



Investor Briefing

10 May 2006

Westin Hotel, Sydney



Richard Goyder
Managing Director, Wesfarmers Limited



Agenda



| | | |
|-------|---|---------------------------------|
| 9:15 | Wesfarmers Industrial and Safety | Terry Bowen |
| 9:50 | Chemicals and Fertilisers | Keith Gordon |
| 10:25 | <i>Morning Tea</i> | |
| 10:45 | Wesfarmers Insurance | Bob Buckley |
| 11:20 | Energy | David Robb |
| 12:00 | <i>Lunch</i> | |
| 12:55 | Home Improvement | John Gillam |
| 1:40 | Other Businesses and Capital Management | Gene Tibbrook |
| 2.10 | Q&A | Richard Goyder Gene Tilbrook |

Wesfarmers Industrial & Safety

Terry Bowen
Managing Director



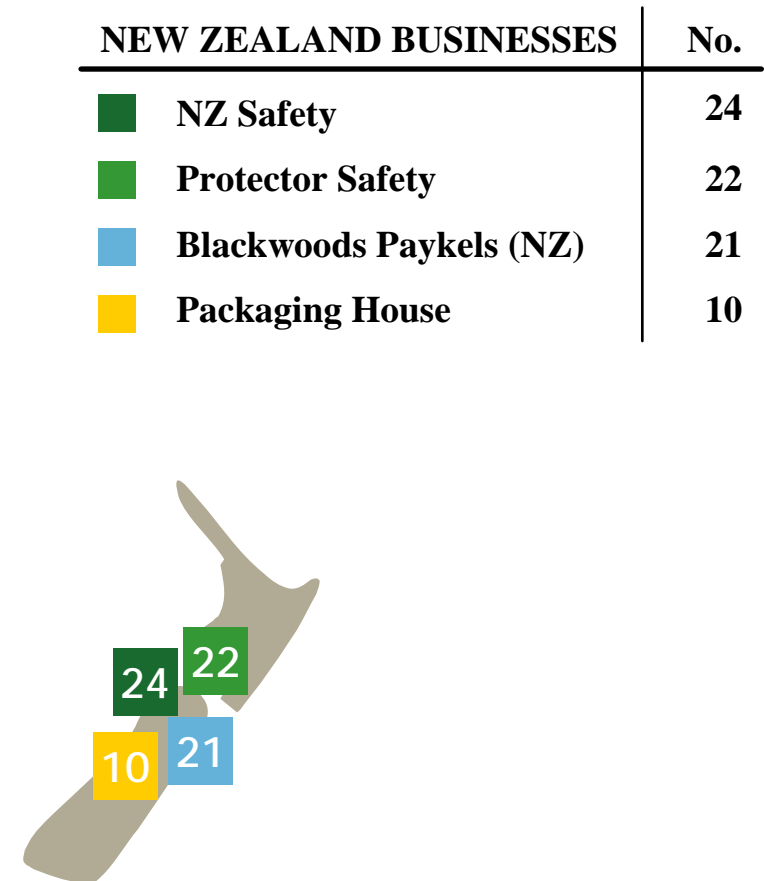
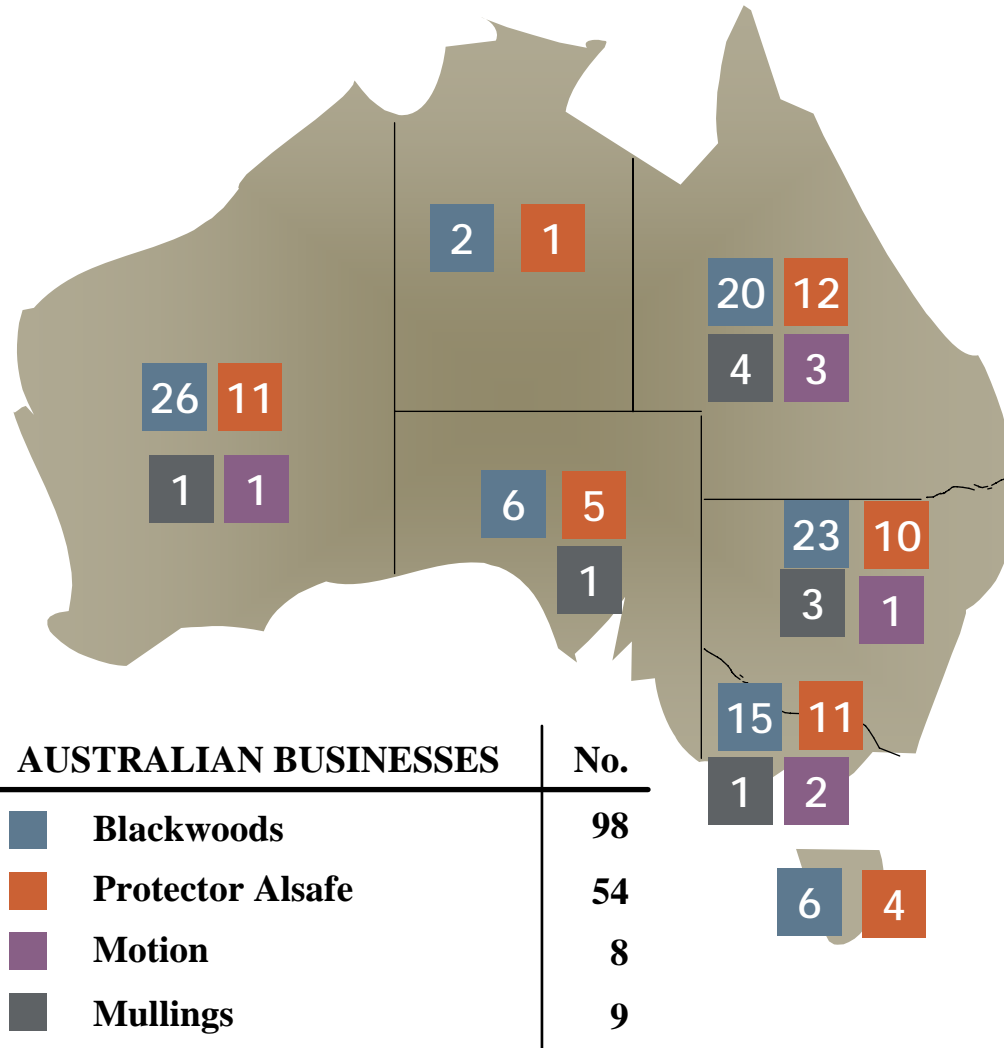
Overview





- New Business Unit structure and leadership team
- Business environment
- New strategies to reconnect with growth
 - Departure from previous plans
- Improvements underway
- Outlook

Distribution Network



Portfolio of Businesses



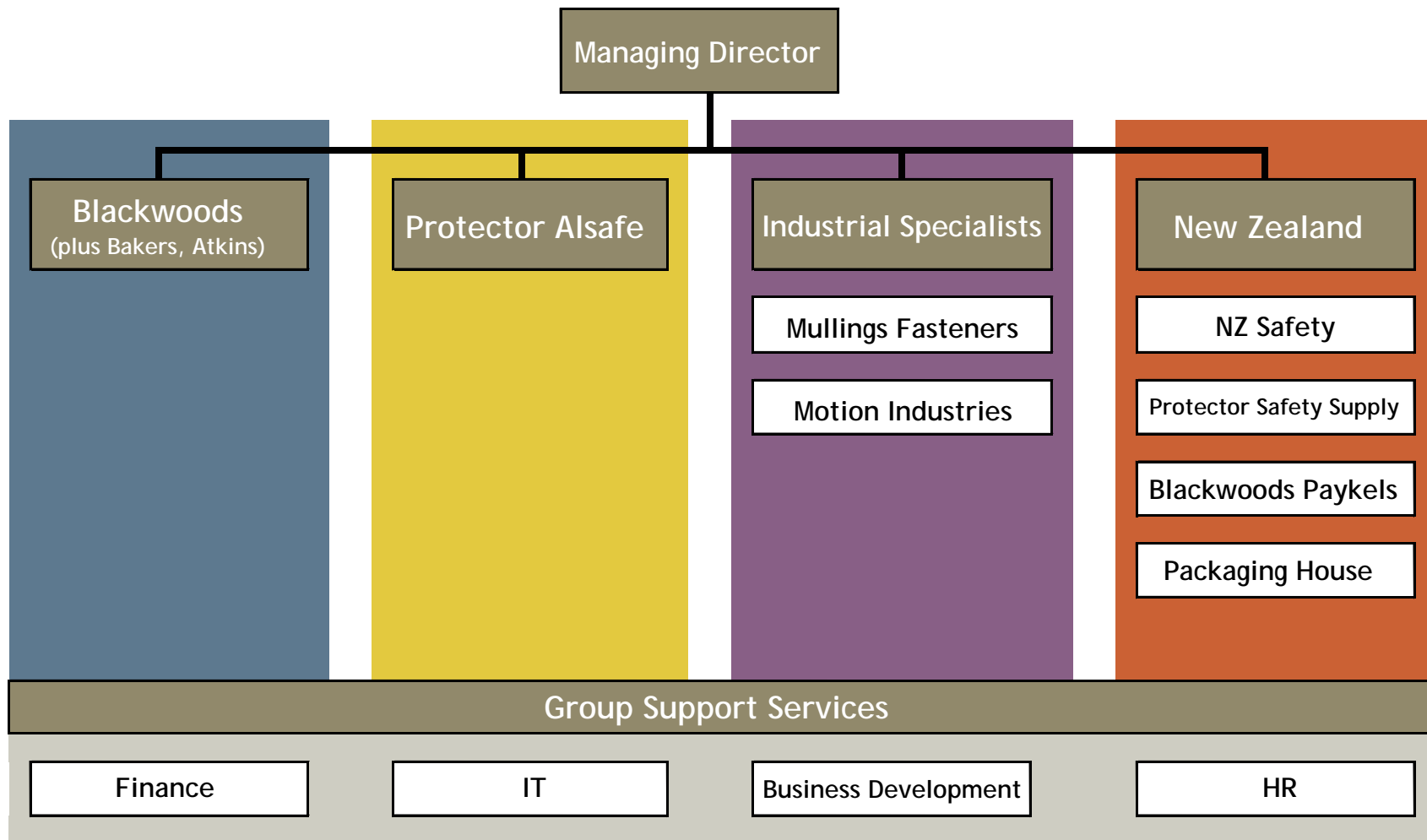
Australia



New Zealand



New Organisation by Business Unit New Leadership Team in Place (April 2006)



New Business Unit Structure to Generate a Number of Benefits



- Improve focus on core generalist Blackwoods business
- Position specialist businesses for growth
 - Dedicated management to develop each business
- Implement shared support services in IT, HR, Accounting
 - Centres of excellence and low cost
- Enhance business' management skill set
 - 6 leadership team members are new to WIS
 - Supplementing talented people within the business

Business Environment



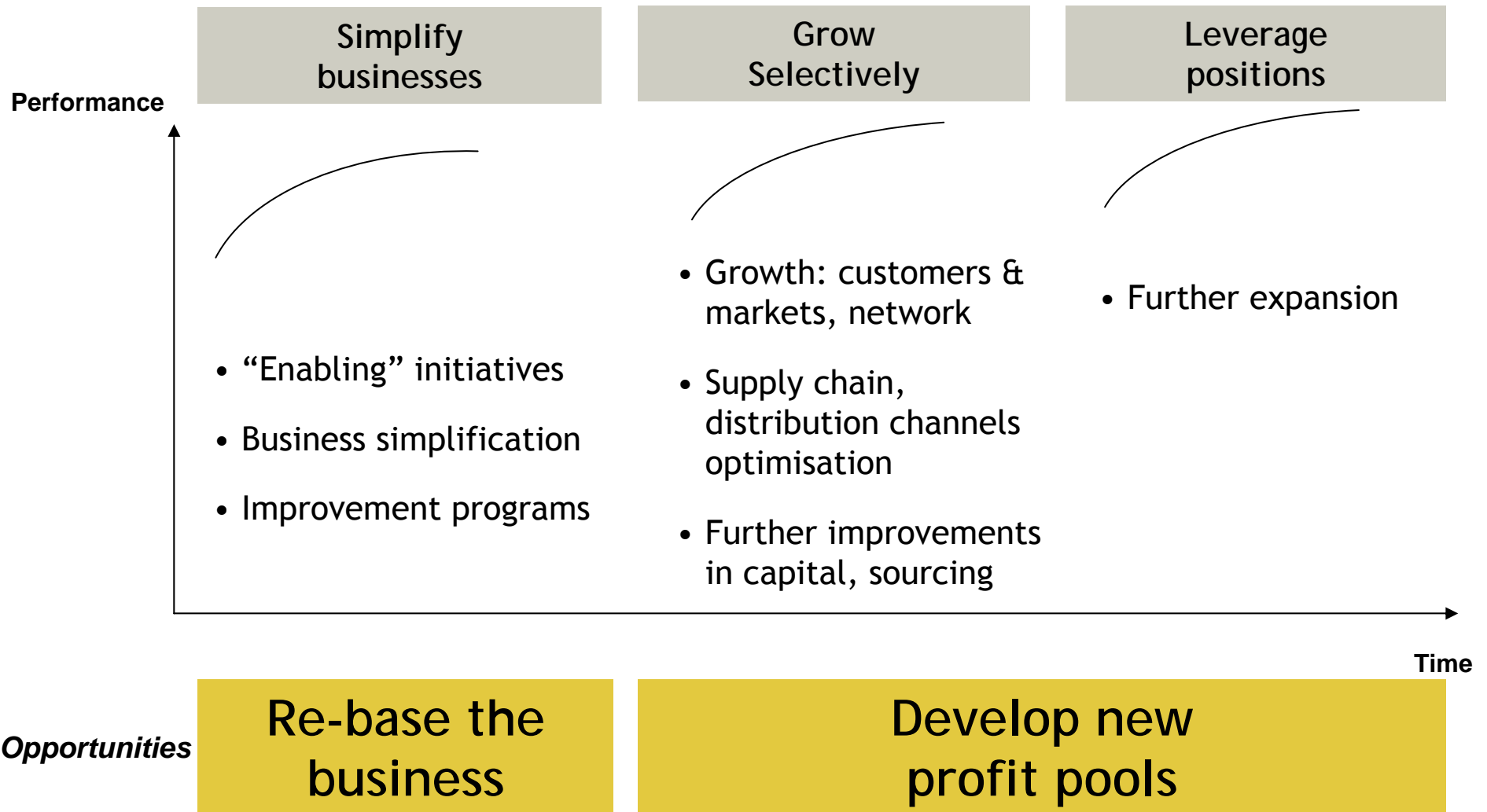


- Strong competition in Safety
 - Commoditisation of some product categories
- Mixed industry trends in Australia
 - Continued pressure in some traditional markets (e.g. Manufacturing)
 - Growth in mining, construction and infrastructure continuing
- Economic slow down in New Zealand
 - Coupled with unfavourable exchange rate movements

Strategies



Strategies to Reconnect with Growth



Improvements Underway



- “Enabling” initiatives to clearly position business streams for growth
 - Business Unit structure implemented
 - Overhead cost reduction program underway (5% of employees)
 - Most management systems reviewed
 - Warehousing infrastructure upgrade continuing
 - OH&S programme introduced (GetSAFE)
- New strategic initiatives launched
- Business simplification and capital reduction underway (phase 1)
- Changes supported by branded communication programme
 - Progress monitored by a Program Management Office

Outlook





- Very different YTD sales trends across Businesses
- Continued mixed industry/geographic market conditions expected
- FY06 results will be impacted by a number of significant items
- New initiatives to deliver over time

FY06 results will be impacted by a number of significant items vs. last year



| Item | \$m |
|---|-------------|
| • Redundancies | 2.4 |
| • Obsolete stock provision review | 2.0 - 4.4 |
| • Doubtful debt provision review | 1.7 |
| • Employee share plan accounting impact | 3.2 |
| • New Zealand exchange rate movement | 1.0 |
| | <hr/> |
| Total | 10.3 - 12.7 |

Questions



Chemicals and Fertilisers

Keith Gordon
Managing Director



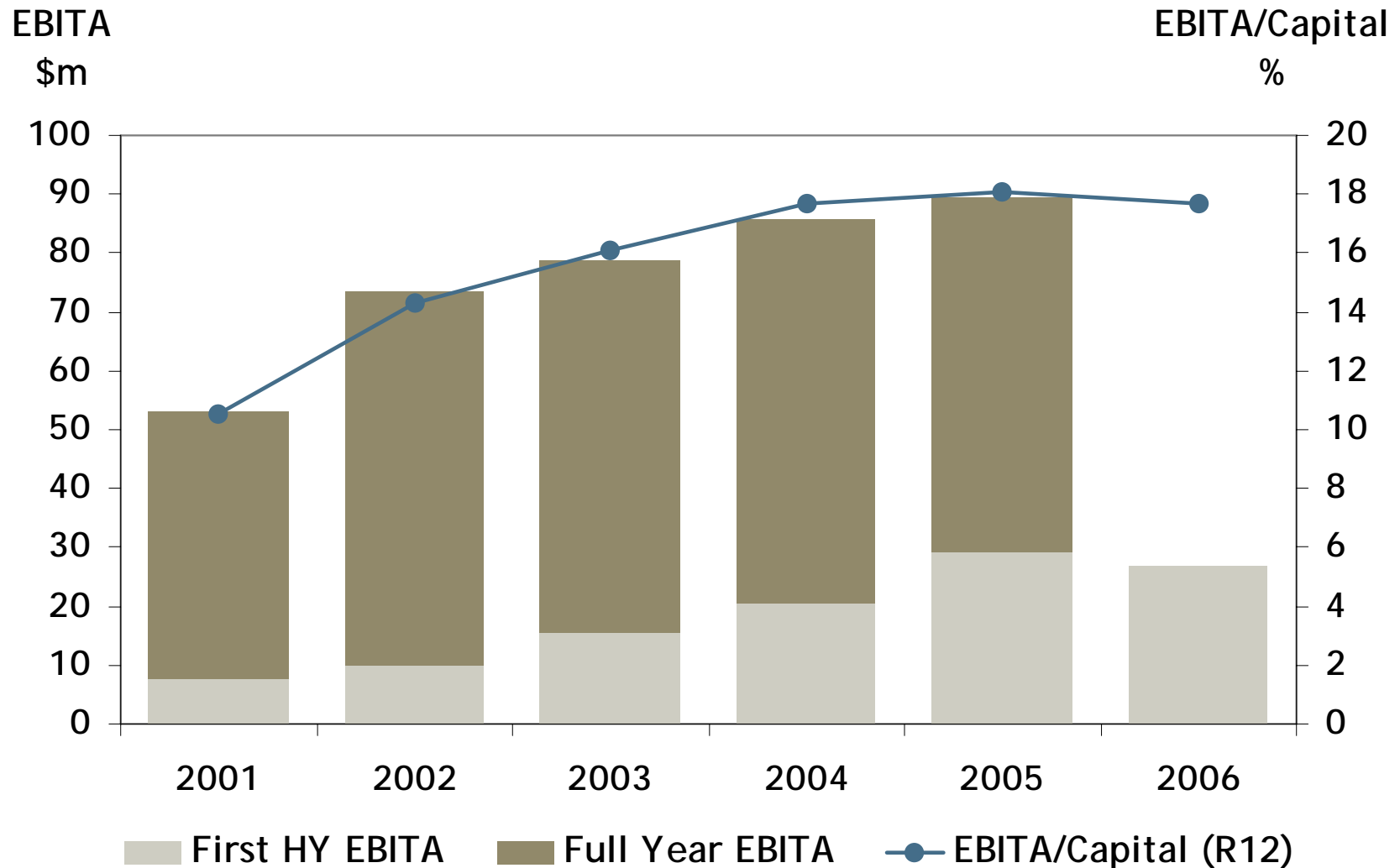
Overview





- Manufacturer of mining & processing chemicals
 - ammonia, ammonium nitrate, sodium cyanide, chlorine
- Manufacturer and importer of fertilisers
 - phosphate, nitrogen, potassium and compounds
- Manufacturing operations at:
 - Kwinana and Esperance (WA), Moura (Qld)
- 580 employees
- Post 1999, around 60% of EBITA generated from chemicals activities

EBITA and EBITA/Capital 5 Year Trend

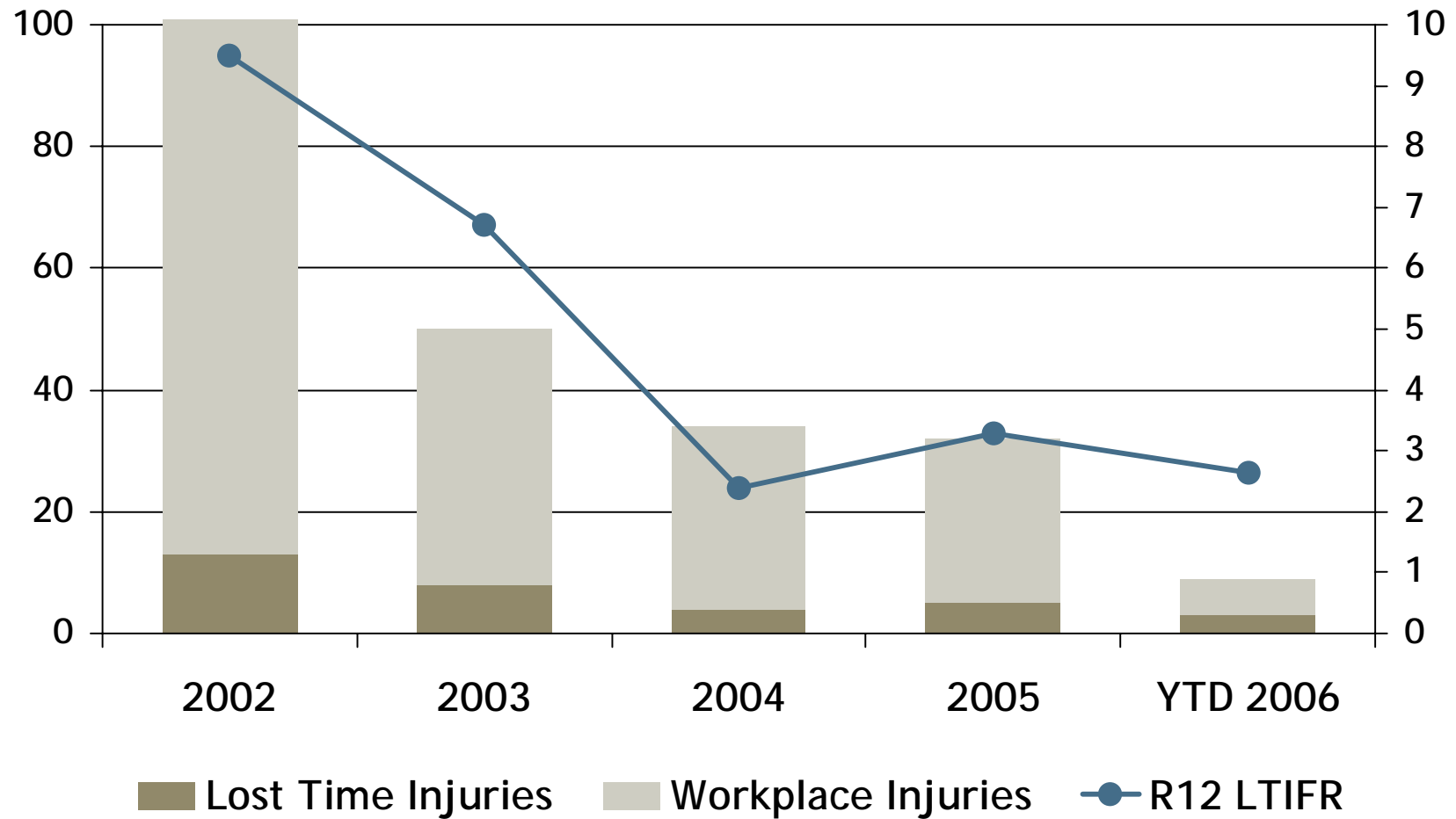


Safety



Injuries

R12 LTIFR



Business Environment





- Ammonia
 - Gas curtailments
 - Force majeure event in April 2006
 - 5,000 tonne import in January 2006
 - 15 day shut scheduled for October 2006
- Sodium Cyanide
 - Improved trading conditions in export market
 - Boddington development approved



- Ammonium Nitrate
 - Kwinana plant performing well
 - Wet weather in Pilbara and Queensland
 - Kwinana expansion on track
 - QN2 expansion shelved
- Industrial chemicals
 - Chlor alkali plant - extended down time



- Farmers terms of trade
 - High input prices
 - High exchange rates
 - Soft commodity prices
- Reasonable summer rainfall
- Seasonal break critical to achieve average volumes
- Closure of Albany superphosphate manufacturing facility

Strategies



Ammonium Nitrate



Maintain and grow CSBP's position in AN

- Increased demand for AN
 - WA iron ore industry
 - QLD/NSW coal industries
 - Liquid fertilisers
- Duplication of AN capacity at Kwinana to 470,000 tpa
 - Commissioning anticipated second half calendar 2007
- Duplication of QNP shelved

Kwinana Expansion



- Long lead items on track
- Technology agreements signed
- Site EBA agreed and registered
- NA / AN construction contract signed
- Contractors on site
- Prill plant detailed design nearing completion
- Procurement plan in line with plan
- AN storage design and licensing ongoing

Kwinana AN Construction Site



Liquid Fertilisers



Develop and capture growth in liquid fertilisers

- Continue with strategy
 - Increase penetration of existing products
 - Develop new products
 - Infrastructure and logistics
 - Storage capacity at Kwinana and “on-farm”
 - Transport capacity
 - Benefits of locally manufactured product

Other Strategies



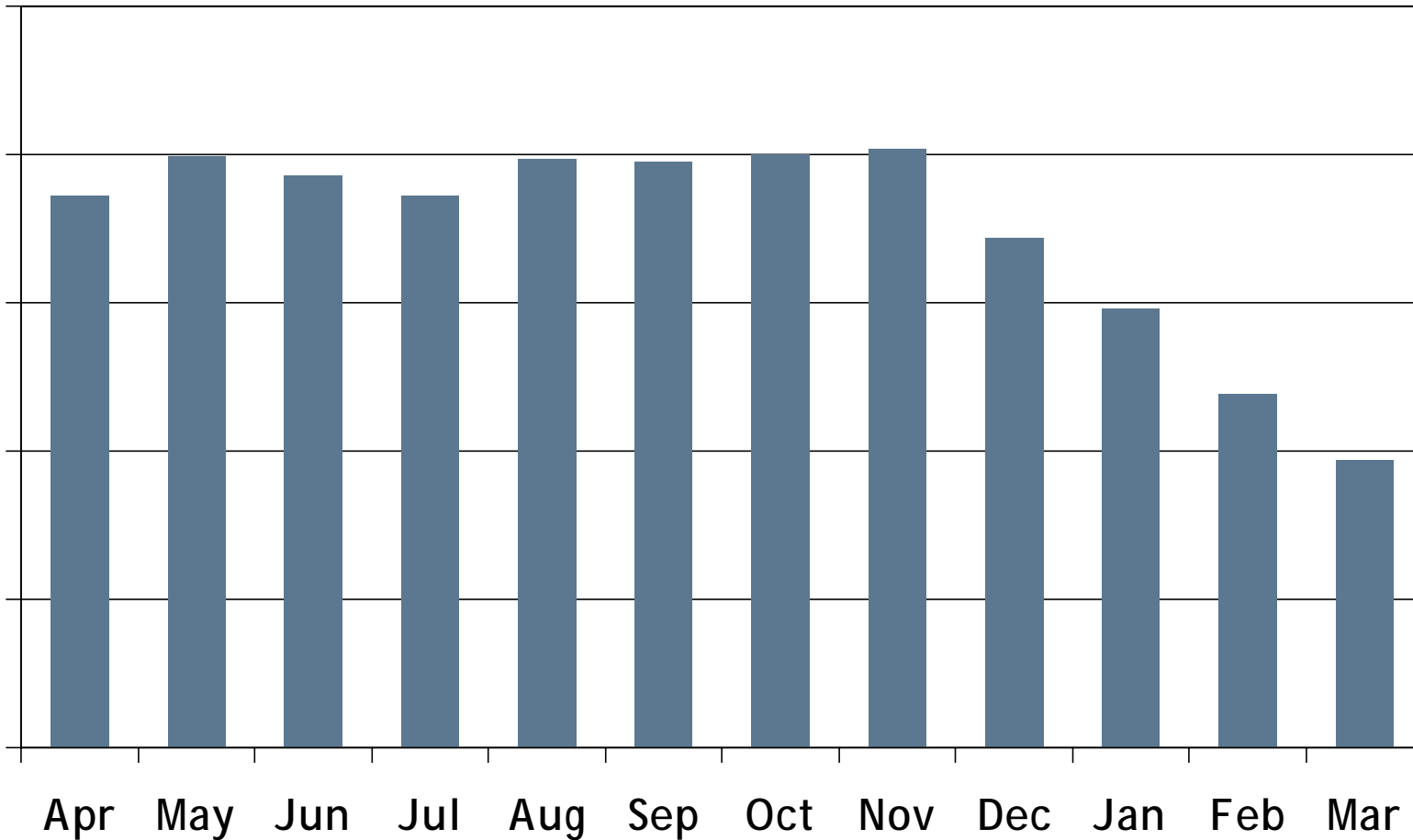
- Identify and evaluate growth opportunities
- Develop improved capabilities
- Optimal cost and capital structure
- Maintain “Licence to Operate”

Development of Capabilities



- Greater investment in training
 - Leadership
 - Operational
- Upgrade of competency management system
 - Operating procedures
 - Training manuals
- Business process improvement programme
- EBA negotiation

Sodium Cyanide Inventory



Licence to operate



- Development of sustainability concept at CSBP
- Continue management of legacy issues
 - Bayswater
 - Ongoing remediation program
- Regulatory compliance
 - Operational focus
 - Support resources in place

Outlook





Long Term

- Build capabilities for sustainable performance
- Focus on controllable costs and capital
- Major chemical plants sold out
- Deliver Kwinana AN expansion

Short Term

- Seasonal break important
- Sodium cyanide performance improvement
- Review options for AN in Queensland

Questions



Wesfarmers Insurance Division

Bob Buckley
Managing Director



Insurance



Agenda



- Overview
- Business Environment
- Strategies
- Outlook
- Question and Answer

Overview





- Sound COR from all business units
- Higher level of reported claims
 - Victoria/South Australia bushfires (\$2.0m net cost)
 - Cyclone Larry (\$4.5m net cost)
 - A number of individual large losses
- Achieving profitable revenue growth is difficult
- Commercial portfolios experiencing continued competition

2006 Achievements



- Reinsurance change

| Year Ended 30 June (%) | HY 2006 | FY 2005 | FY 2004 |
|----------------------------|---------|---------|---------|
| Reinsurance Expense (%GEP) | | | |
| including AMO | 27.4 | 32.4 | 37.5 |
| excluding AMO | 24.4 | 28.2 | 32.1 |

2006 Achievements



- Revenue Growth
 - Acquisition of Parks Insurance by LGA
 - Enhancement of Lumley Marine Division
 - WFI alliance with Tasmanian Farmers & Graziers Association
 - LGNZ system implemented in Westpac branches
 - Investment in sales capability

2006 Achievements



- Human resources initiatives
 - Leadership development
 - Succession planning
 - Targeted recruitment

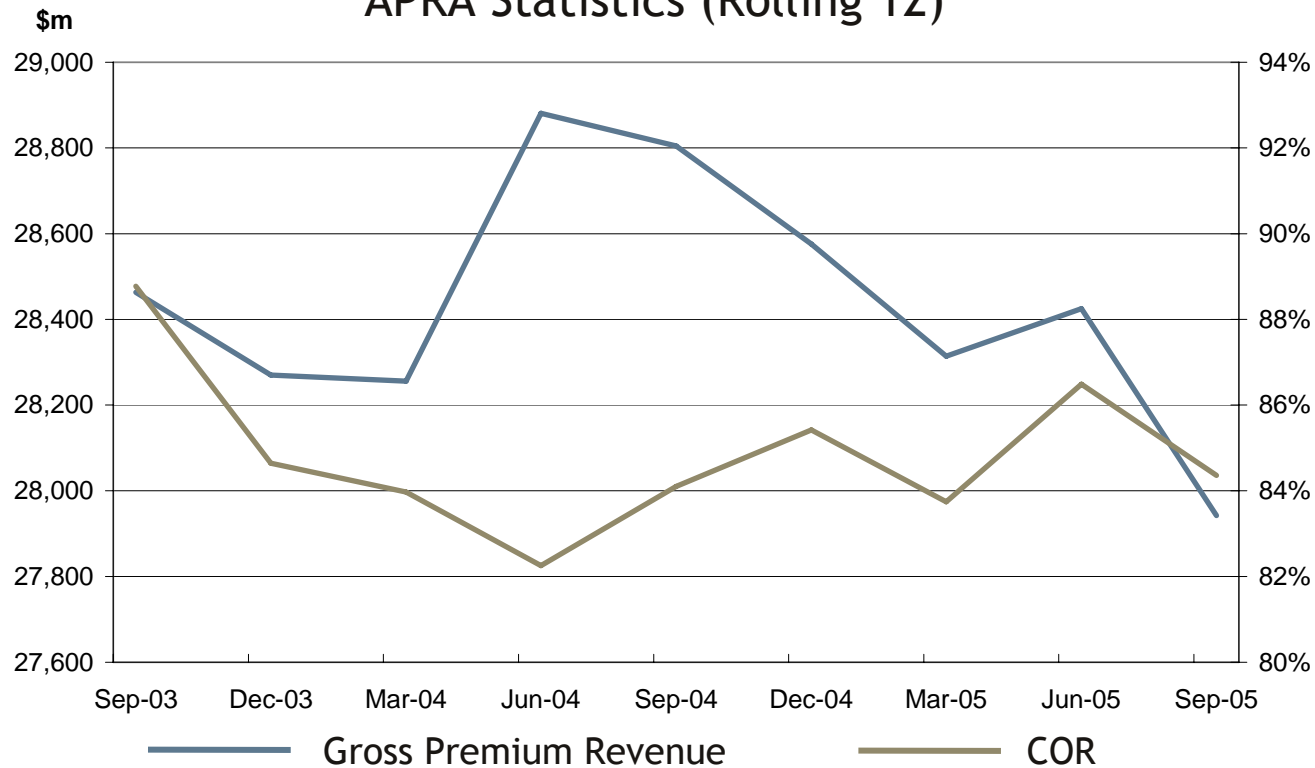
Business Environment



APRA Statistics



APRA Statistics (Rolling 12)



Insurance Cycle

- The peak of the insurance cycle was in June 2004 with the highest premium revenue and lowest COR
- The insurance cycle has impacted lines of business differently with commercial lines particularly affected by premium rate reductions

Source: APRA



- 2005 industry profitability at record levels
- Commercial premium rates falling
- Personal lines premium rates holding
- Industry GWP growth forecast 1% (nominal)
- Modest rate reductions expected next year
- COR expected to deteriorate in 2006

Broker & Underwriter Survey



Top 10 issues confronting brokers

1. Compliance
2. Competition/number of players
3. Underwriting discipline
4. Staff training
5. Transparency of earnings to clients
6. Public perception
7. Impact of natural catastrophes
8. Improving relevance of products
9. Reinsurance capacity
10. Reinsurance ratings

Top 10 issues confronting underwriters

1. Regulation/cost of compliance
2. Increased competition
3. Push to wind back tort reform
4. Climate change
5. Declining premiums and rates
6. Skill shortage/recruitment
7. Technology utilisation
8. Growth
9. Taxation
10. Underinsurance

Source: JPMorgan GI Survey

Strategies





- Achieve GWP growth
 - Pursue growth through EDI
 - Bolt-on acquisitions
 - Maintain underwriting discipline
- Enhance margins
 - Continued focus on profitable niche business
 - Seek new profitable segments



- Increase organisational effectiveness
 - Review existing processes
 - WFI and LGNZ to deploy Koukia system
- Complete the Koukia base product
 - Discussions with implementation partners
 - Deploy in WFI and LGNZ

Outlook



Outlook



- Continued pricing pressure in most lines
- Claims are reverting to long term averages
- Expected full year result satisfactory but below last year

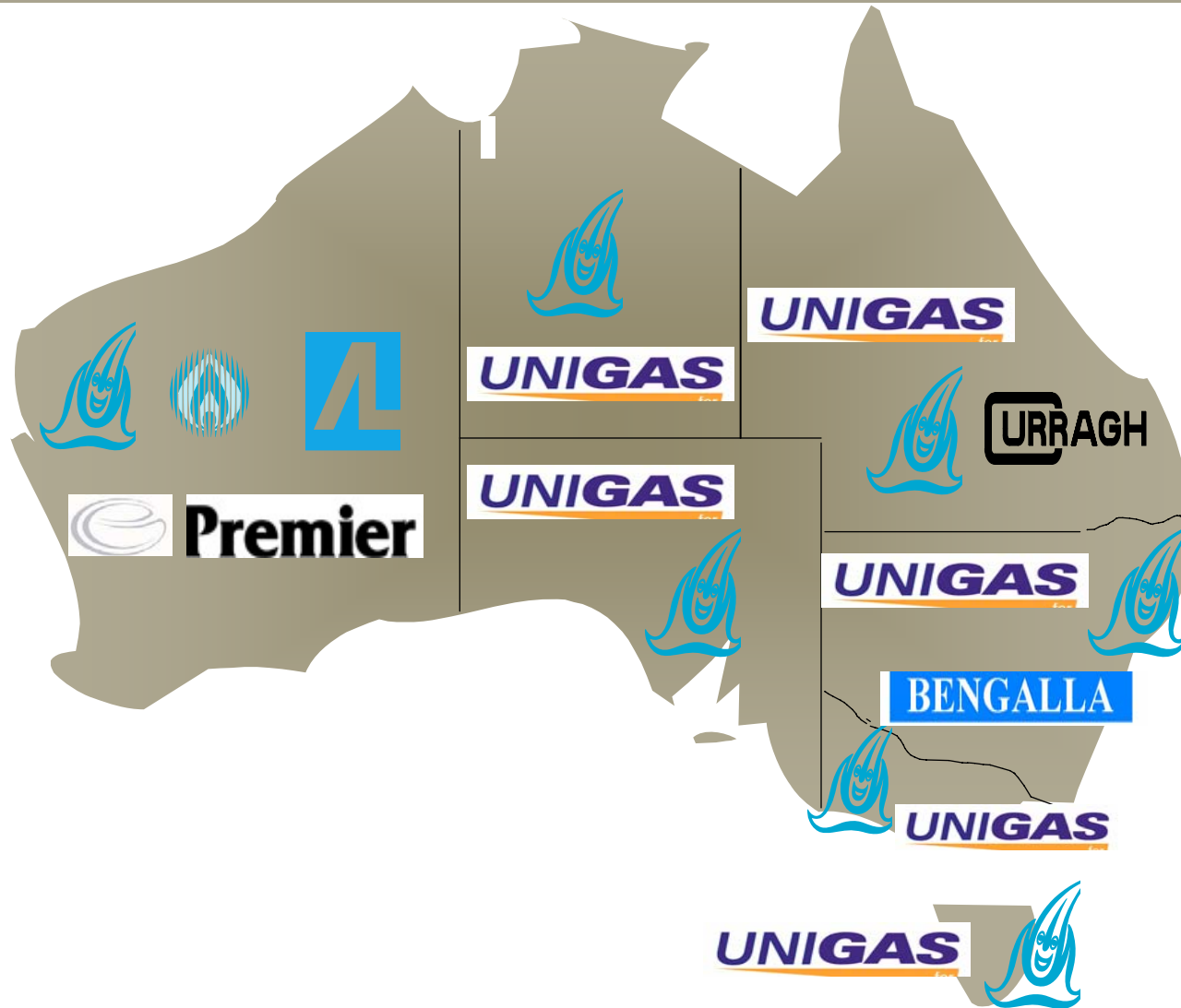
Questions



Wesfarmers Energy

David Robb
Managing Director





Gas and Power



Kleenheat



Unigas



Wesfarmers LPG



Air Liquide



enGen

Coal

Premier

URRAGH

BENGALLA



FY 2004/05

Production Volume mt 3.3

Sales Volume mt 3.3

Customers 2





FY 2004/05

| | | |
|-------------------|----|-----|
| Production Volume | mt | 7.0 |
| Sales Volume | | |
| Export | mt | 4.6 |
| Domestic | mt | 2.5 |
| Customers | | 14 |





FY 2004/05*

| | | |
|-------------------|----|-----|
| Production Volume | mt | 5.4 |
| Sales Volume | | |
| Export | mt | 4.5 |
| Domestic | mt | 1.2 |
| Customers | | 9 |



*Figures are in 100% terms (Wesfarmers equity interest 40%)



FY 2004/05

Sales Volume kt 219

Sites

 Depots 39

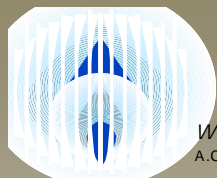
 Branches 15

 Commission agents 30

 Dealers 619

Customers '000 229





WESFARMERS LPG
A.C.N. 009 214 831



FY 2004/05

Production Volume kt 310

Sales Volume

 Export kt 199

 Domestic kt 110

Customers 2





FY 2004/05

Air Separation Plants

| | | |
|---------|---------------------|-----|
| Kwinana | Capacity TPD Oxygen | 285 |
| Hismelt | Capacity TPD Oxygen | 880 |

Carbon Dioxide Plants

| | | |
|------|--------------|-----|
| WMC | Capacity TPD | 12 |
| CSBP | Capacity TPD | 120 |

Cylinder Filling Operations

2

Branches

4

Agents

77

Customers

'000

5





FY 2004/05

| | | |
|-------------------------|-----|-----|
| MW installed | MW | 94 |
| GWh generated per annum | GWh | 415 |
| Power stations | | 14 |
| Customers | | 7 |



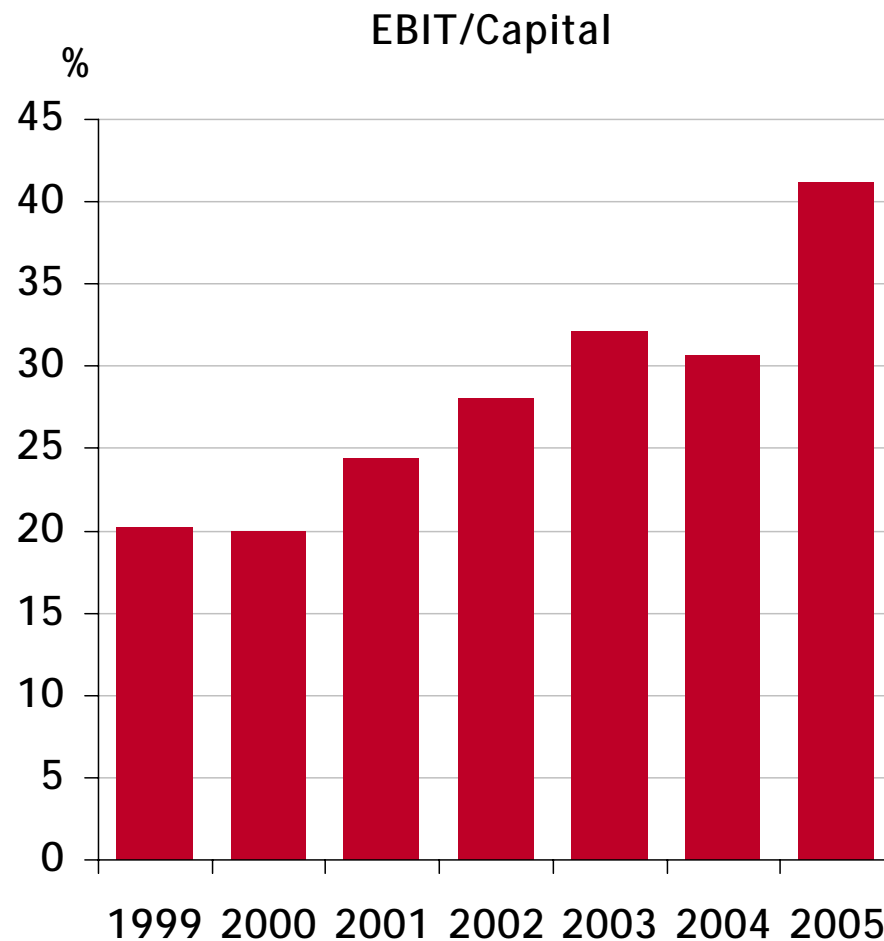
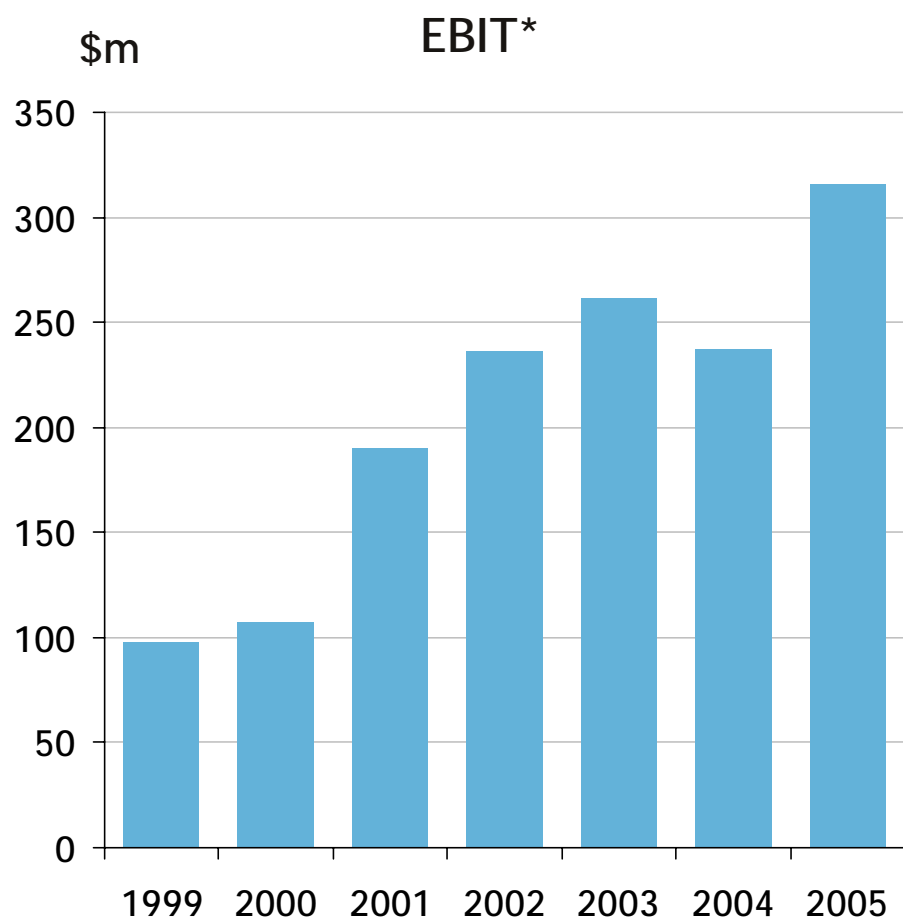


P G T

Profitable Growth Over Time

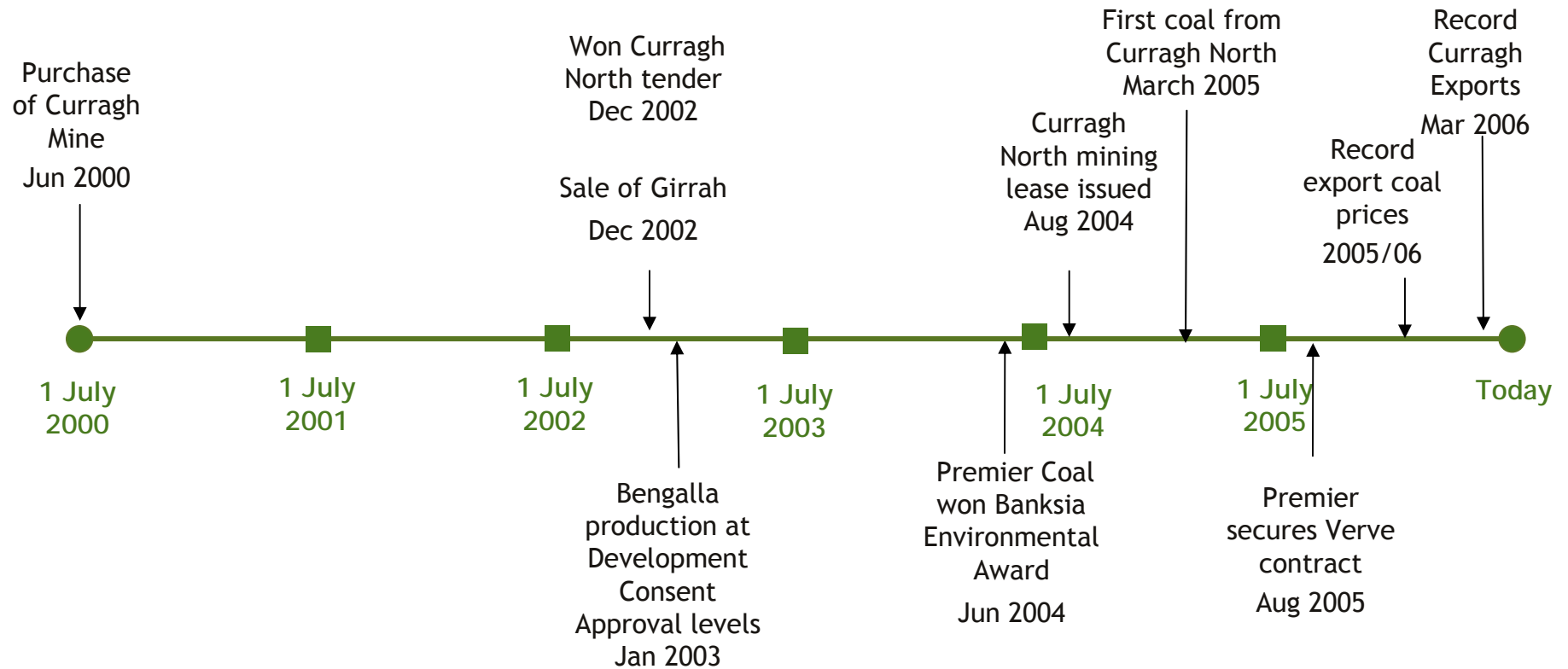
Energy - Profitable Growth

Financial Performance

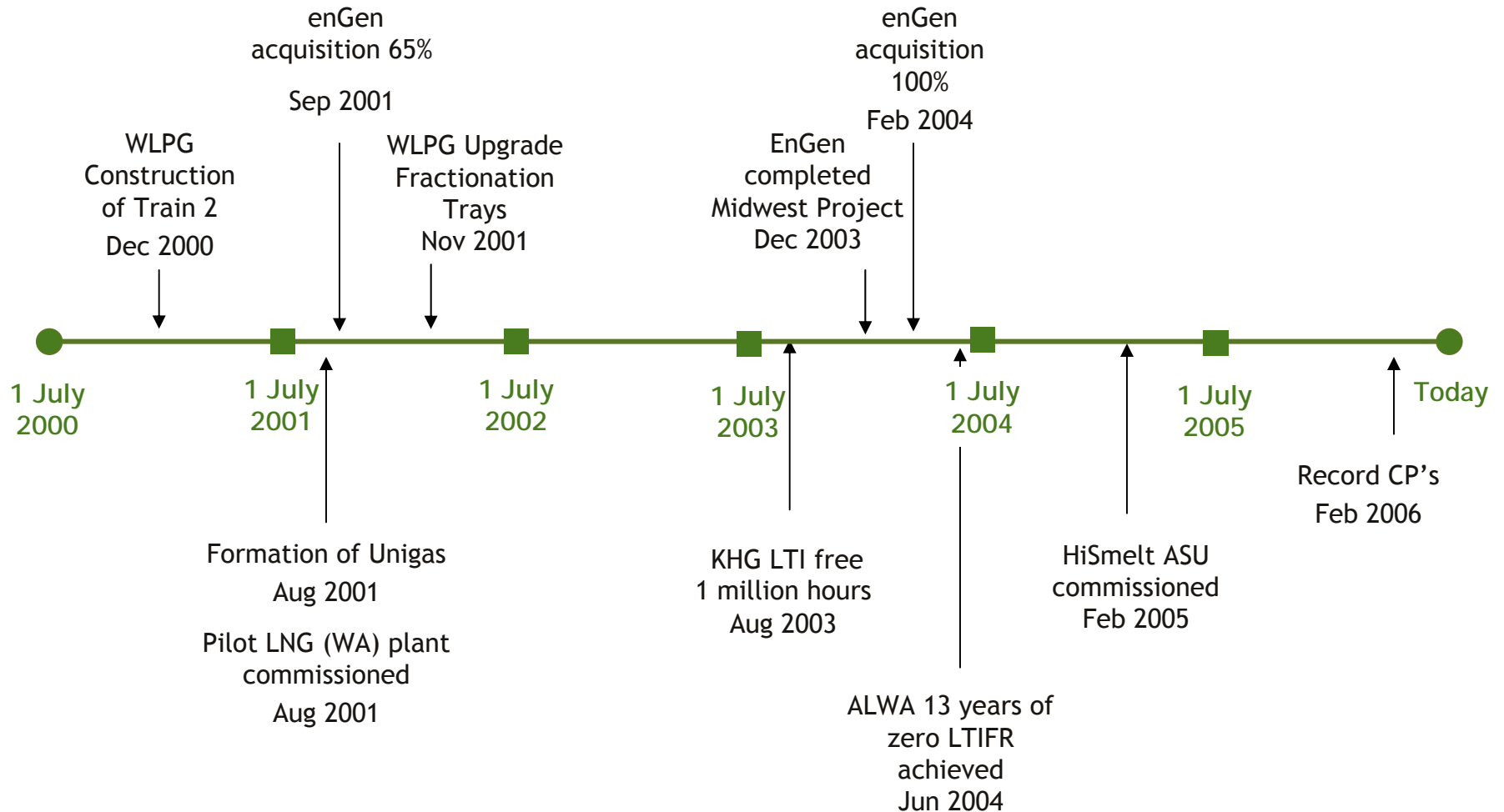


* Excludes Girrah \$80.5m in 2003

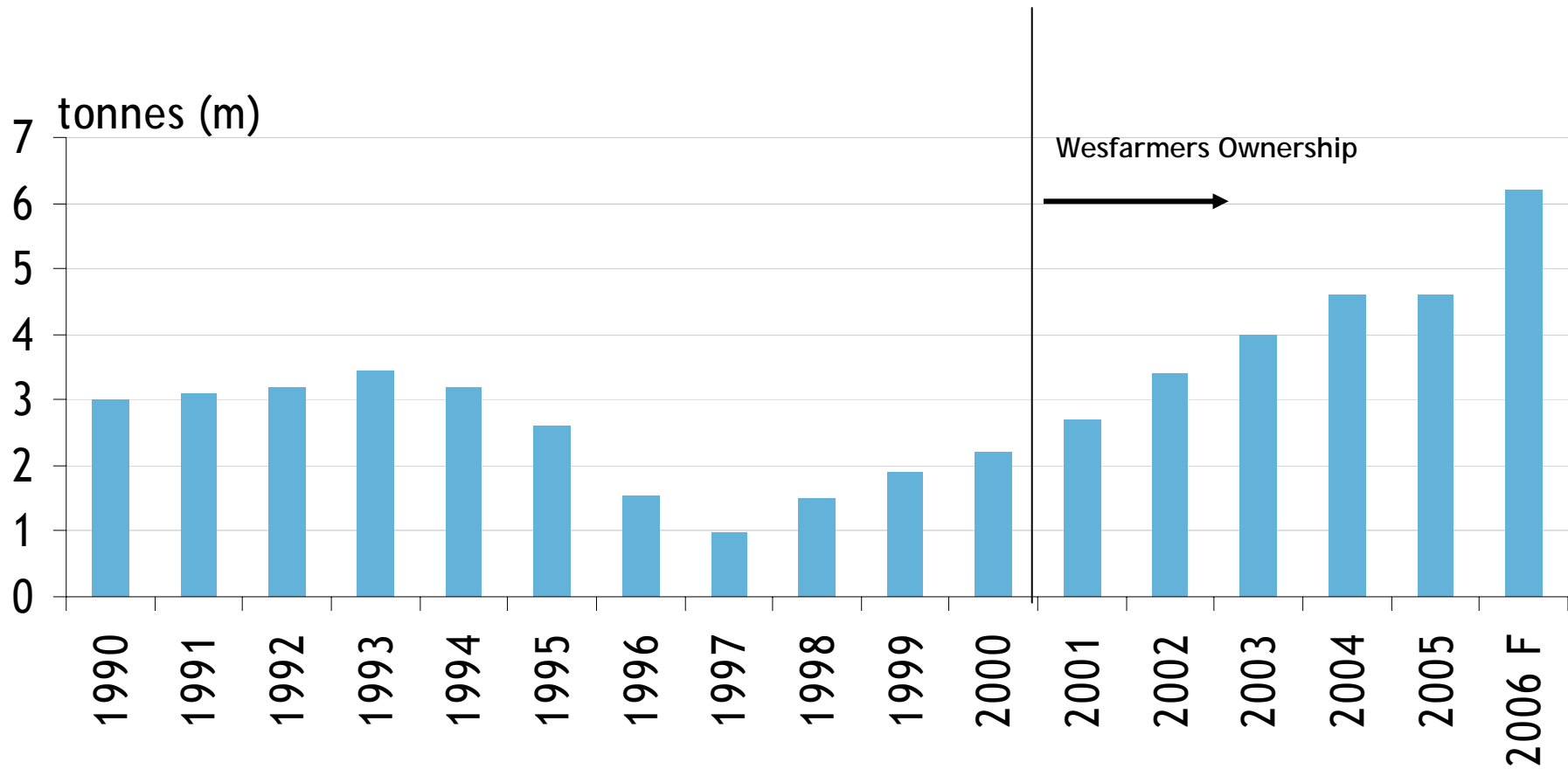
Milestones - Coal



Milestones - Gas and Power



Curragh Export Sales Growth



Business Environment



Resources Growth Challenge



- Availability and cost of key inputs
- Global shortage of earthmover tyres
- Availability and cost of skilled labour
- Industry-wide capital over-runs and delays

Curragh's Complexity Challenge



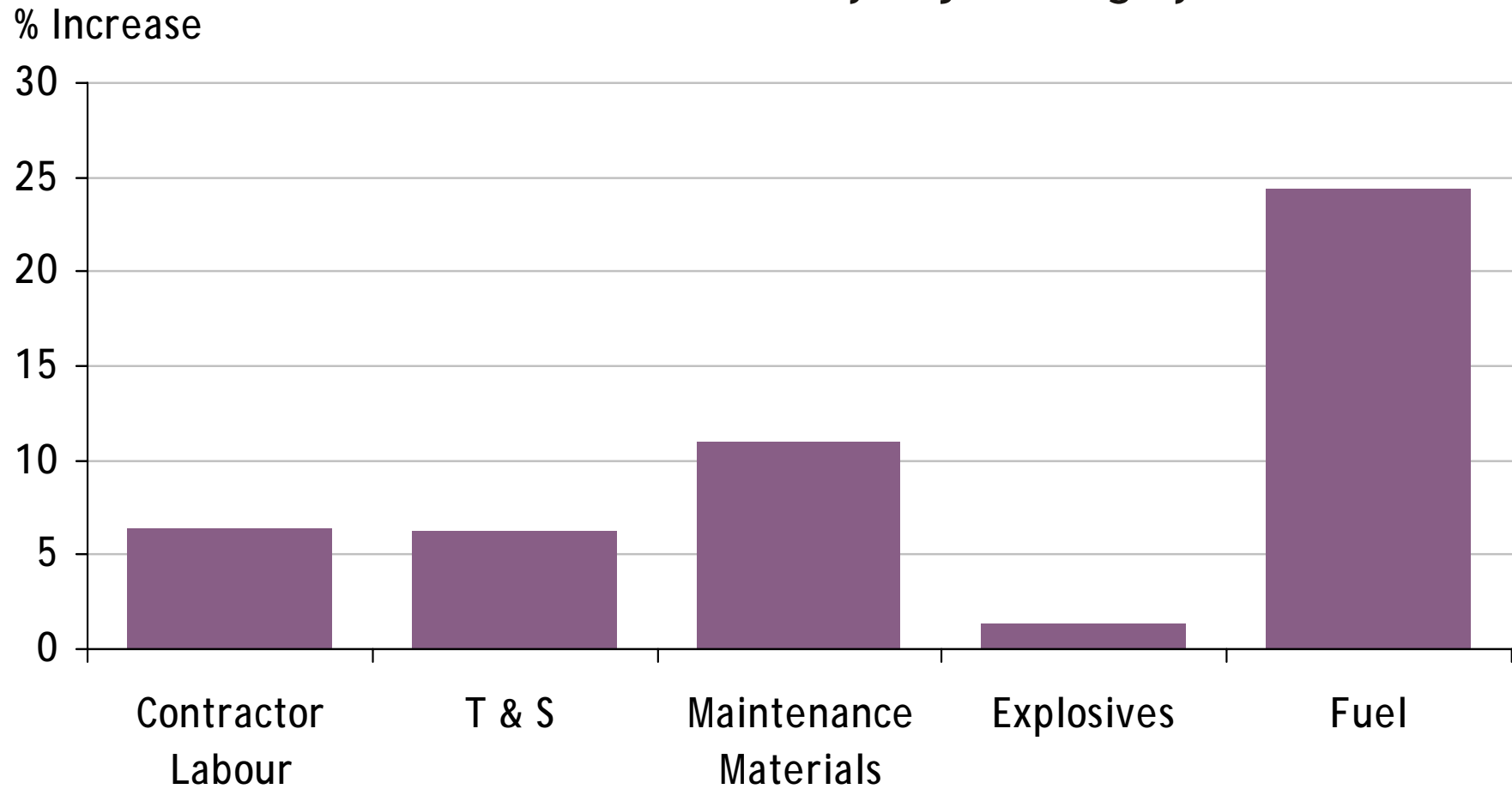
| Activity | Metric | Pre Curragh North | Post Curragh North |
|---|--------|-------------------|--------------------|
| Area Disturbed by Mining | ha | 3,860 | 5,945 |
| Deposit Strike Length | km | 13 | 30 |
| Total Overburden Removal | mbcm | 97.3 | 131.7 |
| Tonnes Mined | mt | 8.7 | 12.1 |
| CHPP Capacity | t/hr | 1,200 | 1,600 |
| Resource Complexity - raw coal types | no. | 3 | 6 |
| Average Workforce (FTE incl contractors) | no. | 544 | 789 |
| Activity Man-hours (FTE incl contractors) | m hrs | 1.1 | 1.9 |

Curragh's Rising Costs

Mar 06 vs Mar 05



Unit Rate Increase by Major Category



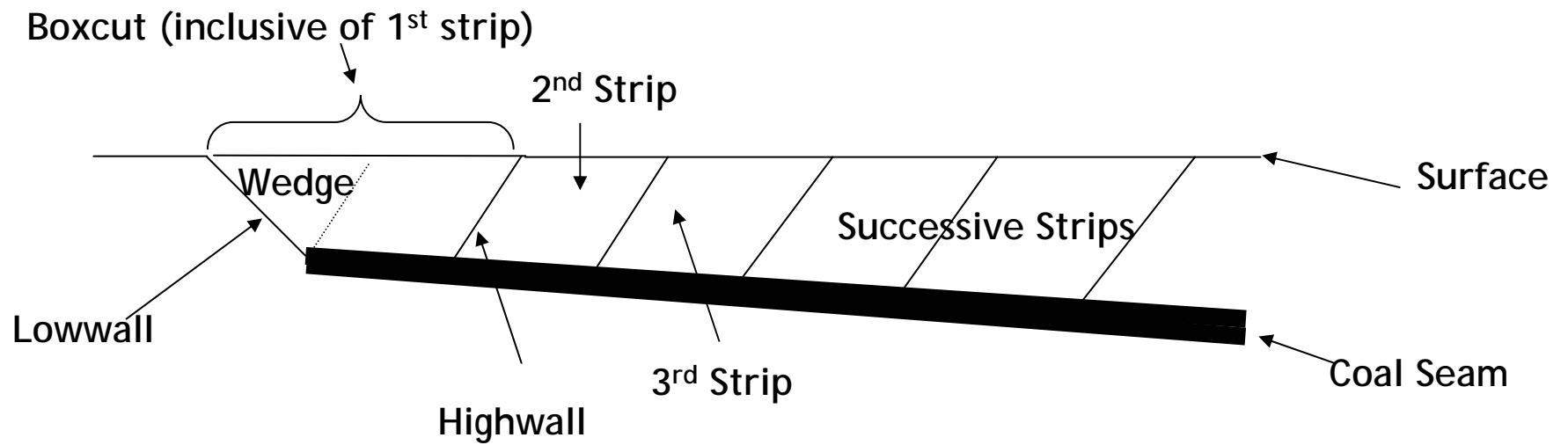
Curragh's Rising Costs

YTD Mar 06 vs YTD Mar 05



- Total cash production costs +40%
- Total production volume +34%
- Metallurgical coal production +41%
- Cost curve position maintained CY2005 vs CY2004
- CY2006 peak, CY2007 improvement likely

Curragh North Box Cut



Stanwell Rebate Accounting

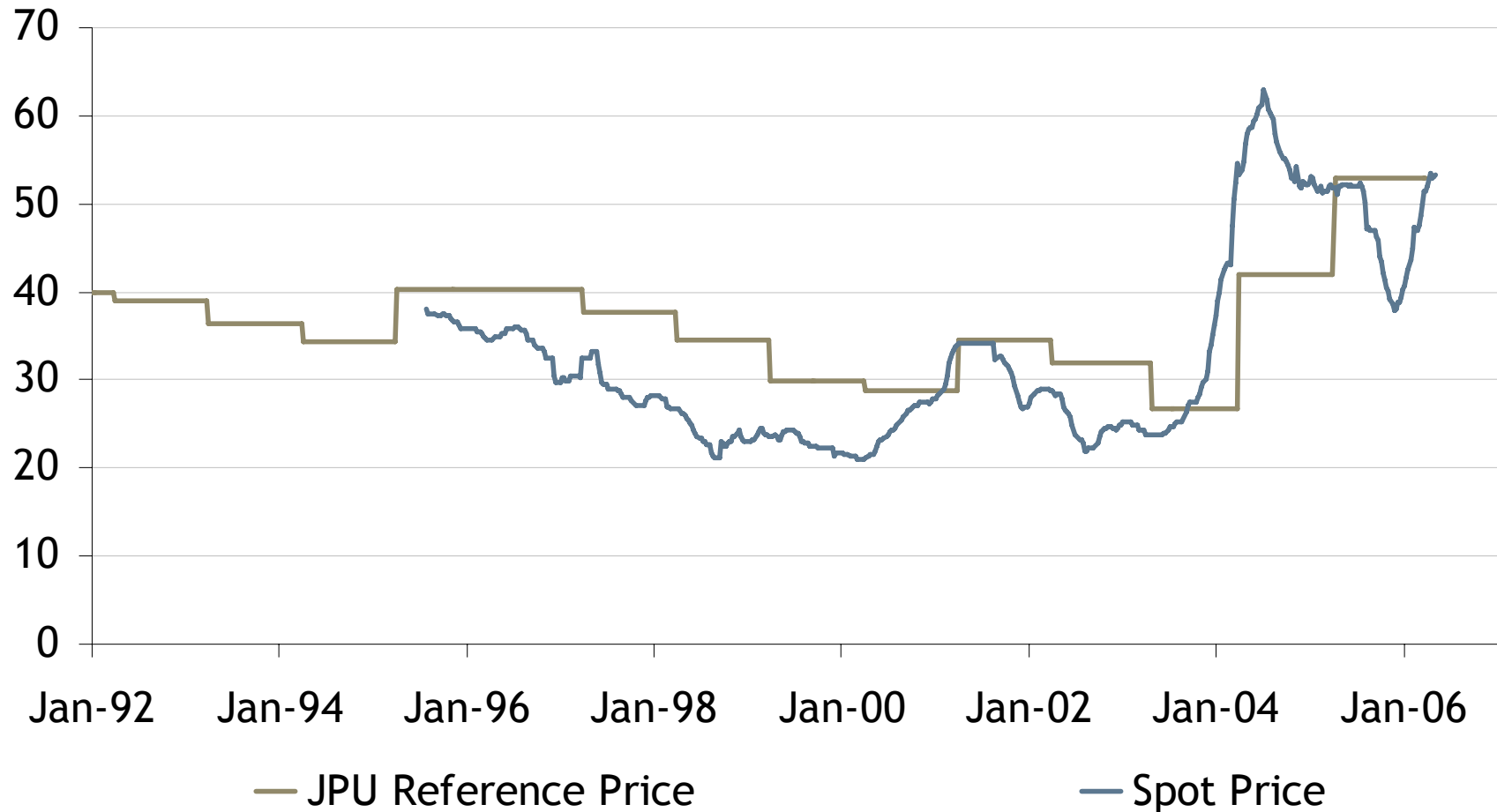


- Accounted for as a part of acquisition CN
- Asset and liability offset
- Rebate profit impact for 05/06 = \$93m (est)
- Rebate payment to Stanwell for 05/06 = \$89m (est)
- Potentially higher payment in 06/07

Thermal Coal Prices



Nominal US\$/t

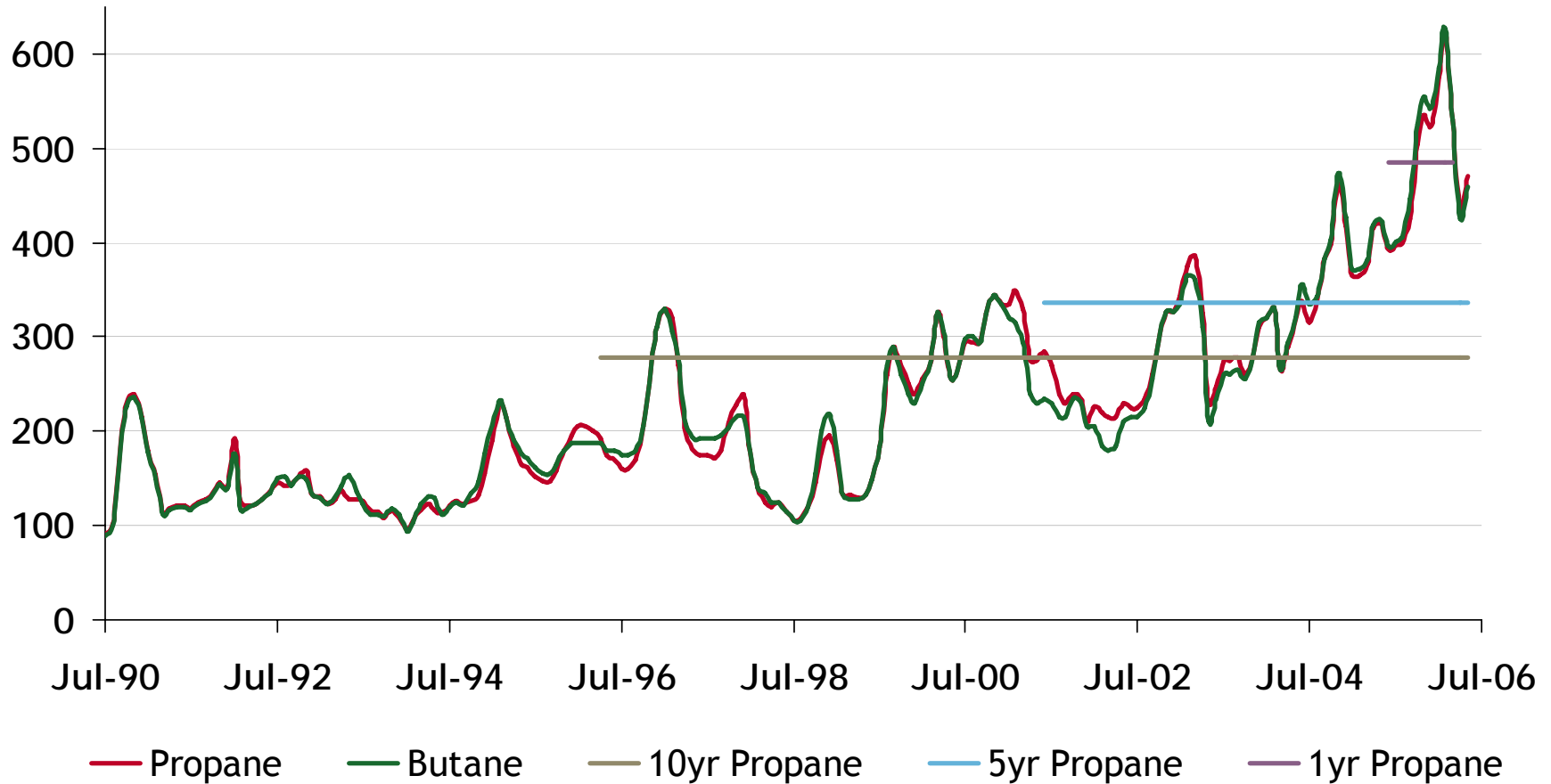


Source: Barlow Jonker

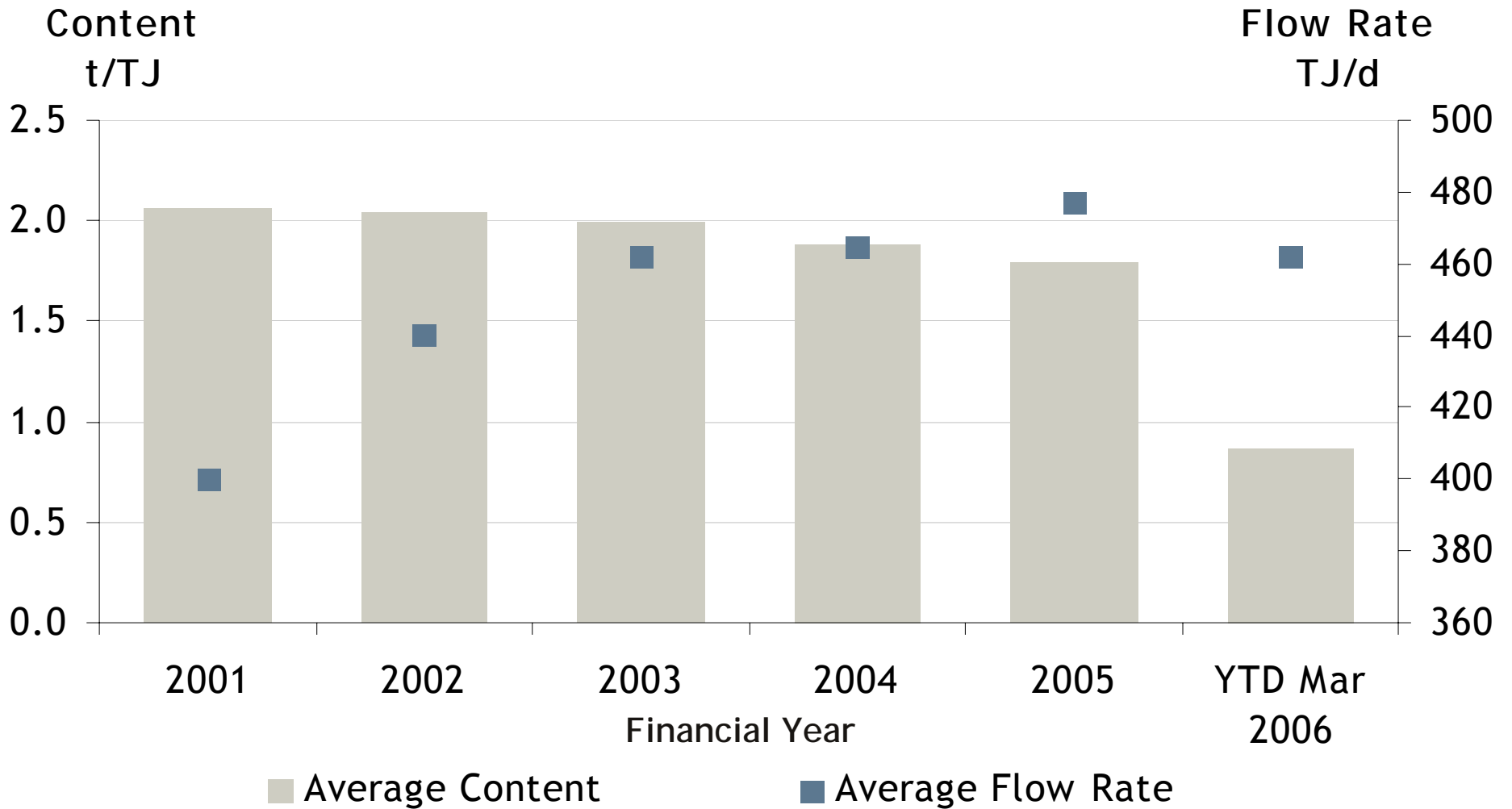
Saudi Aramco Contract Price (CP)



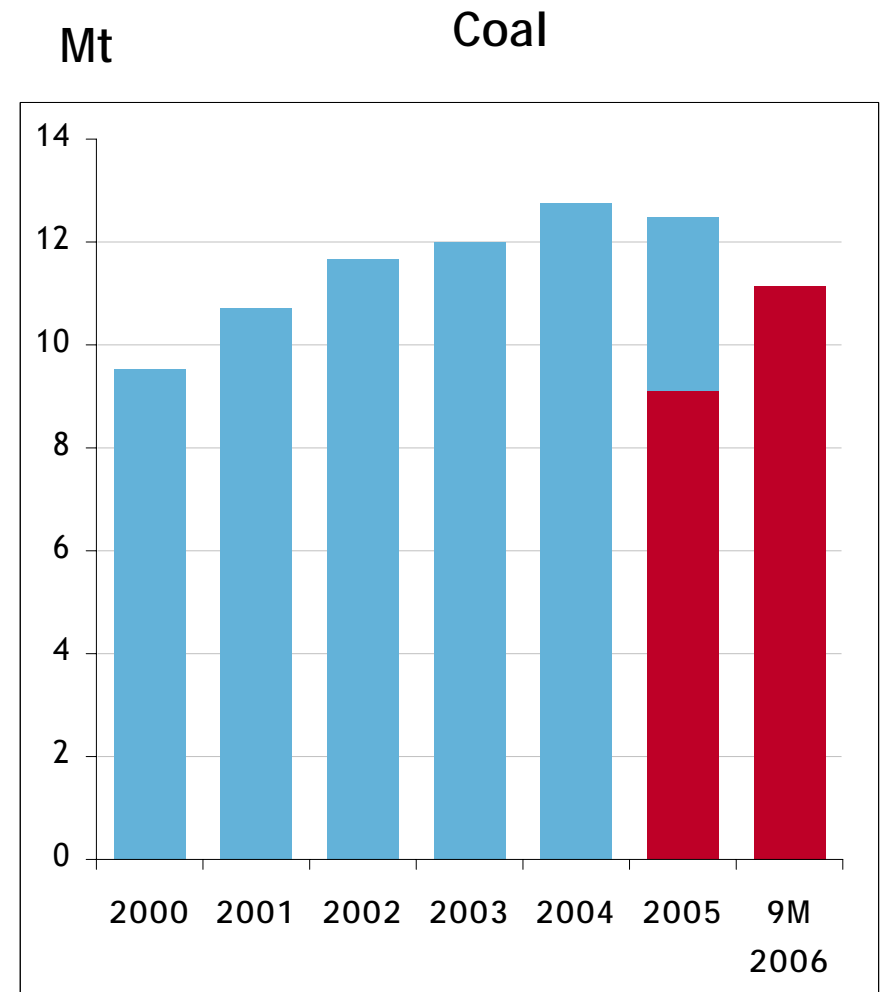
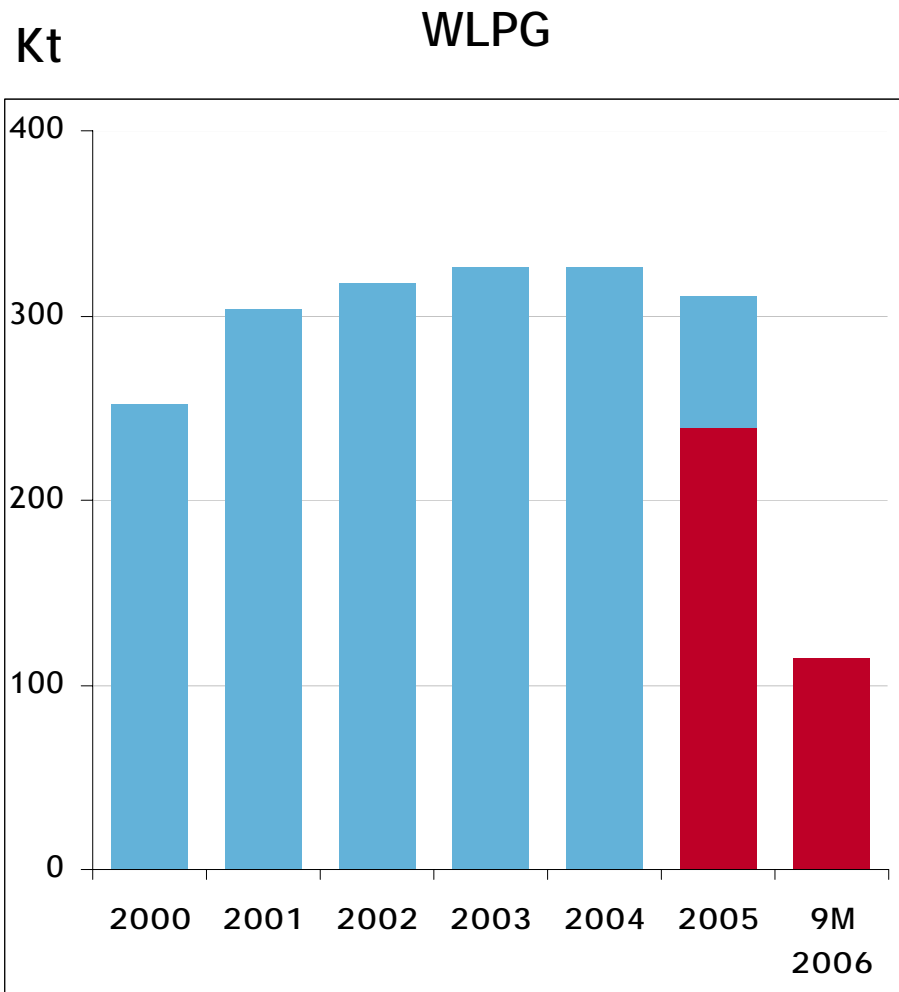
Nominal US\$/t



W LPG Feed Gas LPG Content and Flow Rate



Production



Coal Production



| Mine | Beneficial Interest | Coal Type | 9 months | |
|---------------|---------------------|---------------|---------------|---------------|
| | | | Mar-05 | Mar-06 |
| | | | ('000 tonnes) | |
| Premier, WA | 100% | Steaming | 2,550 | 2,842 |
| Curragh, QLD | 100% | Metallurgical | 3,198 | 4,509 |
| | | Steaming | 1,695 | 2,052 |
| Bengalla, NSW | 40% | Steaming | 1,656 | 1,739 |
| Total | | | 9,099 | 11,142 |

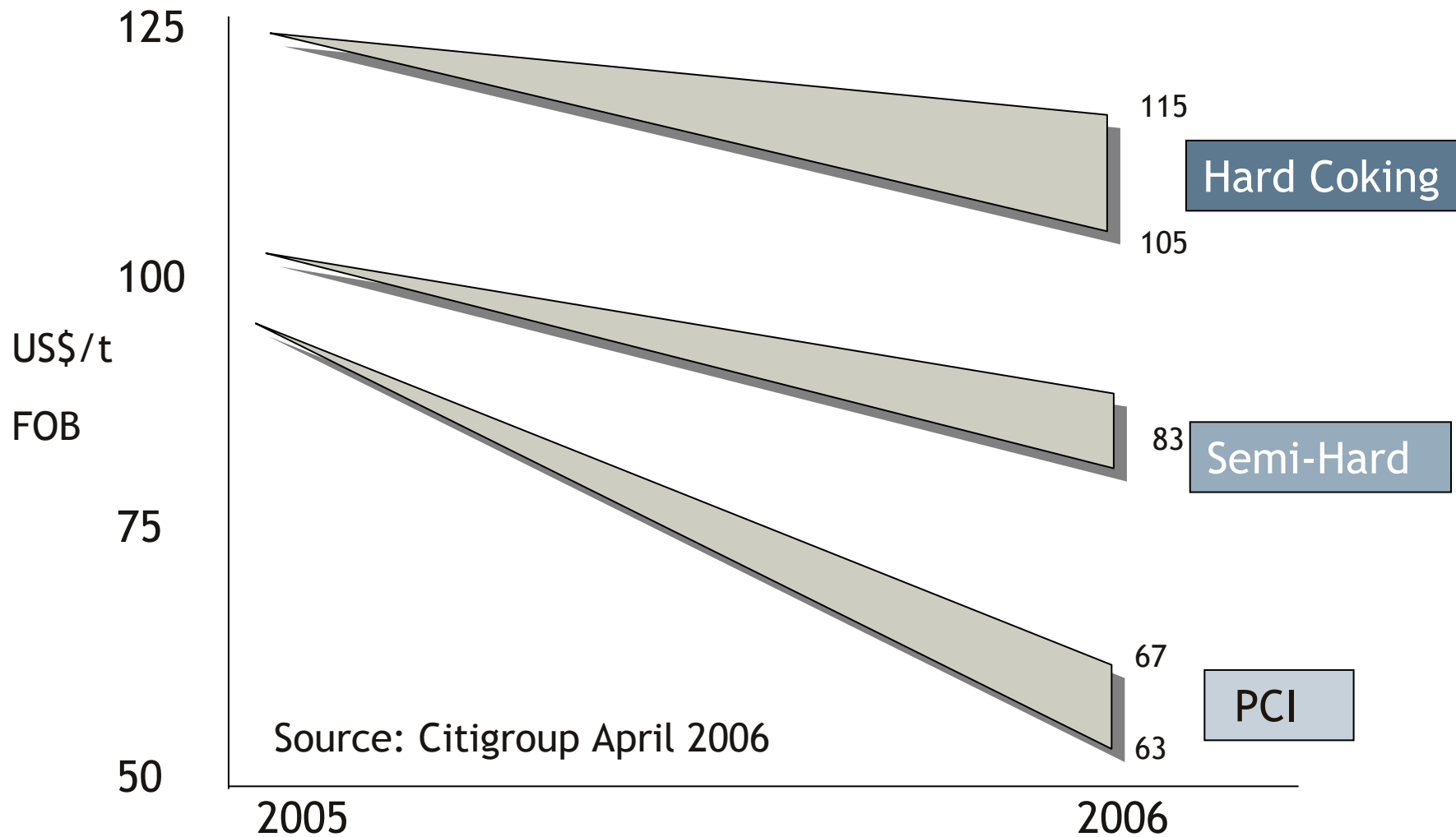
Strategies and Outlook





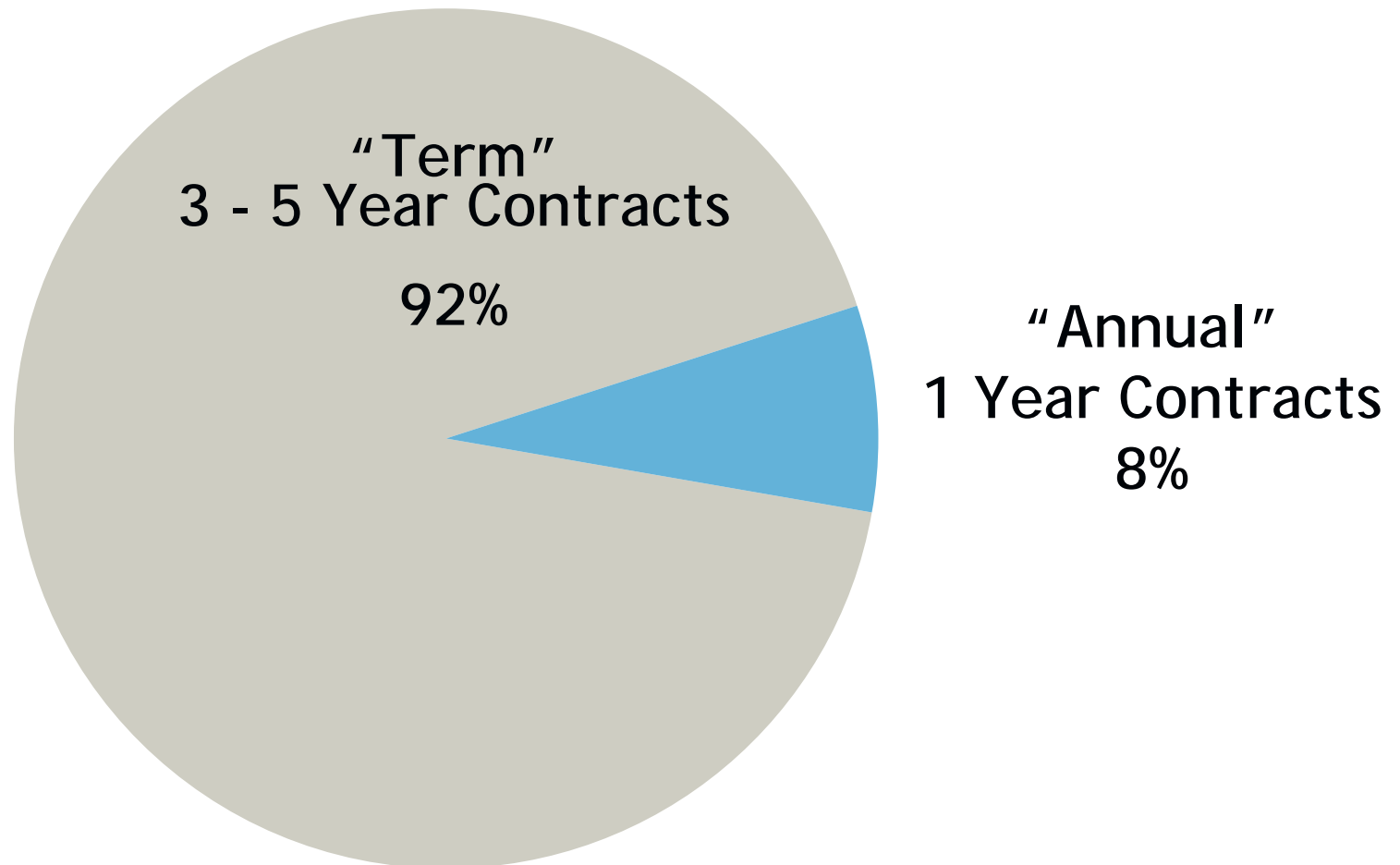
- Premier - reduce costs, improve productivity, grow sales
- Curragh - finish CN, improve CHPP, grow sales
- Bengalla - Consent modification, expand to 10.7mtpa
- Kleenheat - implement lower cost business model, develop LNG
- WLPG - secure long term feed gas LPG's, build LNG plant
- ALWA - grow core business, win new projects
- enGen - scale up, capture benefits of boom market

Indicative Coal Price Settlement Range Australia Coals to Japan

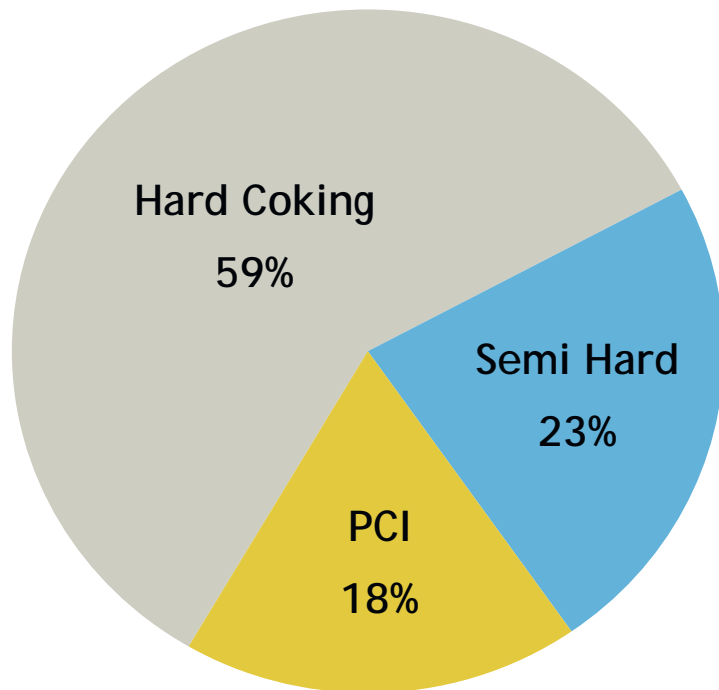


Curragh Export Sales

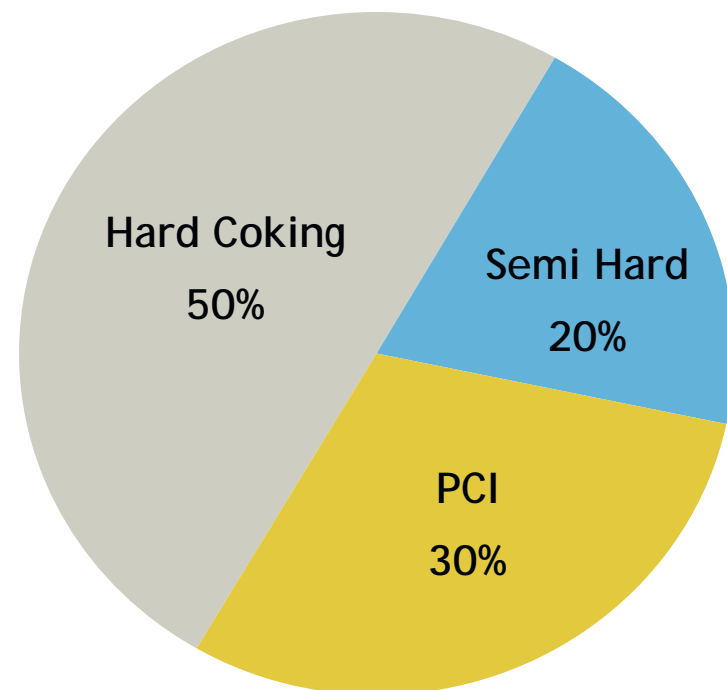
Contract Duration 2006/07



Curragh Export Sales Sales Mix Estimate



2005/06 Estimate



2006/07 Estimate

Gladstone Coal Delivery System

Export Capacity Upgrade Delays



| | Original Completion Date | Revised Completion Date (as at May 2006) |
|---|--------------------------|---|
| QR (Rail) Blackwater to Bluff Duplication | September 2006 | July 2007 |
| CQPA (Gladstone Port) 3rd Train Dump Station | July 2006 | November 2006 |

- Curragh's expected GCDS capacity in 2006/07 - 7.5mt
- 2006/07 capacity now uncertain



Coal

- Improving operational performance
- CN development on time, on budget
- Conveyor commissioning early 4Q CY06
- Input cost and availability pressures to continue
- Infrastructure bottlenecks impacting sales

Gas and Power

- High energy prices
- Margin management critical
- New projects

Questions



Home Improvement

John Gillam
Managing Director



Home Improvement



BUNNINGS
warehouse



Agenda

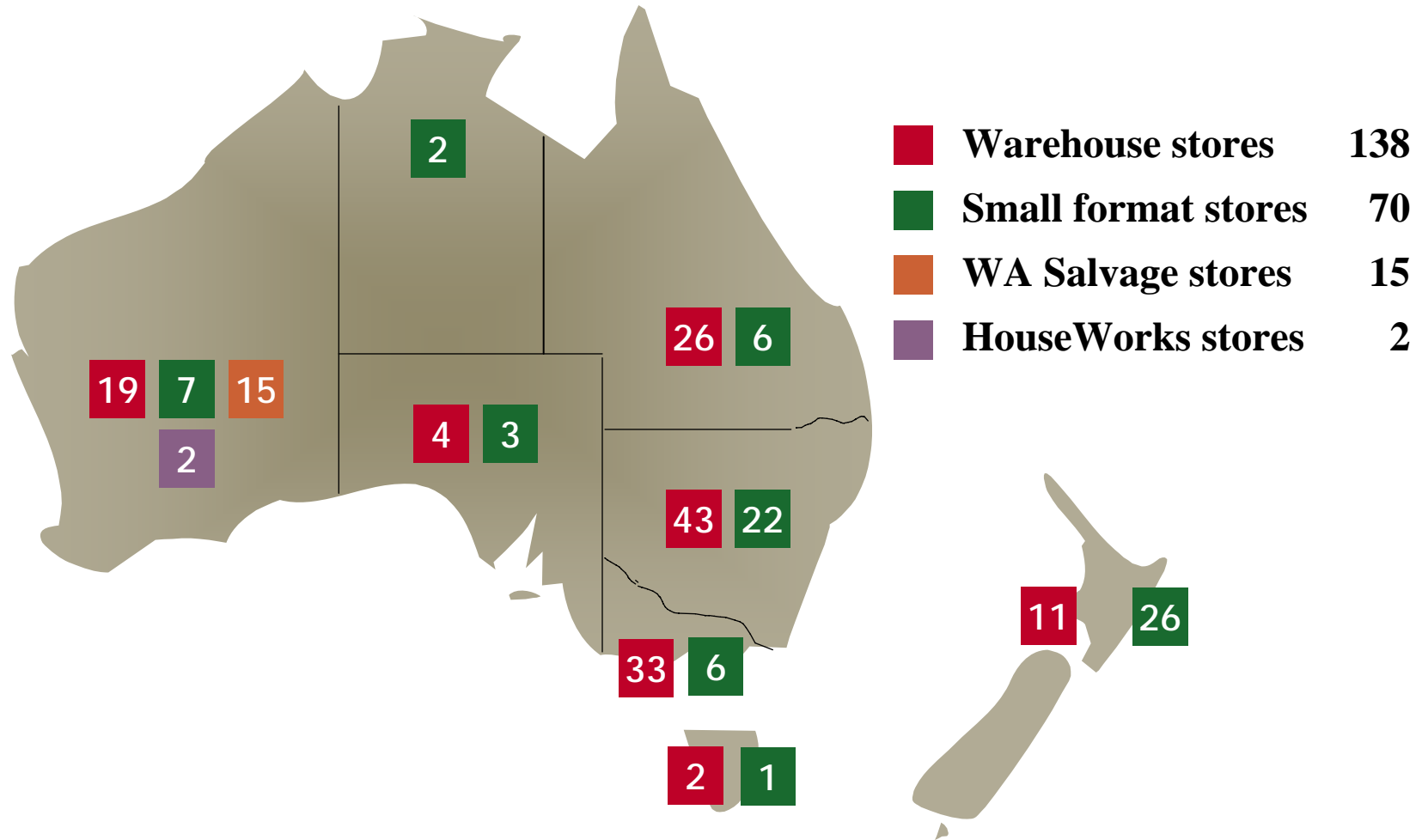


- Background
- Trading Results
- Strategies
- Outlook



WIDEST RANGE
LOWEST PRICES
BEST SERVICE

Store Network - April 2006



Excludes Distribution Centres and trade operational sites

Store Network Movements



| | Open at June 2005 | Opened | Closed | Open at April 2006 | Under development |
|----------------------------------|----------------------|----------|----------|-----------------------|----------------------|
| Bunnings Stores | | | | | |
| Warehouse format | 131 | 8 | 1 | 138 | 9 |
| Smaller format | 81 | 2 | 13* | 70 | 0 |
| WA Salvage Stores | 18 | 0 | 3 | 15 | 0 |
| HouseWorks Stores | 0 | 2 | 0 | 2 | 0 |
| Bunnings trade operations | | | | | |
| Distribution Centres | 4 | 1 | 0 | 5 | 2 |
| Trade focused stores | 0 | 3* | 0 | 3 | 0 |

* Reflects changed designation of 3 smaller stores to trade focused locations within the period

Trading Results



| Half Year Ended 31 December (\$m) | 2005 | 2004 | % |
|--|---------|-------------------|--------|
| Revenue | 2,215.6 | 2,134.3 | 3.8 |
| EBIT | 220.9 | 225.4 | (2.0) |
| Share Plan & Store Refit Expense | 23.3 | 4.3 | |
| Comparative EBIT | 244.2 | 229.7 | 6.3 |
| ROC (%) | 22.8 | 22.5 [^] | 1.3 |
| Safety (R12 LTIFR) | 10.5 | 13.4 | (21.6) |
| Trading Revenue* (\$m) | 2,198.6 | 2,120.7 | 3.7 |
| Comparative EBIT/Trading Revenue (%) | 11.1 | 10.8 | 2.8 |
| Profit from disposal of Property (\$m) | 3.0 | 3.6 | (16.7) |

[^] Reflects adoption of A-IFRS from 1 July 2004

* Excludes property sales income and other non-trading items

Trading Update - YTD April 2006



- Retail sales growth improving
 - strong competition for discretionary spend
 - gaining market share

Cash store on store growth data

| | Aust. | NZ (in NZ\$) |
|----------------|-------|--------------|
| 2005/06 YTD | 4.4% | 8.4% |
| Jan-April 2006 | 7.9% | 3.1% |

- Trade sales just ahead of pcp
 - continued tight Australian housing market conditions
 - weakening New Zealand market

Strategies



1. Focus on retail drivers
2. Store network development
3. Trade business
4. Team members
5. Business systems
6. Business improvement



1. Focus on core retail drivers

- Range
 - innovation driving **WIDEST RANGE**
 - expanding market size
- Price
 - strong cost focus delivering **LOWEST PRICES**
 - productivity loop
- Service
 - best people delivering **BEST SERVICE**



1. Focus on core retail drivers

- Range
 - new ranges expanding market size
 - widening existing ranges to grow share
 - revamped special orders
- Service
 - lifting customer service
 - improving customer services



2. Store network development

- 10 to 14 new warehouse store openings per year
- Adapting store formats
 - primary focus on warehouse format
- Store upgrades and refits programme
 - intensive work lifting offer consistency



2. Store network development

- 2005/06 warehouse openings in target range
 - 8 opened to end April, 9 under construction
- Accelerated store upgrades and refits programme
 - completed 14 in 1st half (12 warehouses, 2 small formats)
 - on track to complete 12-14 in 2nd half
 - commenced re-branding Benchmark to Bunnings in NZ
 - absorbing sales disruption and one-off costs
 - forecast 20-25 in 2006/07



2. Store network development

- Lifting and widening offer quality
- Format improvements
 - better customer experience
 - store environment “lifted”
 - warehouse look and feel retained
- Space utilisation prize



3. Trade business

- Clarity of approach gaining traction
- Trade distribution centres
 - servicing delivered-to-site “builder” business
- Store network servicing pick-up “tradies” business
- Targeting profitable market share growth
- Solid progress in tight market conditions



3. Trade business

- Acquisition of Hudsons frame & truss business
 - improve ability to service major builder customers
 - March 2006 completion
 - rapid integration with existing F&T operations
 - forecast annual sales \$60m
 - rationalisation costs \$2m taken up this year
 - modest trading contribution in 2006/07



4. Team members

- Enhanced development programs
- Supporting improved team member performance
 - focus on customer service
- Continuing strong safety program
 - steady improvement trend



5. Business systems

- \$55m systems upgrade project progressing to plan
- Phase 1 work in line with time and cost expectations
 - scaleable infrastructure successfully installed
 - user acceptance testing commences in May for new inventory mgt and distribution centre systems
 - on-line August 2006 subject to rigorous testing
- Phase 2 work commences immediately post phase 1



6. Business improvement

- Effectiveness of in-store processes lifting
 - redeploying hours to customer service
- Supply chain performance enhancements
- Positive business disciplines
 - shrinkage and stock management improvements
- Lowering our cost of doing business
 - supporting lower prices for customers



- Strong focus on core retail drivers
 - widest range, lowest prices and best service
- Continued network development
 - busy agenda with new stores, upgrades and refits
- Actively reducing the cost of doing business
- Improved retail trading conditions in Australia
 - volatility concerns remain



Questions



Gene Tilbrook
Finance Director





- Tonnages for minerals increasing
- Grain tonnage rates recovered after floods
- Regulatory focus is on transition
- Capital programme on plan

ARG - Sale



- Settlement planned for 1 June
- Subject to accreditations, transfers of rights and other licensing issues
- Pre-tax profit to WES expected to be \$235m

Gresham Private Equity - Fund 1



Fund 1

- Current Wesfarmers investment around \$30m
- Five of eight investments divested
- Cash on cash gross IRR 40%

CURRENT INVESTMENT PORTFOLIO

Norcros

NORCROS

Riviera



Raywood

RAYWOOD

Gresham Private Equity - Fund 2



Fund 2

- Current Wesfarmers investment \$41m
- Commitment up to \$150m (of \$324m)
- Good opportunity flow but competitive market

CURRENT INVESTMENT PORTFOLIO

*Noel
Leeming*



*Australian Pacific
Paper Products*



*Pacific Print
Group*

Pacific Print Group



- Net Debt:Equity around 65-85% (pre ARG completion)
- Net Debt (not netting Insurance investments) averaging around \$2 billion
- 2005/06 Interest Expense includes about \$13m finance charges (mainly Stanwell)
- Cash cover remains strong

Questions



Q&A

Richard Goyder
Managing Director, Wesfarmers Limited

Gene Tilbrook
Finance Director, Wesfarmers Limited



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