



Wesfarmers Limited

ABN 28 008 984 049

NEWS

13 June 2001

WESFARMERS FORECASTS CONTINUED STRONG GROWTH

Wesfarmers Limited today announced its takeover offer for all of the shares in Howard Smith Limited and provided its bidder's statement (the "Bidder's Statement") to Howard Smith, the Australian Stock Exchange and the Australian Securities and Investments Commission.

In its Bidder's Statement, Wesfarmers has made a number of important disclosures including its forecast result for the financial year ending 30 June 2001; the forecast final dividend for 2001; the general outlook for the group, and forecasts for the year ending 30 June 2002 on a stand alone basis before the impact of the proposed acquisition of Howard Smith is taken into account.

This announcement summarises key parts of that disclosure. Full particulars of the matters summarised below are set out in the Bidder's Statement which is available on the Wesfarmers website at www.wesfarmers.com.au or from the Australian Stock Exchange. Wesfarmers notes that the forecasts referred to below are based on a number of assumptions, full details of which are set out in section 7 of the Bidder's Statement.

Forecast Result to 30 June 2001

The Wesfarmers Group forecast for the financial year ending 30 June 2001 is for earnings of \$247 million after tax, a 27% increase on the after tax result of \$195 million for the year ending 30 June 2000. This forecast is outlined in the table which accompanies this announcement as annexure 1.

The key drivers of performance during the financial year ending 30 June 2001 have been:

- continued growth in sales and earnings from the hardware business driven by store on store growth and the ongoing warehouse store rollout programme;
- higher sales and earnings from coal, attributed in part to the strong performance of the recently acquired Curragh coal mine in Queensland and also the increased production at Wesfarmers' 40 per cent owned Bengalla coal mine in NSW as it moves towards full capacity;
- increased export volumes of LP gas at historically high international prices;
- stronger performance in the rural services business driven by improved commodity prices; and
- premium growth and low claims in the insurance business.

The fertiliser and chemicals business is expected to report improved performance over that of last year. The forest products business is expected to report lower earnings for the full year as a result of the sale of its woodchipping, plantation services and plantation assets in October 2000, and also as a result of the downturn in housing activity which followed the introduction of the GST.

Final Dividend

In line with the company's current policy of maintaining a dividend payout ratio of 100 per cent of after-tax profit, Wesfarmers anticipates that its final dividend will be 60 cents per share fully franked (last year 48 cents). The dates for declaring, determining entitlements and paying this dividend are yet to be set by the directors. It is expected that these dates will be determined shortly after finalisation of the accounts for the year ending 30 June 2001.

The company's Dividend Investment Plan will apply to the final dividend. The price at which new shares will be issued under that plan will be announced at a later date.

Forecasts for the Year to 30 June 2002

On a stand alone basis before the impact of the acquisition of Howard Smith is taken into account, for the year ending 30 June 2002 Wesfarmers is forecasting further increased earnings as a result of the continuing strong performance of the hardware business and energy businesses, particularly coal which should benefit from volume increases and recent export coal price increases, with expected improvement in the performance of the fertiliser and chemicals business and rural and insurance business.

Wesfarmers has forecast for the year ending 30 June 2002, on a stand alone basis, operating revenue of \$5,028 million, up 15 per cent on the forecast result to 30 June 2001 and profit after tax of \$323 million, up 31 per cent on the forecast result to 30 June 2001. Further detail on these forecasts is contained in the table that accompanies this announcement as annexure 2.

Forecasts for the year ending 30 June 2002 which assume the successful acquisition of Howard Smith are also set out in the Bidder's Statement.

For further information contact:

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ANNEXURE 1

WESFARMERS FORECAST STAND ALONE RESULT TO 30 JUNE 2001
Extracted from Section 1.2 of the Bidder's Statement.

A forecast of the key financial statistics for Wesfarmers for the year ended 30 June 2001 is set out in the following table.

	1999 Year	2000 Year	2001F Year⁽¹⁾
TRADING RESULTS			
Operating revenue (\$m)			
Sales	2,818	3,358	4,237
Other	301	138	132
Total	3,119	3,496	4,369
EBIT (\$m) pre-goodwill amortisation (before abnormal items)	275	327	429
EBIT (\$m) pre-goodwill amortisation ⁽²⁾	277	327	429
EBIT (\$m) post-goodwill amortisation (before abnormal items)	268	320	418
EBIT (\$m) post-goodwill amortisation ⁽²⁾	270	320	418
Profit before tax (\$m) (before abnormal items)	251	297	365
Profit before tax (\$m) ⁽²⁾	253	297	365
NPAT (\$m) (before abnormal items)	177	195	247
NPAT (\$m) ⁽²⁾	179	207	247
Net operating cashflow (\$m)	166	254	298
Capital expenditure (\$m)	352	189	257
BALANCE SHEET			
Total assets (\$m)	2,576	3169	3,947 ⁽⁷⁾
Net assets (\$m)	1,207	1,231	1,577 ⁽⁷⁾
Intangible assets (\$m)	142	135	303 ⁽⁷⁾
Net tangible assets (\$m)	1,065	1,096	1,274 ⁽⁷⁾
Shareholders equity (\$m) ⁽³⁾	1206	1,226	1,577 ⁽⁷⁾
Number of shares on issue (m) ⁽³⁾	262	264	282
PERFORMANCE MEASURES			
EPS (cents) (pre-goodwill amortisation) (before abnormal items) ⁽⁴⁾	71.9	75.7	94.6
EPS (cents) (pre-goodwill amortisation) ⁽²⁾⁽⁴⁾	72.6	80.4	94.6
EPS (cents) (post-goodwill amortisation) (before abnormal items) ⁽⁴⁾	69.1	73.0	90.8
EPS (cents) (post-goodwill amortisation) ⁽²⁾⁽⁴⁾	69.8	77.6	90.8
Dividends per share (cents)	67	73	87
Gearing (net financial debt to equity) (per cent)	36.3	67.3	67.7 ⁽⁸⁾
Net interest cover – cash basis (times) (before abnormal items)	22.9	18.9	10.9
Net interest cover – profit basis (times) (before abnormal items)	15.8	13.6	7.8
Stock market capitalisation (\$m) ⁽³⁾⁽⁵⁾	3,568	3507	6,063 ⁽⁶⁾

REFER NOTES ON FOLLOWING PAGE

Notes:

- (1) Forecast information must be read in conjunction with the notes and assumptions in section 7 of the Bidder's Statement.
- (2) Includes the following abnormal items:
 - In the 2000 financial year, a \$12 million (after tax) gain on change of income tax rates.
 - In the 1999 financial year, a net gain of \$1 million (\$2 million after tax) comprising \$14 million (\$9 million after tax) profit on the sale of shares in a listed entity (other - investment and services), \$18 million profit (\$12 million after tax) on the sale of Bunnings Warehouse properties (hardware) and a \$30 million (\$19 million) write down of forest products' property, plant and equipment.
- (3) Number of shares on issue and share capital restated to reflect the Wesfarmers Buy-back (for further information on this buyback see prior market disclosures or refer to section 2 of the Bidder's Statement).
- (4) Calculations are based on the weighted average shares on issue during each financial year after notional adjustment for the Wesfarmers Buy-Back.
- (5) Based on closing share price on the last trading day at the end of each financial year.
- (6) Market capitalisation as at 8 June 2001 based on a closing share price of \$21.52.
- (7) Based on the assumptions set out in annexure E to the Bidder's Statement.
- (8) The estimated gearing based on the assumptions set out in annexure E to the Bidder's Statement is 71.5 per cent.

ANNEXURE 2

WESFARMERS FORECAST FOR YEAR ENDED 30 JUNE 2002

Excludes the impact of the acquisition of Howard Smith.

Extracted from Section 7.3 of the Bidder's Statement.

	Wesfarmers Forecast 2002 Year \$'000
Operating Revenue	5,027,788
EBITDA	702,566
Depreciation	171,645
Goodwill amortisation	15,542
EBIT	515,369
Interest	60,166
Operating profit before tax	455,203
Tax	132,043
Operating profit after tax	323,160
Outside equity interest	32
Operating profit after tax attributable to members of Wesfarmers	323,192

The information set out in the above table should be read in conjunction with the notes and assumptions set out in section 7 of the Bidder's Statement.