



# Wesfarmers

## NEWS

26 July 2012

### 2012 FOURTH QUARTER AND FULL-YEAR RETAIL SALES RESULTS

Full-Year Sales (\$m)	Financial Year 2012	Financial Year 2011	Movement (%)
Food & Liquor <sup>1,2</sup>	26,182	25,025	4.6
Convenience <sup>1,3</sup>	7,516	6,743	11.5
<b>Total Coles</b>	<b>33,698</b>	<b>31,768</b>	<b>6.1</b>
Home Improvement <sup>4,5</sup>	7,152	6,773	5.6
Office Supplies <sup>4</sup>	1,481	1,471	0.7
<b>Total Home Improvement &amp; Office Supplies</b>	<b>8,633</b>	<b>8,244</b>	<b>4.7</b>
<b>Target<sup>6</sup></b>	<b>3,704</b>	<b>3,771</b>	<b>(1.8)</b>
<b>Kmart<sup>1</sup></b>	<b>4,020</b>	<b>4,020</b>	<b>0.0</b>

Refer to appendix two for footnotes.

Fourth Quarter Sales (\$m)	Financial Year 2012	Financial Year 2011	Movement (%)
Food & Liquor <sup>8,2</sup>	6,467	6,180	4.6
Convenience <sup>8,3</sup>	1,884	1,802	4.6
<b>Total Coles</b>	<b>8,351</b>	<b>7,982</b>	<b>4.6</b>
Home Improvement <sup>9,5</sup>	1,619	1,555	4.1
Office Supplies <sup>9</sup>	356	360	(1.1)
<b>Total Home Improvement &amp; Office Supplies</b>	<b>1,975</b>	<b>1,915</b>	<b>3.1</b>
<b>Target<sup>10</sup></b>	<b>915</b>	<b>897</b>	<b>2.0</b>
<b>Kmart<sup>8</sup></b>	<b>927</b>	<b>907</b>	<b>2.2</b>

Refer to appendix two for footnotes.

Wesfarmers Limited today released its fourth quarter retail sales results for the period ending 30 June 2012.

Managing Director Richard Goyder said the sales performance of the retail portfolio was pleasing overall.

“Over the year, all of our retail businesses have worked hard to deliver an improved customer offer and genuinely better value,” Mr Goyder said. “This has seen a strong focus on reinvesting savings made from improved business efficiencies into lower prices for our customers. While this has added to price deflation during the year, the strategy has been rewarded through significant growth in customer numbers and units sold.

“Coles achieved total food and liquor sales growth of 4.6 per cent for the year and comparable sales growth of 3.7 per cent. The result was driven by sustained strong volume growth during the year, which accelerated in the fourth quarter as ongoing investments in value, quality and service were positively received by customers. This was evidenced by improved customer numbers and increased basket size.

“Bunnings’ total sales increased 5.6 per cent for the year, with sales growth achieved in both consumer and commercial areas. Bunnings made good progress on all aspects of its strategic agenda, resulting in strong transaction growth despite generally tight trading conditions and the deflationary impacts of the range reset program.

“Officeworks faced deflationary headwinds during the year, particularly in the technology and furniture categories. Strong transaction growth was achieved across all channels, in particular online, resulting in total sales growth of 0.7 per cent for the year.

“Kmart reported sales in line with last year, as sustained growth in volumes was offset by continued investment in delivering lower prices for customers on everyday household items. Comparable sales growth in the fourth quarter increased to 2.1 per cent as the business focused on better communicating its storewide value and further improving its product offer and sourcing arrangements.

“Target experienced challenging trading conditions during the year, resulting in a decline in total sales of 1.8 per cent. Encouragingly, the underlying sales trend improved progressively over the second half and through the fourth quarter, as a number of new strategic initiatives were implemented. Trading in the fourth quarter was further strengthened by the earlier timing of the mid-year Toy Sale.”

Mr Goyder said that, looking forward, the retail businesses would continue to work hard to improve merchandise offers and to provide greater value to Australian households. The retail businesses also remain committed to investing in, and growing, each of their store networks and further strengthening supplier relationships to provide a sustainable platform for future growth.

## COLES

### Food and Liquor

Headline food and liquor sales of \$26.2 billion for the 2012 financial year<sup>1</sup> were 4.6 per cent above the previous comparable period, while comparable store sales increased 3.7 per cent.

For the fourth quarter<sup>8</sup>, total food and liquor sales increased 4.6 per cent to \$6.5 billion, while comparable store sales increased 3.0 per cent.

Managing Director of Coles, Ian McLeod, said the comparative sales performance during the quarter was pleasing given record price deflation driven by significant fresh produce deflation and Coles' ongoing price reinvestment. Food and liquor price deflation was 4.0 per cent in the fourth quarter<sup>8</sup> taking total food and liquor price deflation to 2.9 per cent for the financial year<sup>1</sup>.

Strong growth in sales volumes during the fourth quarter continued to demonstrate the momentum of the Coles turnaround. Higher volumes reflected good growth in the number of customers shopping at Coles and bigger shopping baskets.

"We have been particularly pleased with the continued strong volume growth. This confirms that our determined efforts to provide better quality, service and value are being welcomed by Australian consumers during a period of sustained pressure on household budgets," Mr McLeod said.

Mr McLeod welcomed customers' positive response to key business initiatives in the fourth quarter, such as the re-launch of flybuys and the investment in new and refurbished stores. "The new flybuys scheme and my5 have been well received, with half of Australian households now using a flybuys card. This is great recognition for the team that has worked incredibly hard to develop a truly rewarding program that enables customers to earn more points in more ways," Mr McLeod said.

"Coles updated a further 52 stores in the renewal format in the fourth quarter<sup>8</sup>, with renewal stores now accounting for one-third of the total network. The renewal program continues to drive positive sales uplifts.

"We also deepened our relationship with Australian growers by becoming the first Australian supermarket to offer 100 per cent Australian grown Coles branded frozen vegetables, and we extended our commitment to local communities through programs such as Sports for Schools and our partnership with SecondBite."

Mr McLeod said that while Coles' liquor business continued to impact total food and liquor sales growth, he was encouraged by the underlying performance across all brands in the liquor business, as a result of the implementation of a number of improvement programs.

Coles opened 19 new supermarkets and closed 11 supermarkets during the financial year<sup>1</sup> to achieve net growth in supermarket selling area of 1.9 per cent, one percentage point higher than the previous year.

During the fourth quarter<sup>8</sup> Coles opened seven new supermarkets and closed three supermarkets, resulting in a total of 749 supermarkets at the end of the financial year. Coles also opened three new liquor stores and closed four liquor stores in the quarter, resulting in a total of 792 liquor stores at the end of the financial year.

## Convenience

Total Coles Express sales, including fuel, for the financial year<sup>1</sup> were \$7.5 billion, 11.5 per cent higher than the previous corresponding period. Total sales increased by 4.6 per cent to \$1.9 billion during the fourth quarter<sup>8</sup>.

Customers continued to take advantage of the quality fuel offer at Coles Express, resulting in total fuel volume growth of 1.3 per cent and comparative fuel volume growth of 0.7 per cent during the quarter<sup>8</sup>. Total fuel volumes increased by 3.5 per cent during the year<sup>1</sup> while comparable fuel volumes increased by 2.8 per cent.

Convenience store sales, excluding fuel sales, for the financial year<sup>1</sup> were up 0.2 per cent, but declined 1.5 per cent on a comparable store basis. For the fourth quarter<sup>8</sup>, convenience store sales grew by 0.6 per cent and declined 1.1 per cent on a comparable store basis.

Coles Express opened three new sites and closed two sites during the quarter, bringing the total store network to 627 sites at the end of the financial year.

## HOME IMPROVEMENT AND OFFICE SUPPLIES

### Home Improvement

Total sales for the financial year<sup>4</sup> of \$7.2 billion were up 5.6 per cent on the previous corresponding period. Total store sales for the financial year<sup>4</sup> grew 5.9 per cent, while store-on-store growth was 3.9 per cent.

For the fourth quarter<sup>9</sup>, total sales were up 4.1 per cent to \$1.6 billion. Total store sales grew 4.7 per cent for the fourth quarter<sup>9</sup>, while store-on-store growth was 2.9 per cent.

Sales growth for the quarter was achieved in both consumer and commercial areas across most key trading regions.

Managing Director of Home Improvement and Office Supplies, John Gillam, said stores sales growth for the quarter was encouraging, given the ongoing deflation and generally tight trading conditions that were prevalent.

“Continued strong transaction growth during the quarter reflected the traction being achieved in all aspects of Bunnings’ strategic agenda around the customer offer, our team and the network, positioning the business well for further sales growth,” Mr Gillam said.

During the fourth quarter seven Bunnings warehouses were opened. A further ten sites were under construction as at the end of June.

### Office Supplies

Total sales for the financial year<sup>4</sup> were \$1.5 billion, up 0.7 per cent on the previous corresponding period, a pleasing result given deflationary headwinds and challenging market conditions.

Transactions and units sold across all channels were well above last year. During the fourth quarter<sup>9</sup>, total sales were down 1.1 per cent to \$356 million. Online sales grew strongly, in line with the Officeworks ‘every channel’ strategy.

To offset the challenging trading conditions, Mr Gillam said that the business was working hard to improve the customer offer. Expanding and renewing the store network while continuing to invest in the online offer also remained a key focus.

During the fourth quarter three Officeworks stores were opened.

## TARGET

Total sales of \$3.7 billion for the financial year<sup>6</sup> were 1.8 per cent below the previous corresponding period, with comparable<sup>7</sup> store sales declining by 2.1 per cent.

For the fourth quarter<sup>10</sup>, total sales increased 2.0 per cent to \$915 million, with comparable<sup>7</sup> store sales increasing 4.5 per cent for the same period.

Target Managing Director, Dene Rogers, said he was encouraged by the improvement in the sales growth trend during the second half, particularly in the homewares and apparel categories. Underlying improvement in the fourth quarter was further strengthened by the decision to bring forward the timing of the mid-year Toy Sale.

“Customers are responding positively to the introduction of the Target Essentials range, improvements in service levels, better communication of Target’s value and an expanded online offer,” Mr Rogers said.

“Improving the profitability of promotions and identifying new ways to offer value to our customers continue to be areas of focus.”

During the fourth quarter Target opened two replacement stores and closed two stores.

## KMART

Total sales of \$4.0 billion for the financial year<sup>1</sup> remained in line with last year, with comparable<sup>7</sup> store sales also in line with last year.

For the fourth quarter<sup>8</sup>, total sales increased 2.2 per cent to \$927 million, while comparable<sup>7</sup> store sales increased 2.1 per cent.

Kmart Managing Director, Guy Russo, said sales growth for the quarter was achieved through strong seasonal trade and a positive customer response to the continued investment in lowering prices on everyday family items.

“Our investment in value, combined with an ongoing focus on inventory management and improvements in the offer, has benefited the business. The changes we have made continue to resonate with our customers and Kmart recorded its tenth consecutive quarter of growth in customer transactions and volumes.

“In May we launched our ‘Lower than Ever’ price drop campaign to highlight the items on which prices have been further reduced. We remain committed to our strategy to sell everyday items for families at the lowest possible prices,” Mr Russo said.

During the quarter Kmart maintained its focus on refreshing its stores with three refurbishments completed. Kmart opened one replacement store and closed one store during the quarter.

Kmart Tyre and Auto opened five new stores during the quarter.

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## APPENDIX ONE

WESFARMERS RETAIL OPERATIONS - STORE NETWORK  
FINANCIAL YEAR 2012

	Open at 1 Jul 2011	Opened	Closed	Re- branded	Open at 30 Jun 2012
<b>COLES</b>					
<b>Supermarkets</b>					
Coles	696	19	(9)	4	710
Bi-Lo	45	-	(2)	(4)	39
<b>Total Supermarkets</b>	<b>741</b>	<b>19</b>	<b>(11)</b>	<b>-</b>	<b>749</b>
<b>Liquor</b>					
1st Choice	76	8	-	-	84
Vintage Cellars	83	3	(4)	(2)	80
Liquorland	626	24	(24)	2	628
Hotels	93	1	(2)	-	92
<b>Total Liquor</b>	<b>878</b>	<b>36</b>	<b>(30)</b>	<b>-</b>	<b>884</b>
<b>Convenience</b>	<b>620</b>	<b>10</b>	<b>(3)</b>	<b>-</b>	<b>627</b>
<b>Selling Area (m<sup>2</sup>)</b>					
Supermarkets	1,599,271	n.a.	n.a.	n.a.	1,630,168
Liquor (excluding hotels)	184,442	n.a.	n.a.	n.a.	190,247
<b>HOME IMPROVEMENT</b>					
Bunnings Warehouse	194	13	(1)	-	206
Bunnings smaller formats	59	1	(2)	-	58
Bunnings Trade Centres	36	2	(2)	-	36
<b>OFFICE SUPPLIES</b>					
Officeworks	135	5	(2)	1	139
Harris Technology	4	-	(1)	(1)	2
<b>TARGET</b>					
Target	172	8	(1)	-	179
Target Country	119	4	(1)	-	122
<b>KMART</b>					
Kmart	187	1	(3)	-	185
Kmart Tyre & Auto	251	14	(5)	-	260



## APPENDIX TWO

### FOOTNOTES

1. Financial Year 2012 for the 52 week period 27 June 2011 to 24 June 2012 and Financial Year 2011 for the 52 week period 28 June 2010 to 26 June 2011
2. Includes hotels, excludes gaming revenue and property income
3. Includes fuel sales
4. Financial Year 2012 and Financial Year 2011 for the 12 month period 1 July to 30 June
5. Includes cash and trade sales, excludes property income
6. Financial Year 2012 for the 52 week period 26 June 2011 to 23 June 2012 and Financial Year 2011 for the 52 week period 27 June 2010 to 25 June 2011
7. Comparable store sales include lay by sales. Lay by sales are excluded from total sales under Australian Accounting Standards
8. Financial Year 2012 for the 13 week period 26 March 2012 to 24 June 2012 and Financial Year 2011 for the 13 week period 28 March 2011 to 26 June 2011
9. Financial Year 2012 and Financial Year 2011 for the three month period 1 April to 30 June
10. Financial Year 2012 for the 13 week period 25 March 2012 to 23 June 2012 and Financial Year 2011 for the 13 week period 27 March 2011 to 25 June 2011