



29 August 2003

Sale of Wesfarmers Landmark to AWB Limited

Wesfarmers today announced the sale of its Wesfarmers Landmark rural services business to AWB Limited for approximately \$825 million, comprising \$718 million for the sale of shares plus assumption of net debt in the order of \$107 million (at 31 July 2003) by the purchaser. Completion accounts to be finalised within the next six to eight weeks will determine the actual net debt at settlement date and the final sale price.

Wesfarmers will record a pre-tax profit of approximately \$400 million on the sale.

Settlement of the transaction will occur today with \$580 million of the proceeds received immediately, \$100 million payable on 10 September and the balance, payable within eight weeks, reflecting agreed net tangible assets in the completion accounts.

The sale does not include the Wesfarmers Federation Insurance business which will join with Lumley Insurance to form a new division of Wesfarmers in a transaction expected to be completed in mid-September.

The Landmark business will continue to be a key distribution network for Wesfarmers' fertiliser and insurance products. Holders of Wesfarmers Landmark interest bearing deposits will continue to have those deposits guaranteed by Wesfarmers under interim arrangements agreed with AWB.

The Managing Director of Wesfarmers, Michael Chaney, said that Wesfarmers had been approached by AWB regarding its interest in selling the Landmark business.

“While the sale of Wesfarmers Landmark was not in contemplation at the time, we ultimately concluded that a transaction on the agreed terms was in the best interests of our shareholders,” he said.

Mr Chaney said that while Wesfarmers and its predecessor, the Westralian Farmers Cooperative Limited, had been involved in the rural agency business for almost 90 years, around 95 per cent of the business which has been sold to AWB had been acquired by Wesfarmers in the last decade.

“Over this time our rural services activities expanded beyond Western Australia and our investment grew by a factor of 20 as we acquired the national Dalgety and IAMA businesses.

“Notwithstanding this growth, over the last three years Wesfarmers Landmark has contributed between five and eight per cent of Wesfarmers' earnings before interest and tax.

“The combining of the original Wesfarmers Rural with Dalgety, IAMA and now AWB are important steps in the rationalisation of Australia’s rural service sector which should ensure its long term viability.

“Landmark will now be part of Australia’s first sizeable, stand-alone, integrated agribusiness which will have the ability to compete with major international grain players.”

Mr Chaney said that a number of options were being considered with regard to using the proceeds of the funds from the Wesfarmers Landmark sale.

For further information:

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