



20 October 2011

The Manager
Company Announcements Office
Australian Securities Exchange

Dear Sir,

2012 FIRST QUARTER RETAIL SALES RESULTS

Please find attached an announcement regarding the first quarter retail sales results.

An analyst briefing will be held at 8:00 am (WST) / 11:00 am (EDST) following the release of this announcement. This briefing will be webcast and accessible via our website at www.wesfarmers.com.au.

Yours faithfully,

A handwritten signature in black ink, appearing to be "L J Kenyon".

L J KENYON
COMPANY SECRETARY

Att.



Wesfarmers

NEWS

20 October 2011

2012 FIRST QUARTER RETAIL SALES RESULTS

First Quarter Sales (\$m)	Financial Year 2012	Financial Year 2011	Movement (%)
Food & Liquor ^{1,2}	6,281	5,952	5.5
Convenience ^{1,3}	1,815	1,542	17.7
Total Coles	8,096	7,494	8.0
Home Improvement ^{4,5}	1,730	1,594	8.5
Office Supplies ⁴	361	360	0.3
Total Home Improvement & Office Supplies	2,091	1,954	7.0
Target⁶	835	847	(1.4)
Kmart¹	927	926	0.1

Refer to appendix two for footnotes.

Wesfarmers Limited today announced its retail sales results for the first quarter of the 2012 financial year.

Managing Director, Richard Goyder, said that he was generally pleased with the results, particularly given that consumer sentiment had remained subdued throughout the quarter.

“A highlight of the result was the strong sales momentum in Coles and Bunnings, with both businesses continuing to build on the solid results achieved in 2011.

“Coles’ food and liquor sales growth of 5.5 per cent reflects the continued positive customer response to ongoing improvements across the business, underpinned by its commitment to providing better value, quality and service. Coles Express performed well in the period with strong comparable fuel volume growth of 5.2 per cent.

“Bunnings’ sales increased 8.5 per cent with sales growth achieved in both consumer and commercial areas. The result reflects ongoing improvements in the customer experience, category enhancements and strong growth in the store network.

“Target continued to experience difficult trading conditions with sales negatively affected by ongoing deflation and a high level of promotional activity in the market.

“Kmart and Officeworks’ sales were broadly flat as investment in lowering prices and deflation, particularly in Officeworks’ technology and furniture categories, was offset by another quarter of solid growth in volumes and customer transactions.”

Mr Goyder said he was pleased with the progress made by the retail businesses in improving customer service and enhancing merchandise offers to deliver better value.

COLES

Food and Liquor

Coles' comparable food and liquor store sales grew by 5.2 per cent in the first quarter¹ of the 2012 financial year.

Headline food and liquor sales for the first quarter¹ were \$6.3 billion, up 5.5 per cent on the previous corresponding period.

Coles experienced food and liquor price deflation of 1.8 per cent during the quarter¹ due to Coles' continued investment in lower prices on groceries and lower fresh produce inflation as crops began to recover from flood and cyclone damage earlier in the year.

Coles Managing Director, Ian McLeod, said the first quarter results represented strong progress in a tough retail environment.

"We have maintained momentum from the last quarter despite annualising strong comparable sales growth numbers," he said.

"This reflects the ongoing transformation program we are rolling out across the business, as well as the customer response to our continued investment in lower prices through our 'Down Down' initiative.

"Our 'Down Down' campaign to create a new platform of trustworthy prices has been supported by further investment in quality and innovation in partnership with Australian growers and manufacturers.

"However, weak consumer confidence in the face of rising living costs will continue to make trading conditions challenging in the lead up to Christmas."

Mr McLeod said the rollout of transformation programs continued at pace during the quarter, with the implementation of Easy Warehousing nearing completion in the second quarter of the financial year.

Coles refurbished 10 stores in the renewal format, opened three new stores and closed two stores during the quarter. Coles now has a total of 157 renewal stores out of a national fleet of 742 stores. Six new liquor stores were opened and five were closed during the period taking the total number of liquor stores to 879.

Convenience

Coles Express performed well in the quarter¹ with comparable fuel volume growth of 5.2 per cent, reflecting the good progress made in reinvigorating the fuel and convenience offer.

Convenience store sales, excluding fuel sales, grew by 1.8 per cent for the quarter¹, with comparable store sales growth of 0.6 per cent.

Coles Express opened three new sites during the quarter, bringing the total store network to 623 sites.

Refer to appendix two for footnotes.

HOME IMPROVEMENT AND OFFICE SUPPLIES

Home Improvement

Total sales for the quarter⁴ of \$1.7 billion were up 8.5 per cent on the previous corresponding period. Total store sales for the quarter⁴ grew 8.9 per cent, while store-on-store growth was 6.3 per cent (Q1FY2011: up 0.3 per cent). Sales growth was achieved in both consumer and commercial areas across most trading regions.

John Gillam, Managing Director of Home Improvement and Office Supplies, said the focus in the business is on driving further service improvements for consumer and commercial customers, expanding categories, enhancing merchandising, growing the network and reinvesting in existing locations.

“The range reset work we undertook more than 18 months ago has been the catalyst for increased customer value, simpler customer choices, optimisation of selling space and stronger supplier relationships.

“As previously highlighted the range reset and value focus work will have some impact on margins in the short term however will continue to underpin significant longer term value creation.

“Strong momentum across the business towards delivering customers the best offer has Bunnings well positioned for further sales growth,” Mr Gillam said.

During the first quarter, three Bunnings Warehouses and two trade centres were opened, with further substantial investment in the property pipeline and existing sites. There are currently 13 stores under construction.

Office Supplies

Total sales for the quarter⁴ were \$361 million, up 0.3 per cent on the previous corresponding period. Retail sales across the Officeworks store network increased by 0.2 per cent as the business built on the 9.9 per cent lift in sales in the first quarter last year.

Mr Gillam said double digit transaction growth combined with a continued focus on providing customers with better value continued to underpin the sales performance.

Significant price deflation across a number of categories, particularly technology and furniture, had an adverse impact on sales growth.

“The business is continuing to build on the growth already being achieved in several categories, including print and copy, furniture, and catering and cleaning. Maintaining momentum in the B2B channel is a priority with a particular focus on enhancing our online offer to customers,” Mr Gillam said.

TARGET

Total sales of \$835 million for the quarter⁶ were 1.4 per cent below the previous corresponding period, with comparable⁷ store sales declining 4.1 per cent.

Target Managing Director, Launa Inman, said the difficult trading conditions continued through the first quarter with the business remaining focused on competing effectively in the current environment.

“Customers continue to be very value driven, and their behaviour is being influenced by the continuous promotions and heavy discounting in the market place.

“Trading conditions were tough, August was the only month with a positive sales outcome and we are seeing the poor sales outcome in September extending into October. In particular, sales of electrical related goods and entertainment categories were well down on the previous year,” Ms Inman said.

Target refurbished 13 stores during the quarter, while two new stores were opened and no stores were closed.

KMART

Total sales of \$927 million for the quarter¹ were up 0.1 per cent over the previous corresponding period, with comparable⁷ store sales increasing 0.5 per cent.

Kmart Managing Director, Guy Russo, said the apparel and home categories performed well during the quarter. Softer performance was seen in areas that have recently undergone either significant range or promotional change.

“We continue to serve more customers and sell more items than we did last year at lower prices. In August we launched our ‘OK’ campaign to reinforce the message to our customers that Kmart remains focused on providing irresistibly low prices on everything, everyday,” Mr Russo said.

During the quarter, Kmart maintained its commitment to refreshing stores, with the completion of one store refurbishment. Three new Kmart Tyre and Auto service centres were opened in the quarter.

Refer to appendix two for footnotes.

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APPENDIX ONE

WESFARMERS RETAIL OPERATIONS - STORE NETWORK FIRST QUARTER OF THE FINANCIAL YEAR 2012

	Open at 1 Jul 2011	Opened	Closed	Open at 30 Sep 2011
COLES				
Supermarkets				
Coles	696	3	1	698
Bi-Lo	45	-	1	44
Total Supermarkets	741	3	2	742
Liquor				
1st Choice	76	2	-	78
Vintage Cellars	83	-	1	82
Liquorland	626	4	4	626
Hotels	93	-	-	93
Total Liquor	878	6	5	879
Convenience	620	3	-	623
Selling Area (m²)				
Supermarkets	1,599,271	n/a	n/a	1,602,808
Liquor (excluding hotels)	184,442	n/a	n/a	185,933
HOME IMPROVEMENT				
Bunnings Warehouse	194	3	-	197
Bunnings smaller formats	59	-	-	59
Bunnings Trade Centres	36	2	1	37
OFFICE SUPPLIES				
Officeworks	135	-	-	135
Harris Technology	4	-	-	4
TARGET				
Target	172	2	-	174
Target Country	119	-	-	119
KMART				
Kmart	187	-	-	187
Kmart Tyre & Auto	251	3	-	254

APPENDIX TWO

FOOTNOTES

1. Financial Year 2012 for the 13 week period 27 June 2011 to 25 September 2011 and Financial Year 2011 for the 13 week period 28 June 2010 to 26 September 2010
2. Includes hotels, excludes gaming revenue and property income
3. Includes fuel sales
4. Financial Year 2012 and Financial Year 2011 for the three month period 1 July to 30 September
5. Includes consumer and commercial sales, excludes property income
6. Financial Year 2012 for the 13 week period 26 June 2011 to 24 September 2011 and Financial Year 2011 for the 13 week period 27 June 2010 to 25 September 2010
7. Comparable store sales include lay by sales. Lay by sales are excluded from total sales under Australian Accounting Standards