Wesfarmers

2024 HALF-YEAR RESULTS

Debt Investor Update

GROUP PERFORMANCE OVERVIEW

Wesfarmers

Wesfarmers Way

Wesfarmers' primary objective is to deliver a satisfactory return to shareholders. We believe it is only possible to achieve this over the long term by:

- Anticipating the needs of our customers and delivering competitive goods and services
- Looking after our team members and providing a safe, fulfilling work environment
- Engaging fairly with our suppliers, and sourcing ethically and sustainably
- Supporting the communities in which we operate
- Taking care of the environment
- Acting with integrity and honesty in all of our dealings

2024 Half-year highlights

Revenue
up 0.5% to

$22.7b

NPAT
up 3.0% to

$1.4b

Operating cash flows
up 47.0% to

$2.9b

Interim fully-franked dividend
up 3.4% to

$0.91 per share

Well-positioned portfolio provides both resilience and growth

- Businesses with clear competitive advantages
- Opportunities for incremental investment to drive growth
- Strong cash flows provide flexibility to support investment

Maintain focus on responsible long-term management

- Continued to advance key growth projects
- Benefits from and reinvestment in productivity and efficiency
- Continued to build climate resilience and long-term sustainability

Results reflect strong execution from high-quality businesses

Core retail offer of **everyday products** providing **market-leading value** is resonating with more customers

Continued **strong operating performances** in industrial businesses

Driving **sustainable long-term returns**

- Expanding addressable markets
- Progressing growth platforms in health and lithium
- Digitising operations
- Benefitting from productivity actions

Divisional highlights

Bunnings

Sales	Earnings
$9.9b	$1,282m
↑ 1.7%	↑ 0.3%

- Performance highlights resilience of demand across the offer
- Strong execution of strategies
- Continued to expand range, with pet launch trading well and increasing customer frequency
- Strengthened customer experience across channels
- Advanced ‘Whole of Build’ commercial strategy

Kmart Group

Sales	Earnings
$6.1b	$601m
↑ 5.0%	↑ 26.5%

- Significant earnings growth reflects strong underlying trading results
- Kmart’s lowest price positioning and Anko range resonating as customers seek value
- Continued focus on productivity and strong operational execution
- Benefitting from ongoing initiatives to digitise operations

WesCEF

Revenue	Earnings
$1.1b	$172m
↓ 21.2%	↓ 46.9%

- Strong operating performance with good plant availability
- Financial results impacted by lower international commodity pricing and higher WA natural gas costs
- Mt Holland mine and concentrator commissioned and ramping up
- Continued to progress expansion opportunities

Officeworks

Sales	Earnings
$1.7b	$86m
↑ 1.8%	↑ 1.2%

- Growth across key categories and continued market share gains in technology
- Further productivity improvements at major fulfilment facilities
- Investing to modernise operations, with increased use of technology in the support centre, stores and supply chain

WIS

Revenue
$1.0b
↑ 3.2%

Earnings
$49m
↑ 4.3%

- Sales growth across all businesses
- Continued investment in customer service and digital capabilities

Health

Revenue
$2.8b
↓ 0.1%

Earnings
$27m
↔

- Focus on transformation activities to drive long-term profitable growth
- Acquisitions of InstantScripts and SILK Laser Australia

OneDigital

Catch	**GTV** ↓(29.7%) **Earnings** ($41m)
One Digital	**Earnings** ($39m)

- Reduced losses at Catch
- Significant enhancements to OnePass offer delivering value to households
- Supporting new customer acquisition, customer retention and incremental sales

Focus on long-term value, consistent with our objective

CLIMATE AND ENVIRONMENT

7.8%
reduction in Scope 1 and Scope 2 market-based emissions

40 MW
rooftop solar capacity across 178 systems, with 13 systems installed during the half

72%
of operational waste diverted from landfill

PEOPLE

10.9
total recordable injury frequency rate (TRIFR) and a continued focus on safety

3.7%
Indigenous employment[1], maintaining employment parity

37
team members completed the Wesfarmers Indigenous Leadership Program in 1H24

43%
women in Board and Leadership Team positions

COMMUNITIES

$46m
direct and indirect community contributions

17,000+
instances of facilitated and pre-recorded cultural awareness training

1. Percentage of Wesfarmers' Australian team members who identify as Aboriginal or Torres Strait Islander team members.

Group performance summary

Half-year ended 31 December ($m)[1]	2023	2022	Var %
Revenue	22,673	22,558	*0.5*
EBIT	2,195	2,160	*1.6*
EBIT (after interest on lease liabilities)	2,081	2,053	*1.4*
NPAT	1,425	1,384	*3.0*
Basic earnings per share (cps)	125.8	122.3	*2.9*
Return on equity (R12,%)	31.4	32.8	*(1.4 ppt)*
Operating cash flows	2,898	1,971	*47.0*
Net capital expenditure	570	578	*(1.4)*
Free cash flows	2,012	1,365	*47.4*
Cash realisation ratio (%)	126	89	*37 ppt*
Interim ordinary dividend (fully-franked, cps)	91	88	*3.4*
Net financial debt	3,866	4,716	*(18.0)*
Debt to EBITDA (x)	1.8	2.1	*(0.3 x)*

1. Refer to slides 20 and 21 for relevant definitions.

Working capital and cash flow

- Divisional operating cash flows increased 27.1%, with divisional cash realisation of 120%[1]
  - Reflects disciplined inventory management in Bunnings, lower shipping rates, normalisation of WesCEF net working capital movement, and strong earnings growth in Kmart Group
  - Partially offset by working capital investment in Health, including as a result of changes to supplier and customer payment arrangements
- Group operating cash flows increased 47.0% to $2,898m
  - Reflects strong divisional cash flow result and lower tax paid due to the timing of tax payments
- Free cash flows increased 47.4% to $2,012m
  - Reflects higher operating cash flows
  - Partially offset by the impact of cash consideration relating to acquisitions of SILK and InstantScripts
- Group cash realisation ratio of 126%

NET WORKING CAPITAL CASH MOVEMENT

Half-year end 31 December ($m)	2023	2022
Receivables and prepayments	121	74
Inventory	(127)	(531)
Payables	574	383
Total	**568**	**(74)**
Bunnings Group	419	(2)
Kmart Group	280	220
WesCEF	75	(234)
Officeworks	4	(30)
WIS	15	(53)
Health	(177)	29
Catch	13	52
Other	(61)	(56)
Total	**568**	**(74)**

Note: Refer to slides 20 and 21 for relevant definitions.

1. Includes Catch but excludes OnePass and supporting capabilities.

Capital expenditure

- Gross capital expenditure of $577m, down 14.6%
  - Lower capex driven by completion of construction of the Mt Holland concentrator in 2H23 and fewer new store openings in Bunnings due to timing of new and replacement stores
  - WesCEF capex includes development capex of $164m and capitalised interest of $13m relating to the Covalent lithium project
- Net capital expenditure down 1.4% to $570m
  - Lower proceeds from the sale of PP&E due to reduced Bunnings property activity
- Expected FY24 net capital expenditure of $1,000m to $1,200m, subject to net property investment and project timing in WesCEF
  - Includes approximately $350m of development capex and $25m of capitalised interest relating to the Covalent lithium project

CAPITAL EXPENDITURE

Half-year end 31 December[1] ($m)	2023	2022	Var %
Bunnings Group	135	226	*(40.3)*
Kmart Group	85	62	*37.1*
WesCEF	255	272	*(6.3)*
Officeworks	28	26	*7.7*
Industrial and Safety	42	31	*35.5*
Wesfarmers Health	20	20	-
Catch	3	10	*(70.0)*
Other	9	29	*(69.0)*
Gross cash capital expenditure	**577**	**676**	***(14.6)***
Sale of PP&E	(7)	(98)	*(92.9)*
Net cash capital expenditure	**570**	**578**	***(1.4)***

1. Capital expenditure provided on a cash basis.

Group outlook

- **Wesfarmers remains focused on long-term value creation and continues to invest to strengthen its existing businesses and develop platforms for growth**
- Low unemployment and strong population growth continue to provide support to overall economic conditions
- While Australian inflation has moderated, current inflation and interest rates remain elevated
- Domestic cost pressures in Australia and New Zealand are expected to remain elevated

- Strong value credentials and expanding offer make the **retail divisions** well positioned in the current environment and for any improvements in consumer sentiment
- The larger businesses are benefitting from investments to digitise operations and develop sourcing capabilities
- The Group remains focused on disciplined cost management

For 2H24 to date:

- Kmart has continued to deliver strong sales growth
- Bunnings' sales growth remained broadly in line with 1H24
- Officeworks' sales were in line with the prior corresponding period

- The performance of the Group's **industrial businesses** remains subject to international commodity prices, foreign exchange rates, competitive factors and seasonal outcomes
- WesCEF's share of spodumene concentrate production in FY24 is expected to be c.50kt
  - FY24 sales volumes will be dependent on commercial factors
- At current spodumene prices, sales will not contribute positive earnings in FY24 due to the higher cost of production while volumes ramp up towards full capacity

- Wesfarmers maintains a strong balance sheet and portfolio of cash generative businesses
- This provides flexibility to respond to potential risks and opportunities under a range of economic scenarios
- The Group expects net capital expenditure between $1,000m and $1,200m for FY24

BALANCE SHEET AND DEBT MANAGEMENT

Wesfarmers

Strong and resilient balance sheet

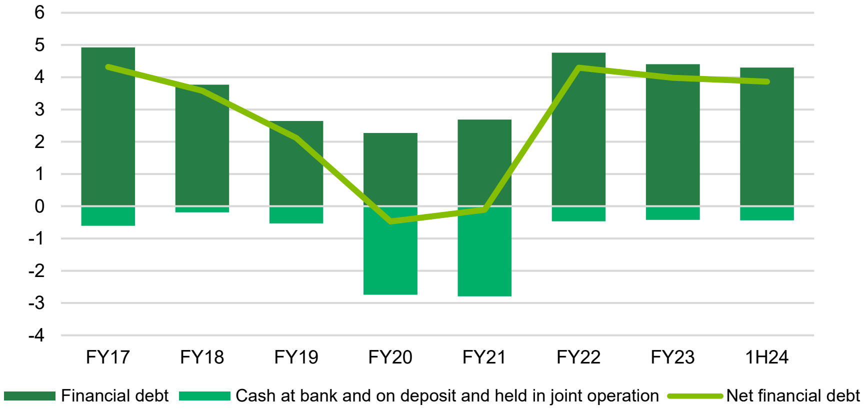
Key principles

- Maintaining a prudent capital structure and strong credit rating is important to Wesfarmers
- Strong credit ratings
  - Moody's A3 (stable outlook)
  - S&P A- (stable outlook)

Half-year update

- Maintained significant flexibility and debt capacity
- Weighted average cost of debt of 3.83% for the half (FY23: 3.32%, 1H23: 3.06%)
  - Impact of interest rate increases substantially mitigated by fixed rate capital markets debt and interest rate hedging
- Weighted average debt term to maturity of 4.4 years (1H23: 4.6 years)
- Net financial debt position of $3.9b as at 31 December 2023, compared to the net financial debt position of $4.0b as at 30 June 2023
  - Reduction reflected strong operating cashflows which offset the distribution of $1.2b in fully-franked dividends during the half
- Strong liquidity position, supported by committed unused bank facilities available of c.$2.4b
- Significant headroom against key credit metrics

NET FINANCIAL DEBT ($B) [1]

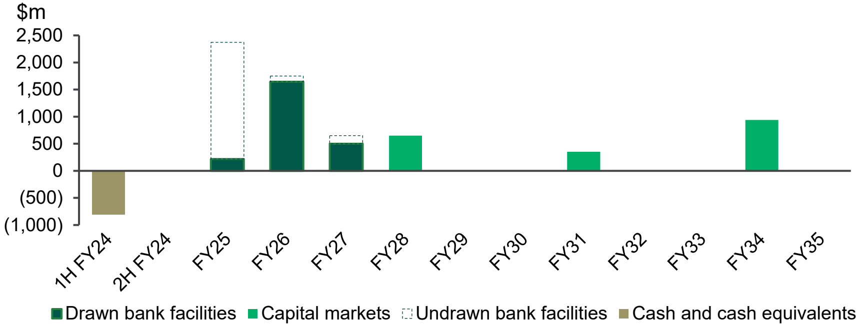


Note: Refer to slides 20 and 21 for relevant definitions.
1. Drawn debt only.

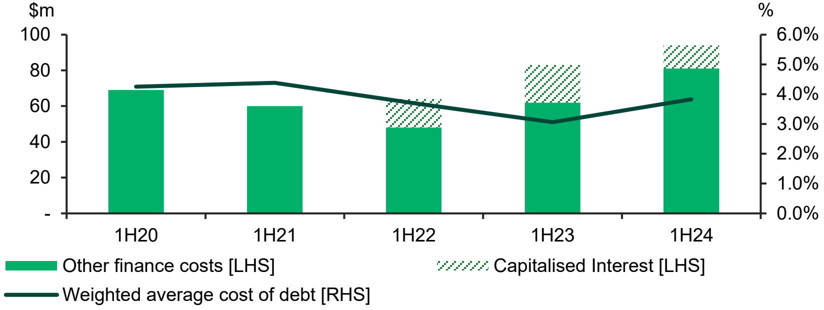
Pro-active debt management

- Continued focus on optimising debt maturity profile and maintaining liquidity headroom provided by bilateral bank facilities
- Ongoing extension of bank facilities in advance of maturities
- Actively managing the balance of exposure to fixed and floating interest rates
- Other finance costs increased 30.6% to $81m, reflecting higher average interest rates and lower capitalised interest following the Mt Holland mine commencing production in the 2023 financial year
  - Strong cash generation supported lower average debt balance for the half
  - On a combined basis, other finance costs including capitalised interest increased 13.3% to $94m

DEBT MATURITY PROFILE[1]



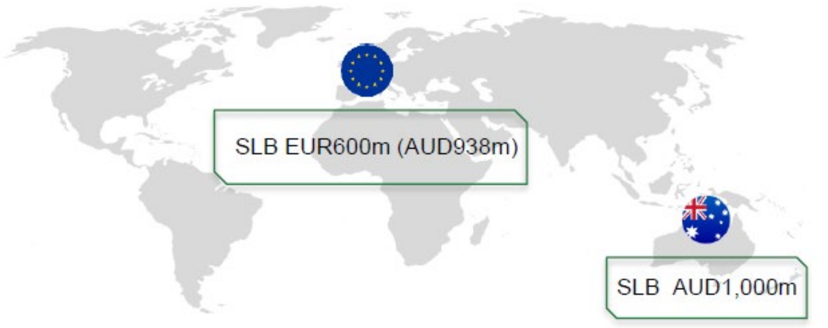
FINANCE COSTS AND WEIGHTED AVERAGE COST OF DEBT



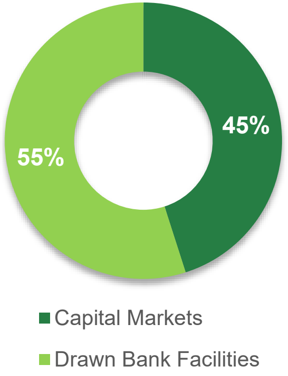
Note: Refer to slides 20 and 21 for relevant definitions.
1. As at 31 December 2023. Capital markets debt is net of cross-currency interest rate swaps

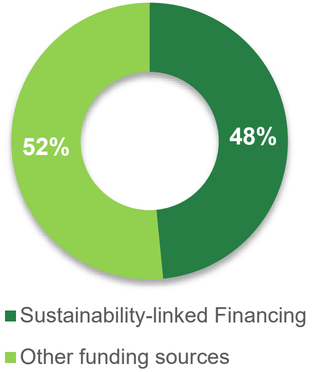
Debt capital markets diversity

DCM GEOGRAPHICAL SOURCES[1]



DEBT BY TYPE[1]





- Ongoing commitment to diversify funding sources, including the domestic and international debt capital markets
- Australian and European debt capital market programme documentation updated on an ongoing basis to ensure continued and ready access to markets
- We continue to monitor onshore and offshore debt capital markets for favourable issuance opportunities subject to financing requirements

1. As at 31 December 2023 on a drawn basis.

Sustainable finance update

March 2020
A$450m sustainability-linked loan

- Achieving proportional representation for Aboriginal and Torres Strait Islander (ATSI) people in the Group's Australian work force
- Reducing the emissions intensity of the Group's chemicals business

Progress as at FY23

- 3.3% indigenous employment[3], maintaining employment parity (FY20: 1.9%)
- Continued focus on reduction of the emissions intensity of the Groups' chemicals business, including management of increased ammonia production

June 2021
A$1b sustainability-linked bond

October 2021
€600m sustainability-linked bond

- Increasing the use of renewable electricity in the Group's retail divisions (Bunnings, Kmart Group and Officeworks)
- Reducing the emissions intensity of ammonium nitrate production in the Group's chemicals business

Progress as at FY23

- Emissions intensity of ammonium nitrate in the chemicals business was 0.20 and 0.14 tonnes CO_2e per tonne of ammonium nitrate based on[1] 31 December 2021 and 2022 respectively (target is 0.25)
- Each of the retail divisions[2] has progressed strategies to procure renewable electricity including through agreements to source renewable electricity covering almost 150 sites in Queensland
  - Bunnings' agreement is for 5 years from 1 July 2022, initially meeting 50% of electricity needs for agreed sites and increasing to 100% from 1 January 2025
  - Kmart Group's and Officeworks' agreements are for 7.5 years from 1 July 2023, delivering 100% of electricity needs for agreed sites from 1 January 2025
- Since FY20, Bunnings', Kmart Group's and Officeworks' energy use has reduced from 3.07 petajoules to 3.01 petajoules in FY22 and 2.94 petajoules in FY23

HY24 Update

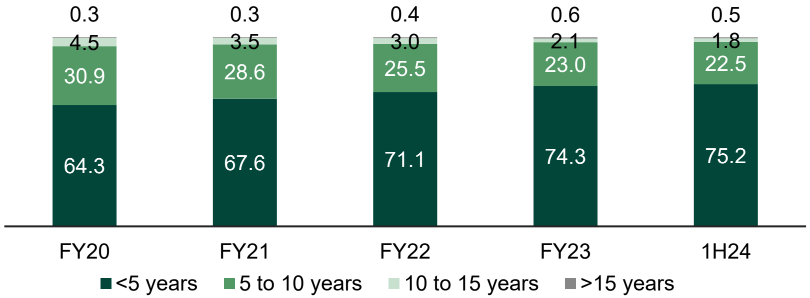
- 3.7% indigenous employment[3], maintaining employment parity
- 18.8% reduction in Scope 1 and 2 market-based emissions from retail divisions[2] (Scope 2 emissions arising from electricity use account for the majority of operational emissions in the retail divisions)
- Updated progress report for 31 December 2023 will be made available by 31 March 2024 on the Debt Investor Section of the Wesfarmers website

1. Based on the 24 months to the relevant date, 2. Bunnings, Kmart Group and Officeworks, 3. Percentage of Australian team members who identify as Aboriginal or Torres Strait Islander team members

Management of lease portfolio

- Lease liabilities totalled $6.8b and represented 61% of Group fixed financial obligations as at 31 December 2023
- Average remaining committed lease term of 4.0 years (FY23: 4.1 years)
  - Complemented by strategic extension options to maintain security of tenure
  - Reflects disciplined management of leases in retail businesses
- Continued to focus on lease-adjusted return on capital as a key hurdle for divisions

WEIGHTED AVERAGE LEASE TERM (Post-AASB 16)[1]



Lease liabilities ($m)	1H24	FY23	1H23
Bunnings Group	3,610	3,568	3,738
Kmart Group	2,337	2,341	2,411
WesCEF	61	61	64
Officeworks	441	413	343
Industrial and Safety	119	130	143
Wesfarmers Health	164	156	165
Catch	46	53	57
Other	13	17	20
Total lease liabilities	**6,791**	**6,739**	**6,941**

Note: Refer to slides 20 and 21 for relevant definitions.
1. Post-AASB16 lease tenure calculated as weighted average of undiscounted dollar commitments by year including non-property leases and reasonably certain extension options.

Dividends and capital management

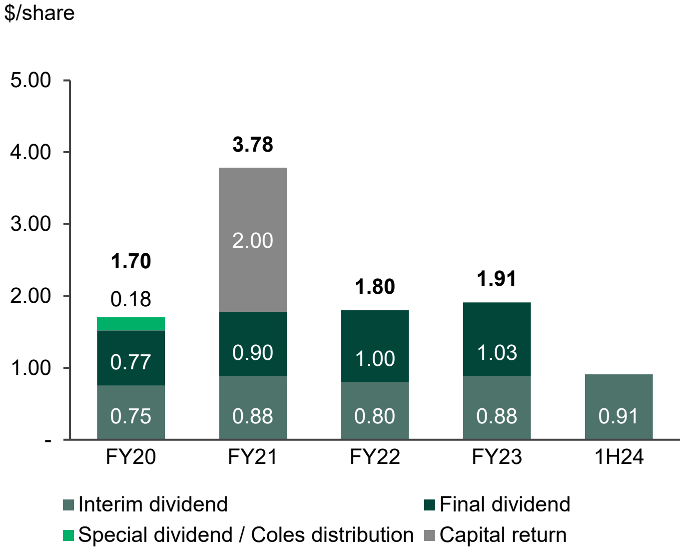
Key principles

- Dividend distributions determined based on franking credit availability, earnings, credit metrics and cash flow
- Maximising value of franking credits for shareholders
- Dividends are not progressive, and vary year- to-year with earnings

Half year update

- Fully-franked ordinary interim dividend of $0.91 per share
- Dividend record date 21 February 2024; dividend payable 27 March 2024
- Dividend investment plan: not underwritten; last day for application 22 February 2024
  - Dividend investment plan shares expected to be purchased on market

SHAREHOLDER DISTRIBUTIONS[1]



1. Represents distributions determined to be paid in each period.

Additional resources

- Wesfarmers debt investor website

  https://www.wesfarmers.com.au/investor-centre/debt-investors

- Wesfarmers sustainable finance website

  https://www.wesfarmers.com.au/investor-centre/debt-investors/sustainable-finance

- Please email to the below address if you would like to be added to our distribution list for debt updates:

  debt@wesfarmers.com.au

Glossary of terms (1 of 2)

Term	
AASB	Australian Accounting Standards Board
API	Australian Pharmaceutical Industries Ltd
Cash realisation ratio	Operating cash flows as a percentage of net profit after tax, before depreciation and amortisation
cps	Cents per share
DCM	Debt capital markets
Debt to EBITDA	Total debt including lease liabilities, net of cash and cash equivalents, divided by EBITDA
Divisional cash realisation	Divisional operating cash flows before interest, tax, PPE and lease finance payments divided by divisional EBITDA. Includes Catch but excludes OnePass and supporting capabilities
EBIT	Earnings before finance costs and tax
EBITDA	Earnings before finance costs, taxes, depreciation and amortisation
EBT	Earnings before tax
GTV	Gross transaction value. GTV includes both first-party (in-stock) sales as well as sale of third-party products via a marketplace

Glossary of terms (2 of 2)

Term	
$ktCO_2e$	Kilotonnes of carbon dioxide equivalent
m	Million
Net financial debt	Interest-bearing loans and borrowings less cash at bank and on deposit and held in joint operation, net of cross-currency interest rate swaps and interest rate swap contracts. Excludes lease liabilities
NPAT	Net profit after tax
ppt	Percentage point
R12	Rolling 12 month
SLB	Sustainability-linked bond
TRIFR	Total recordable injury frequency rate
Weighted average cost of debt	Weighted average cost of debt based on total gross debt before undrawn facility fees and amortisation of debt establishment costs. Excludes interest on lease liabilities and the balance of lease liabilities

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