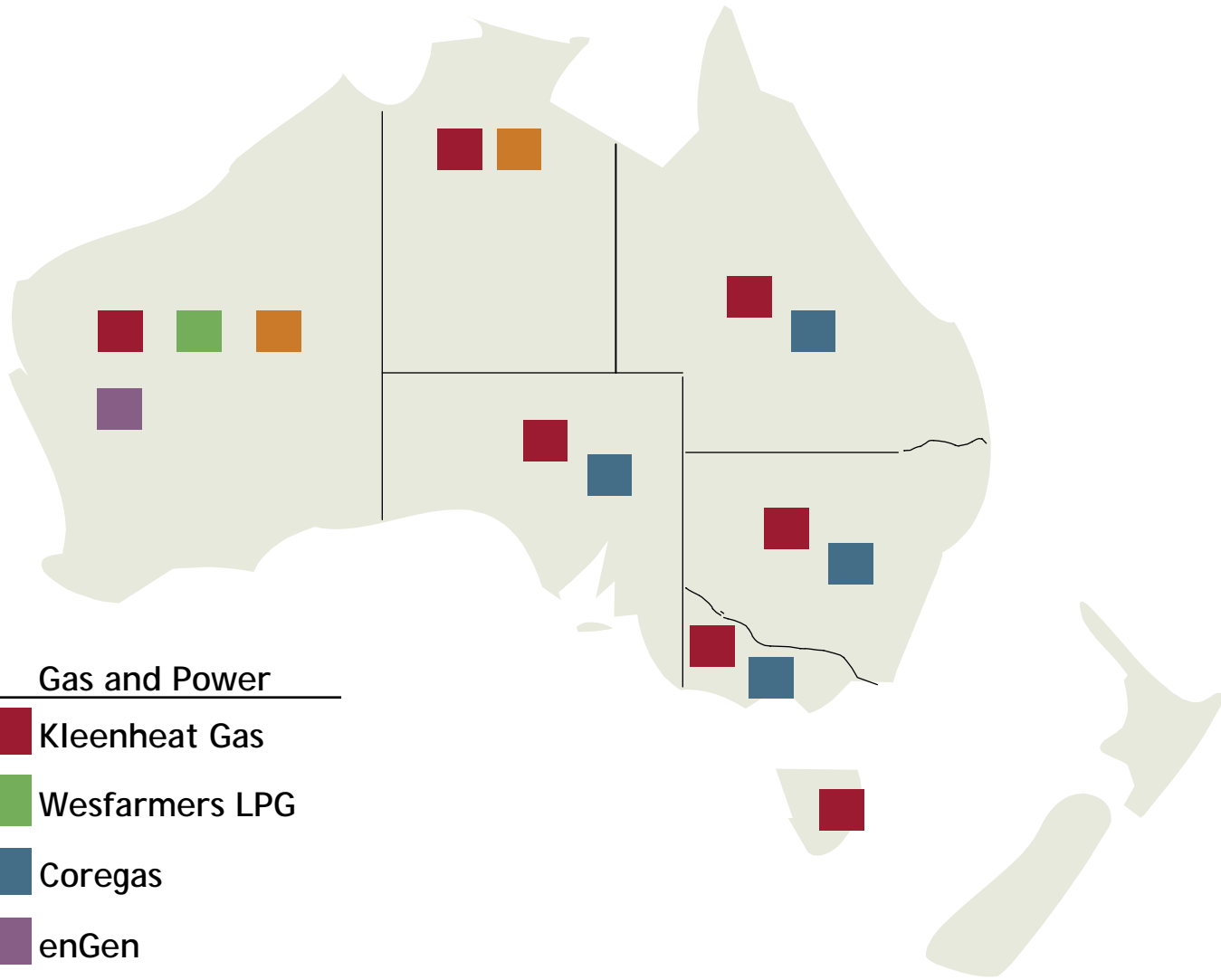


# Energy










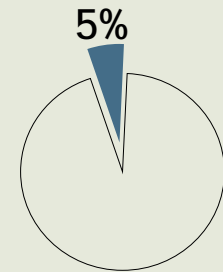
# Energy - Locations



## Gas and Power

-  Kleenheat Gas
-  Wesfarmers LPG
-  Coregas
-  enGen
-  Air Liquide WA

## EBIT CONTRIBUTION (FY07)



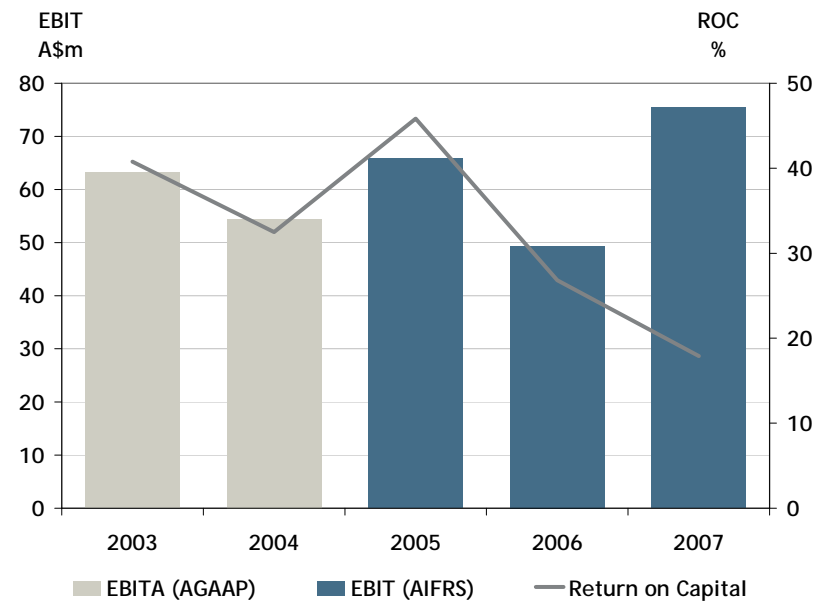
- 900 employees
- 274,000 gas customers
- 20 remote power stations
- 3 air separation units
- 1 hydrogen plant



# Energy - Performance



Growth Strategies	
Strategies	
<b>Improve – Existing Businesses</b>	LPG distribution: <ul style="list-style-type: none"> <li>• controllable costs; and</li> <li>• customer focus</li> </ul> Industrial gas growth in; <ul style="list-style-type: none"> <li>• eastern states sales; and</li> <li>• oil and gas sector</li> </ul> Maximise production facilities Seek new power generation projects
<b>Expand – Deliver Project</b>	LNG – WA Project: <ul style="list-style-type: none"> <li>• Plant / Distribution</li> <li>• HDV market development</li> <li>• Power stations</li> </ul> Industrial Gas – supply capacity
<b>Evaluate – New Opportunities</b>	LNG projects – east coast Other alternative fuels and renewables



(A\$m)	2003	2004	2005 <i>A-IFRS</i>	2006 <i>A-IFRS</i>	2007 <i>A-IFRS</i>
Revenue	406.3	380.8	397.7	371.9	463.0
EBITA	63.1	54.4	65.9	49.4	75.4
Goodwill Amortisation	(0.7)	(0.8)	na	na	na
EBIT	62.4	53.6	65.9	49.4	75.4
<i>EBITA/Revenue Ratio</i>	<i>15.5%</i>	<i>14.3%</i>	<i>16.6%</i>	<i>13.3%</i>	<i>16.3%</i>



# Energy - Businesses



## Activities

distributor and marketer of liquefied petroleum gas (LPG) and gas appliances to a broad range of domestic, commercial, autogas and industrial customers

## Sales Volumes

2006/07 Actual: 336kT

## Sites

Depots	36
Branches	16
Commission agents	30
Franchisees	29
Dealers	562

Customers 258,000



## Activities

owns and operates a liquefied petroleum gas (LPG) extraction facility in Western Australia supplying Kleenheat Gas domestically and export markets

## Production Volume

2006/07 Actual: 186kT

## Sales Volumes

2006/07 Actual  
 Export: 65kT  
 Domestic: 121kT

Customers 2



## Activities

design, construction, operation and maintenance of both company-owned and customer-owned power stations

## Operations

MW installed: 100  
 GWh generated per annum: 390  
 Power stations: 20  
 Customers: circa 10



## Activities

Air Liquide WA is a joint venture between Wesfarmers (40%) and Air Liquide Australia manufacturing and supplying a range of industrial and medical gases

## Operations

Air Separation Plants:  
 Kwinana: Capacity 285 TPD Oxygen  
 Hismelt: Capacity 880 TPD Oxygen  
 Carbon Dioxide Plants:  
 BHP Billiton: Capacity 12 TPD  
 CSBP: Capacity 120 TPD  
 Cylinder Filling Operations: 2  
 Branches: 3 in Western Australia  
 1 in Northern Territory  
 Agents: 72  
 Customers: 5,000



## Activities

Production, distribution and marketing of industrial and medical gases on Australia's east coast.

## Operations

Port Kembla Air Separation Unit: Capacity: 1,350 TPD Oxygen  
 Hydrogen Plant: 1000 m3/hr  
 Cylinder filling operations: 5  
 Specialty gas laboratory  
 Customers: 9,500



# Other Businesses



## Gresham:

50% interest in Gresham Partners, an independent investment bank focused on financial advisory services, private equity investment and property investment funds. Wesfarmers also holds significant investments in Gresham's Private Equity Funds.

(A\$m)	2006	2007
Profit before tax:		
Gresham Partners	2.7	3.9
Gresham Private Equity	10.1	12.8



## Wespine (50%):

50:50 joint venture between Wesfarmers and Fletcher Building Limited. Wespine is a softwood sawmiller, specialising in the production of premium quality plantation timber for use in housing construction and furniture manufacturing.

(A\$m)	2006	2007
Profit before tax	9.8	8.1



## Bunnings Warehouse Property Trust (23%):

listed property trust, established in 1998 with a focus on warehouse retailing properties and, in particular, Bunnings Warehouses leased to Bunnings Pty Ltd, a wholly-owned subsidiary of Wesfarmers Limited.

(A\$m)	2006	2007
Profit before tax	17.0	46.9



# Gresham Private Equity

## Gresham Private Equity - Fund 1

- Current investment of \$30.2m
- Raywood exited in 06/07; Norcros in July 07; and Riviera likely within 2 years

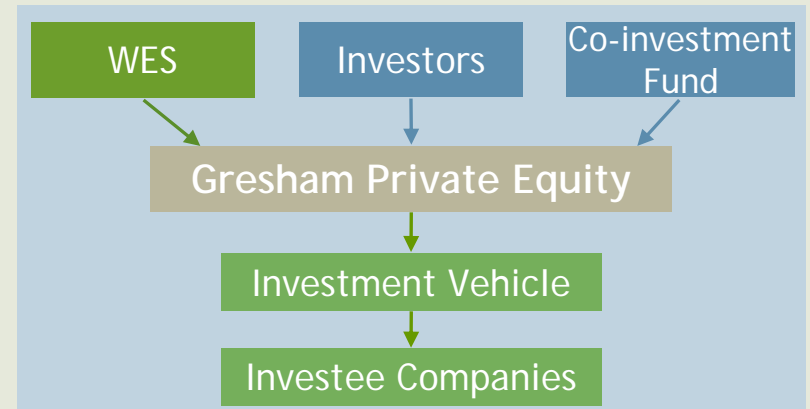
### Current Investment Portfolio - Fund 1

Riviera  
*ocean cruisers*



## Gresham Private Equity - Fund 2

- Wesfarmers' commitment of \$161m; capital invested \$90.1m
- GEON expanding with acquisition of Promentum
- Acquisition of Barmenco announced in July 2007 and Mimco in August 2007



### Current Investment Portfolio - Fund 2

Noel Leeming  
*electrical retailer (New Zealand)*



GEON (Pacific Print Group)  
*leading commercial printing business (NZ + Aust)*



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



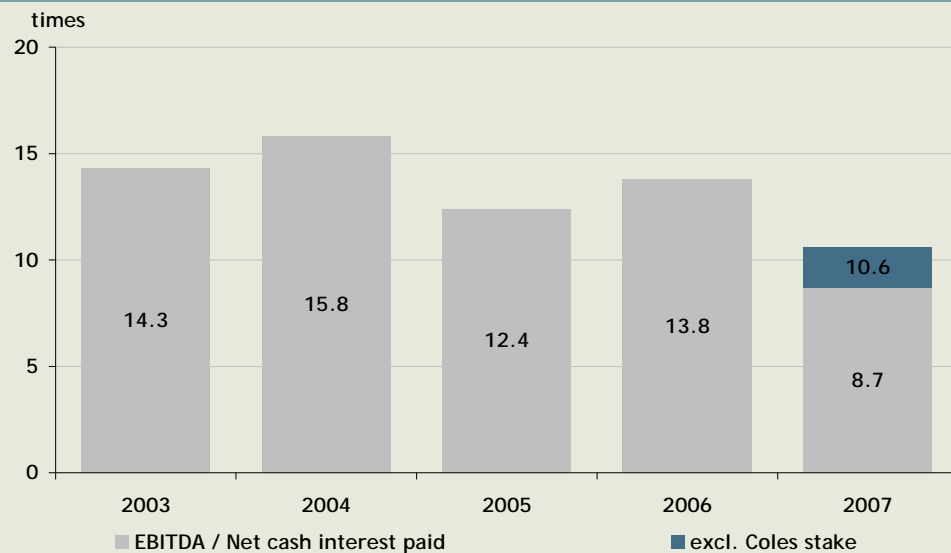
Witchery  
*Women's fashion apparel*



# Capital Management

- Balance sheet includes \$2.1 billion debt relating to Coles shareholding
  - \$33.4 million of related interest included in results
- Net Debt / Equity of 143.6% (84.3% excl. Coles)
- Cash Interest Cover Ratio of 8.7 times (10.6 times excl. Coles)
- Working capital reduced by \$340 million (\$219 million relating to Insurance)
- Dividend Investment Plan
  - Reinstated in February 2007
  - 100% underwritten for interim dividend (\$322 million)
  - No underwrite for final dividend, 1% discount

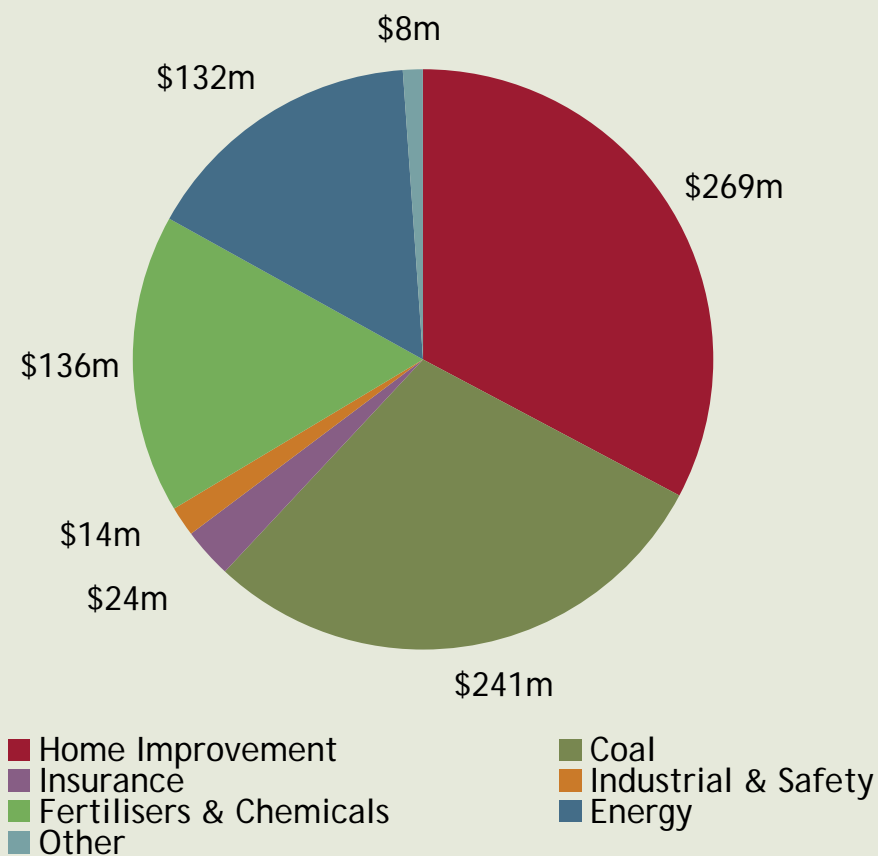
## Interest Cover Ratio (cash basis) - as at 30 June



\* Excludes sale of Girrah(2003), Landmark (2004), and ARG (2006)

## 2007/08 Capital Expenditure Budget

Total: A\$825m



# Outlook

- Complete CSBP and LNG major capital projects
- Continue Bunnings and Industrial & Safety directions
- Insurance to focus on growing broking and improving efficiency
- Coal
  - Focus on costs
  - Expansion feasibility studies
  - Encouraging price outlook
- Coles scheme and integration



# Investor Relations Contact

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Corporate policies

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**[www.wesfarmers.com.au](http://www.wesfarmers.com.au)**

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- The information is supplied in summary form and is therefore not necessarily complete. Also, it is not intended that it be relied upon as advice to investors or potential investors, who should consider seeking independent professional advice depending upon their specific investment objectives, financial situation or particular needs
- The financial information contained in this presentation includes non-GAAP financial measures. For a reconciliation of these measures to the most comparable GAAP measure, please refer to half and full year financial statements filed with the Australian Stock Exchange
- Nothing in this release should be construed as either an offer to sell or a solicitation of an offer to buy or sell shares in any jurisdiction