

20 May 2015

The Manager
Company Announcements Office
Australian Securities Exchange

Dear Sir,

PRESENTATION TO BE GIVEN AT STRATEGY BRIEFING DAY - SYDNEY

Following is a presentation that is to be given today at a Strategy Briefing Day in Sydney which is scheduled to commence at 6:45am AWST / 8:45am AEST.

This briefing will be webcast and can be accessed at www.wesfarmers.com.au.

Yours faithfully,



L J KENYON
COMPANY SECRETARY



Westfarmers

2015 Strategy Briefing Day

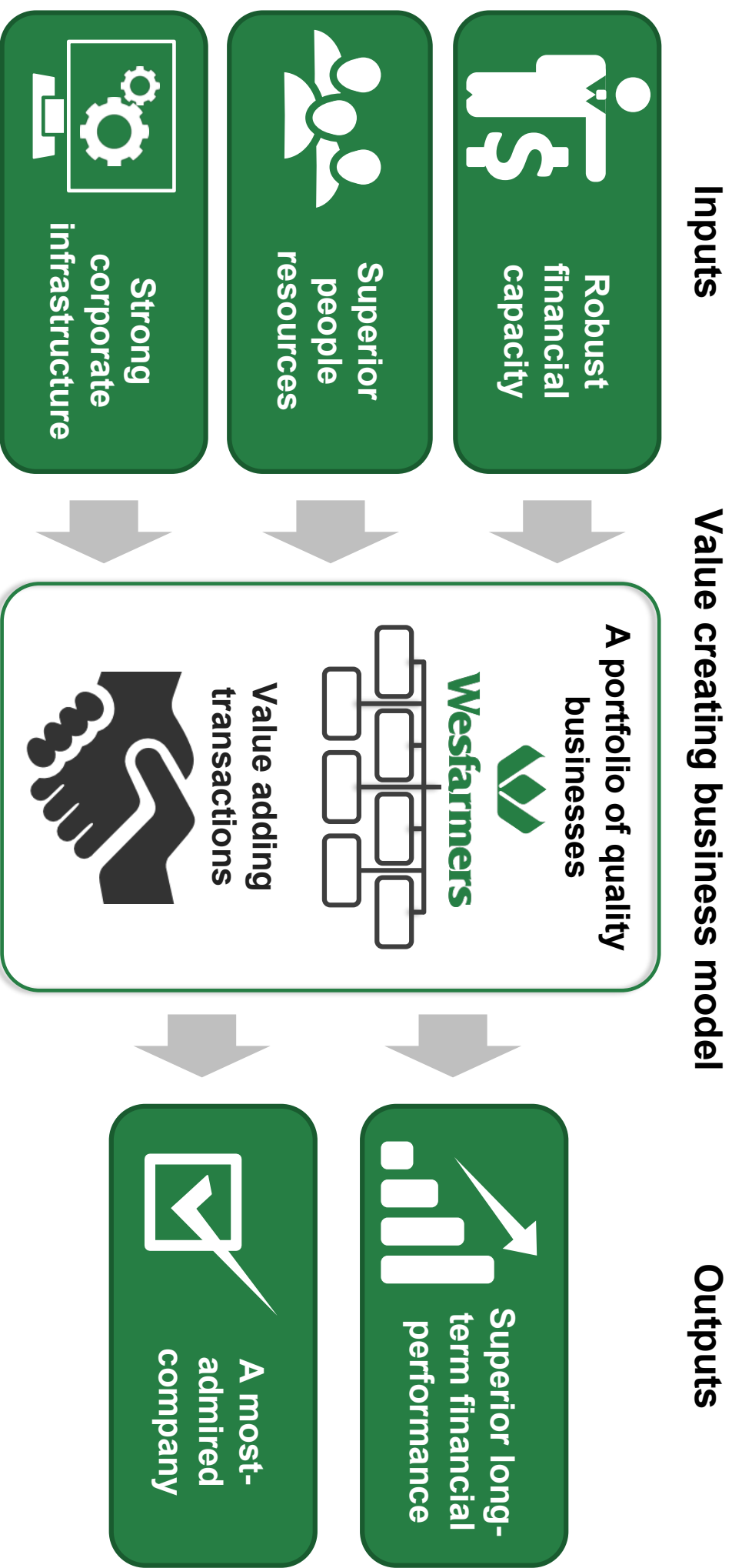
20 May 2015

Agenda

8.00 – 8.45 am Registration	
8.45 – 9.00 am	Richard Goyder – Introduction & Group overview
9.00 – 9.25 am	Terry Bowen – Balance sheet & cash flow
9.25 – 9.55 am	Q&A Panel: Richard Goyder & Terry Bowen
9.55 – 10.50 am	John Durkan – Coles
10.50 – 11.10 am Morning Tea Break	
11.10 – 12.15 pm	Mark Ward, John Gillam & P J Davis – Home Improvement & Office Supplies
12.15 – 12.55 pm	Guy Russo - Kmart
12.55 – 1.25 pm Lunch Break	
1.25 – 2.05 pm	Stuart Machin – Target
2.05 – 2.45 pm	Tom O’Leary – Chemicals, Energy & Fertilisers
2.45 – 3.05 pm Afternoon Tea Break	
3.05 – 3.45 pm	Stewart Butel - Resources
3.45 – 4.25 pm	Olivier Chretien – Industrial & Safety
4.25 – 4.30 pm	Richard Goyder – Close



Wesfarmers operating model



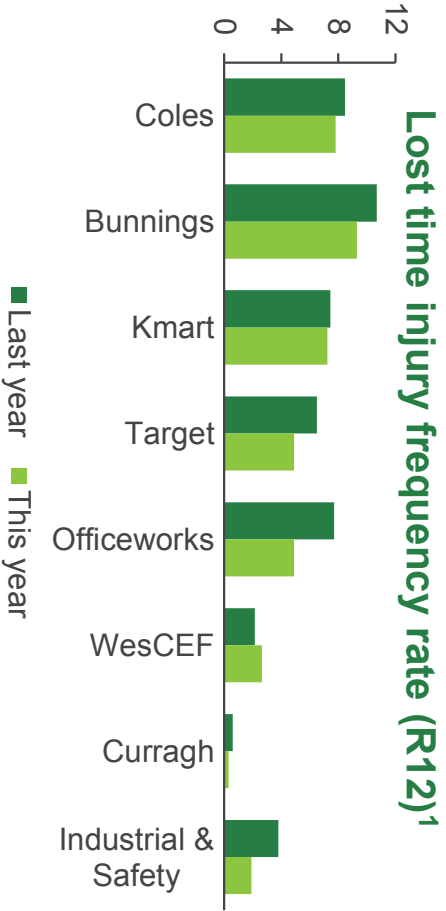
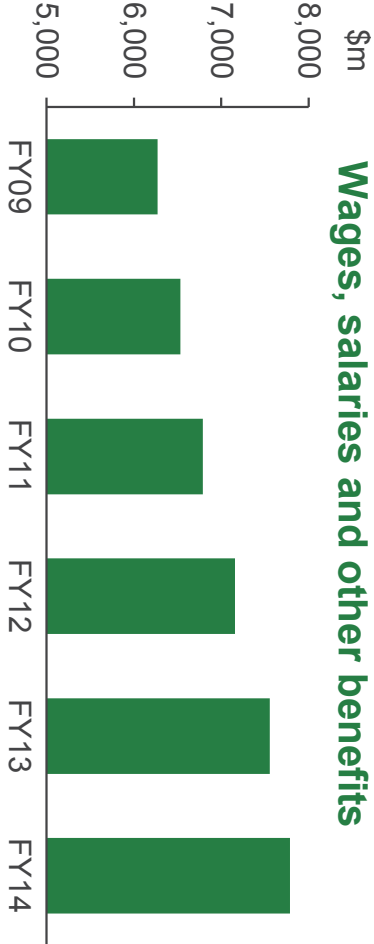


Robust financial capacity

- Cash generative portfolio
- Focus on capital employed
- Working capital efficiencies
- Disciplined capital expenditure
- Strong balance sheet
- Access to diverse sources of debt capital
- Track record of shareholder support

Superior people resources

- Ability to attract, motivate & retain high calibre talent
- High-performance culture & strong focus on team member development
- Ability to fill key roles with Group talent
- Continued focus on diversity
- Significant improvements in safety performance across the Group



¹ Comparison based on R12 LTIFR as at March 2014 & March 2015

Strong corporate infrastructure

Strong corporate infrastructure

Wesfarmers' core values underpin key corporate systems, processes & initiatives:

- Lean corporate office
- Divisional Boards
- Group wide planning, budgeting & monitoring processes
- Executive talent development & key role succession planning
- Strong governance: centralised statutory accounting, tax, legal, treasury & investor relations
- Business development team: evaluation of value adding transactions & significant capex

Core values

Integrity

Openness

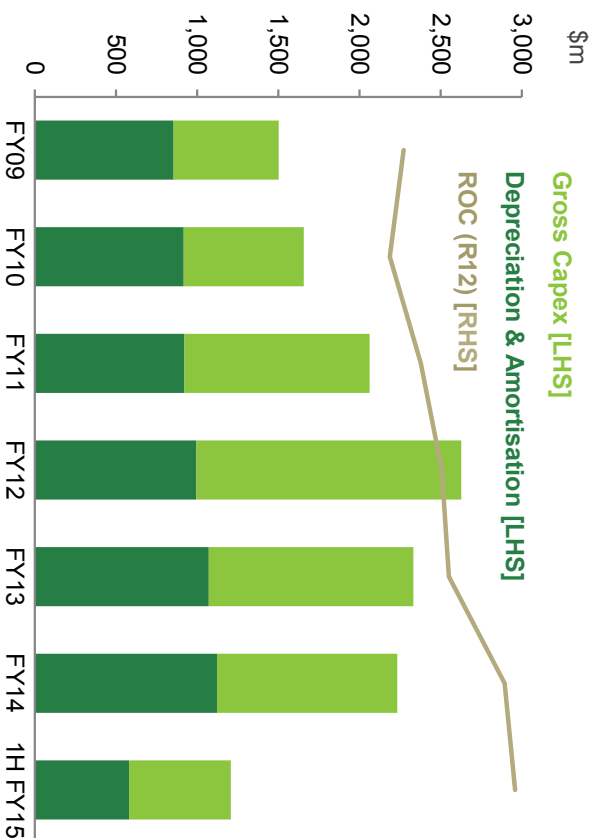
Accountability

Boldness

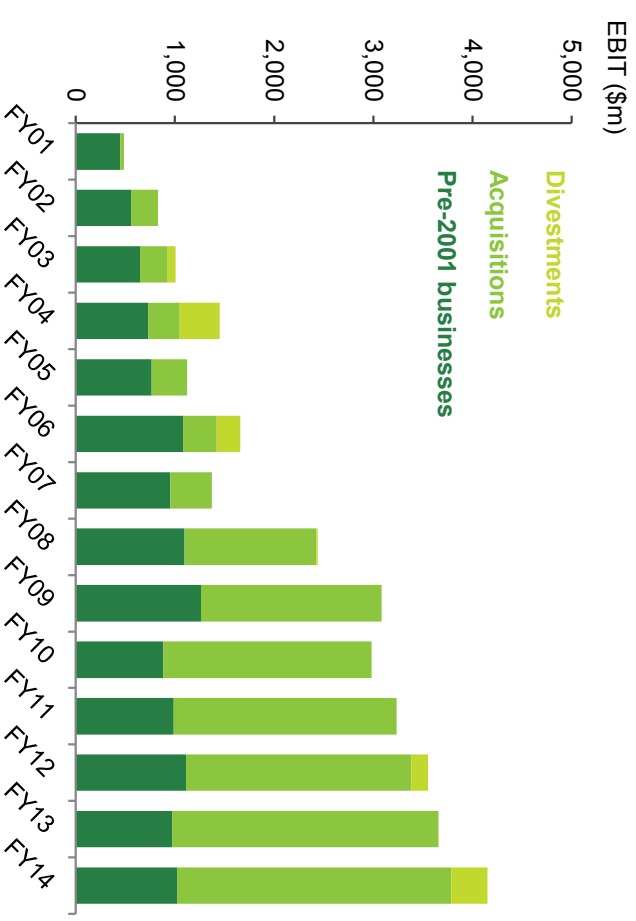
Value creating business model

Earnings supported by both organic investment & acquisition activity

Investment for growth



Acquisition activity

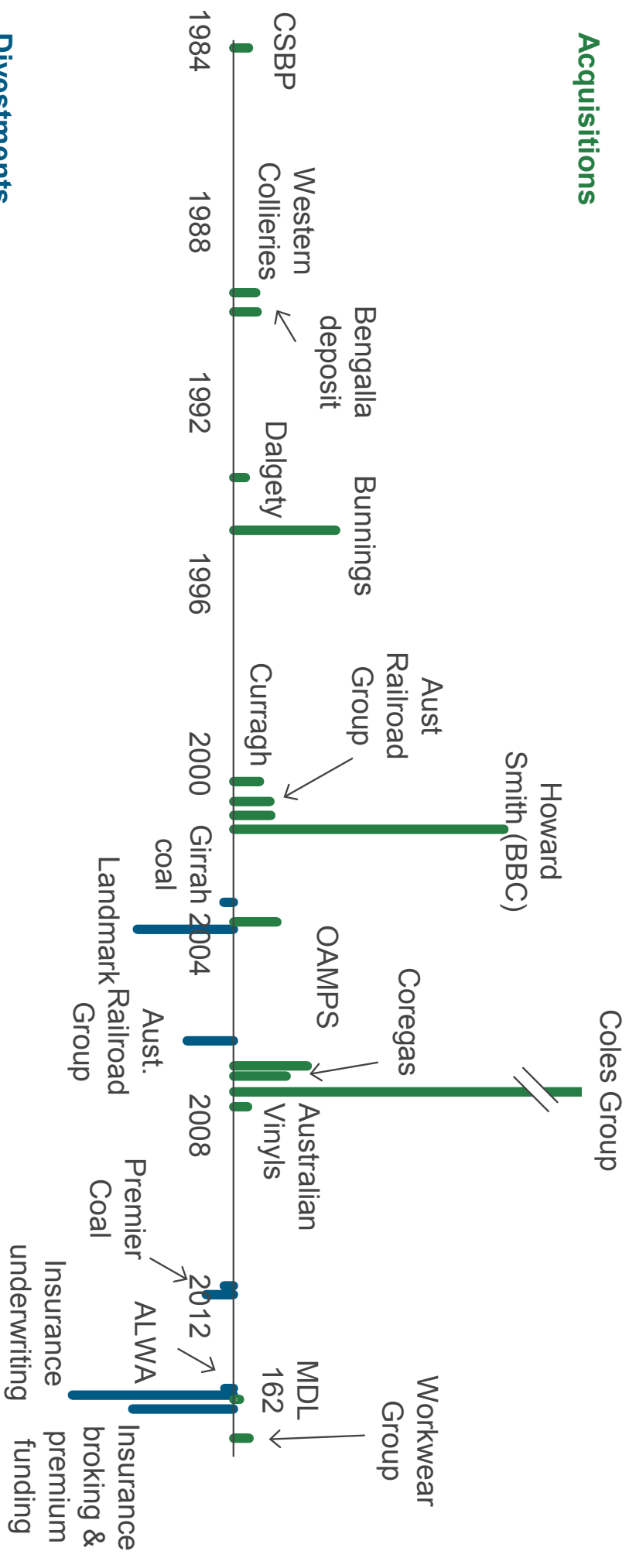


Strong investment program whilst remaining financially disciplined & improving returns

Value creating business model

Value adding transactions

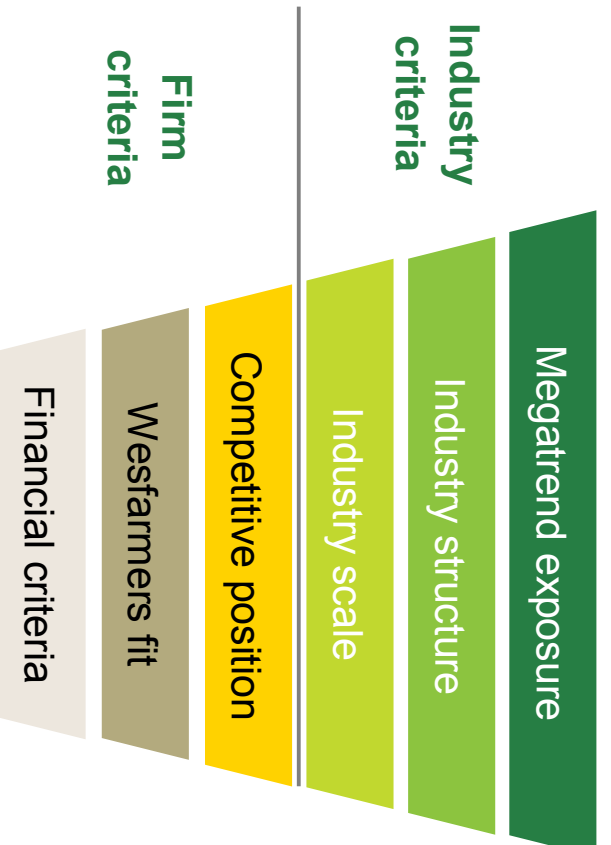
Group transaction activity (inflation adjusted transaction size)



Value creating business model

Opportunity identification & investment approach

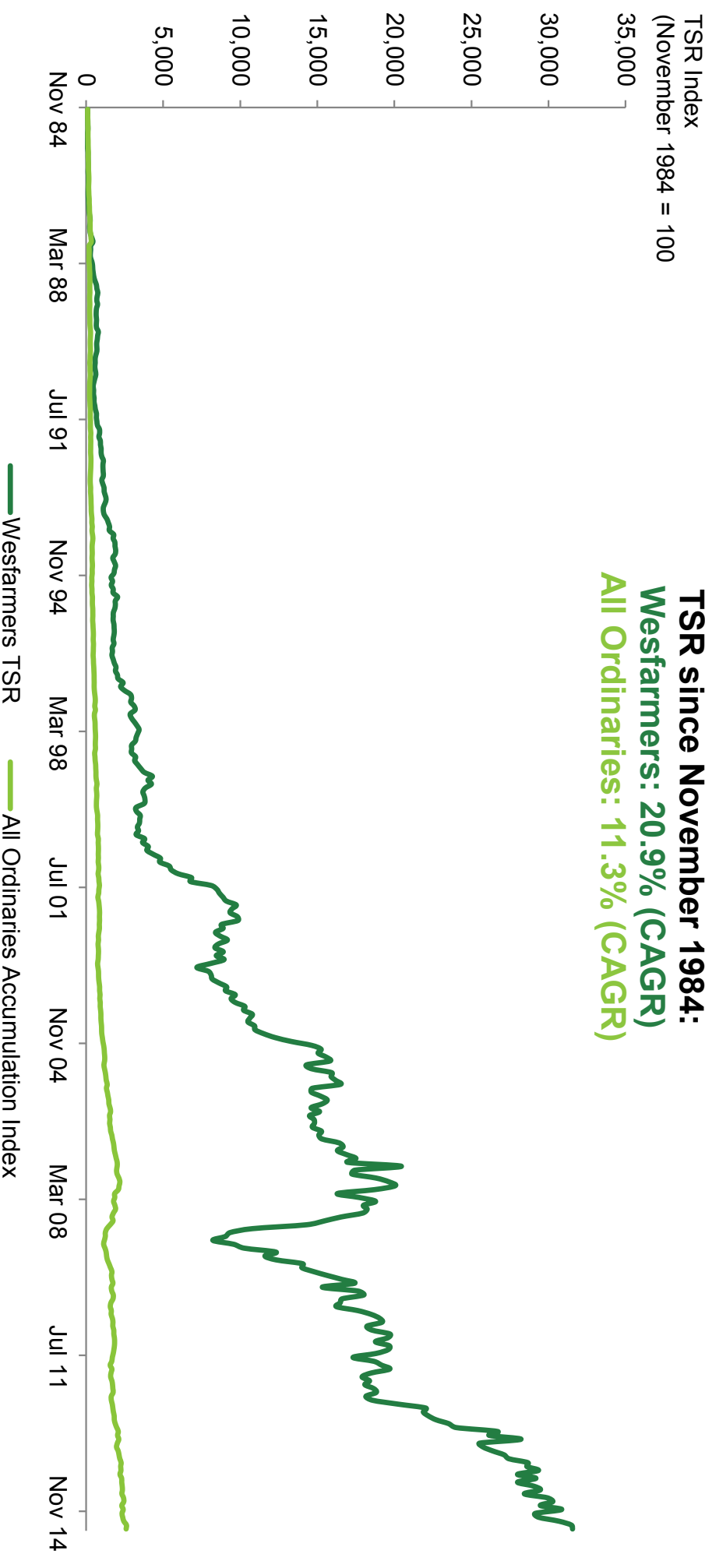
Opportunity identification



Investment approach

- Capacity to act through strong balance sheet & focus on cash flow
 - Flexibility through alternate ownership models (e.g. minority interest, full control, partnerships)
 - Also, remain opportunistic to sector, structure & geography
 - Financially disciplined including investment comparison to capital management alternative
- Growth orientation
 - Long-term time horizon

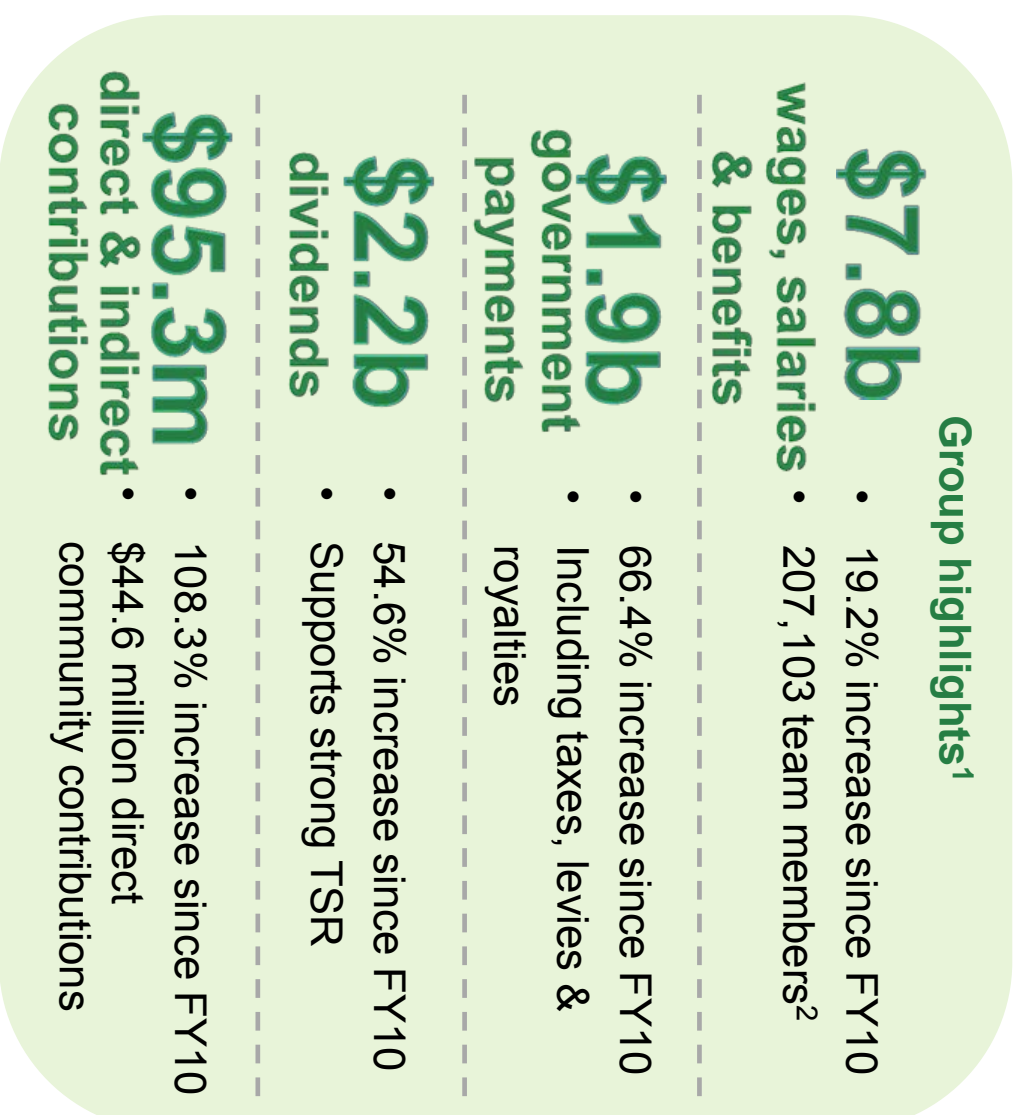
Superior long-term financial performance



Source: IRESS as at 31 March 2015. Assumes 100% dividend reinvestment on the ex-dividend date, & full participation in capital management initiatives e.g. rights issues, share buybacks.

A most-admired company

- Strong financial performance
- Positive engagement with all stakeholders
 - Employees
 - Suppliers
 - Shareholders
 - Government
 - NGOs
 - Community
- Significant community contributions
- Committed to tax transparency



¹ 2014 Sustainability report.

² As at April 2015.



A most-admired company

Sustainability focus areas

- A more inclusive work environment
 - Renewed focus on gender diversity & inclusion of Aboriginal & Torres Strait Islander peoples
- Ensure all businesses implement best practice governance frameworks (e.g. ethical sourcing policy) & are run responsibly & ethically
- Reinforce our commitment to human rights
 - Consistent with recent signing of UN Global Compact on sustainability
- Climate change resilience & continued development of initiatives across the Group to:
 - Reduce greenhouse gas emissions & energy use
 - Limit waste (increase recycling & reduce packaging)
 - Control water use



Disciplined approach to delivering long-term shareholder returns

Cash flow generation

- Drive long-term earnings growth
- Manage working capital effectively
- Strong capital expenditure processes

Balance sheet strength

- Risk management of maturities
- Diversify funding sources
- Optimise funding costs
- Maintain strong credit metrics



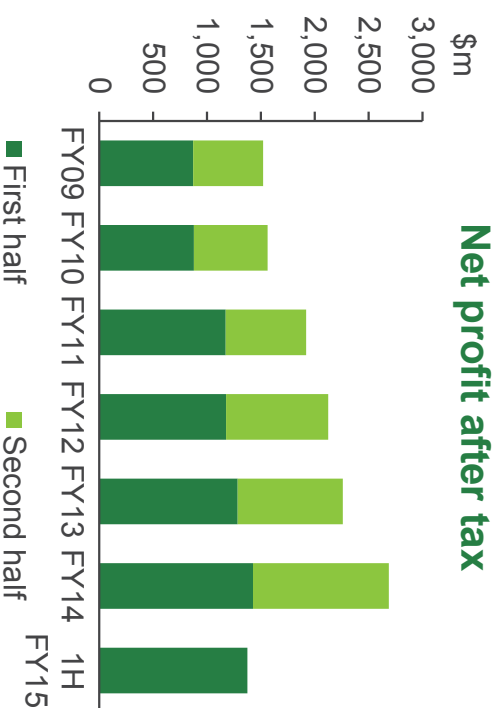
Delivery of long-term shareholder returns

- Improve returns on invested capital
- Grow dividends over time
- Effective capital management
- Invest above the cost of capital
- Financial discipline

Cash flow generation

Drive long-term earnings growth

Cash flow generation	Balance sheet strength
Delivery of long-term shareholder returns	



Year ended 30 June (\$m)	2014	2009	CAGR %
Revenue	62,348	50,982	4.1
EBIT	4,150	2,947	7.1
Net profit after tax (excluding NTIs)	2,398	1,628	8.1
Net profit after tax	2,689	1,522	12.1

- Revenue growth through Coles Group turnaround & growth of Bunnings
- EBIT growth through operating leverage & productivity improvements
- Interest costs significantly reduced
- Profit growth achieved at approximately two times the rate of sales growth¹

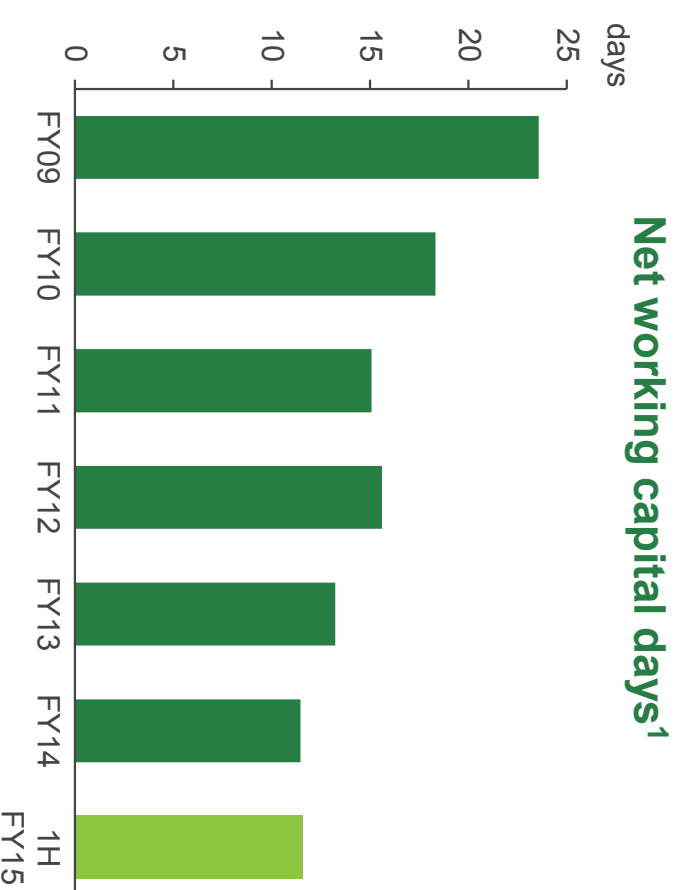
¹ FY14 includes \$291 million of post-tax non-trading items (NTIs); FY09 includes (\$106) million of post-tax NTIs.

Cash flow generation

Manage working capital effectively

Cash flow generation	Balance sheet strength
Delivery of long-term shareholder returns	

- Strong focus on working capital efficiencies across the Group
- Fifty per cent reduction in net working capital days¹ since FY09 (24 days to 12 days)
- Cumulative cash release of \$770 million since FY09 (approximately \$1.7 billion of efficiencies given impact of business growth)



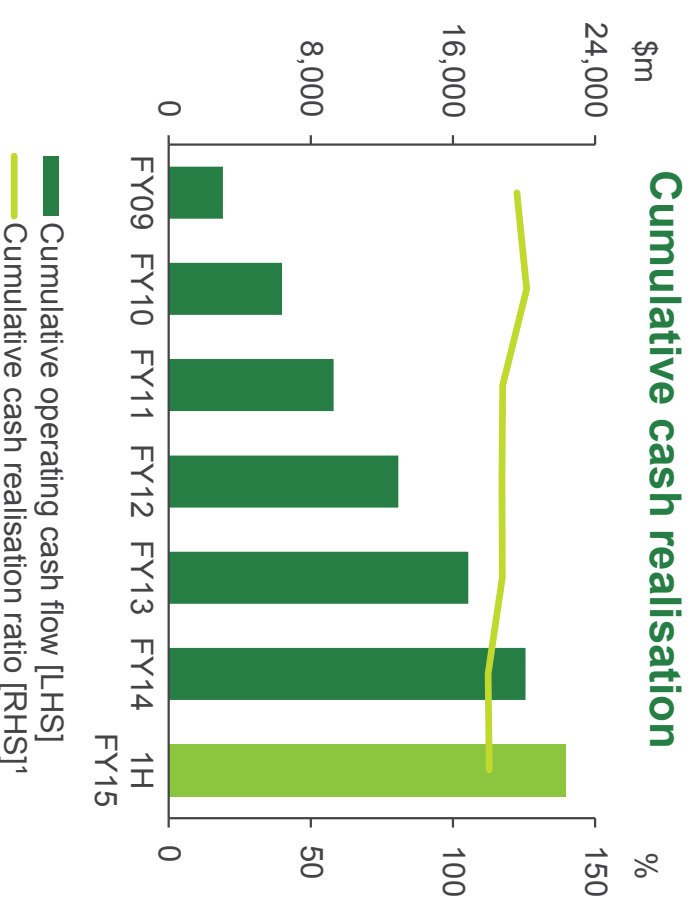
¹ Calculated as average net working capital balance divided by R12 revenue multiplied by 365.

Cash flow generation

Solid operating cash flow generation

Cash flow generation	Balance sheet strength
Delivery of long-term shareholder returns	

- Cumulative operating cash flows of \$22.4 billion since FY09
- Strong cumulative cash realisation ratio of 113% achieved over FY09 – 1H15
- Group remains highly cash generative, albeit cash realisation expected to moderate due to lower working capital cash releases from retail portfolio



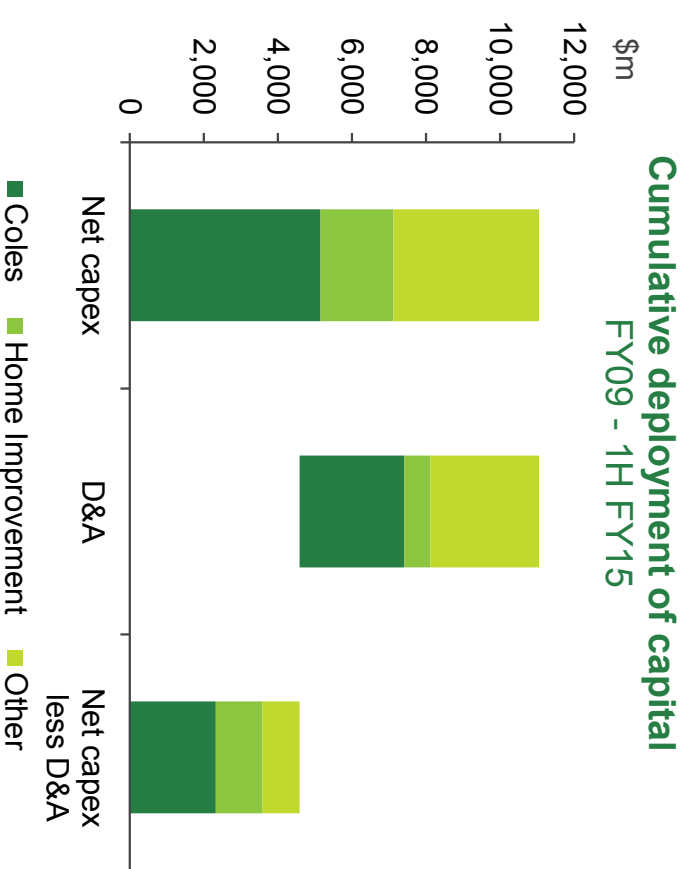
¹ FY09, FY10 & FY14 adjusted for non-trading items.

Cash flow generation

Strong capital expenditure processes

Cash flow generation	Balance sheet strength
Delivery of long-term shareholder returns	

- Robust business cases govern capital investment decisions
- Majority of capital expenditure to high return opportunities
 - Home Improvement maintained strong ROC (1H FY15 ROC¹ of 42.9% excluding goodwill)
 - Coles ROC¹ of 16.8% (excluding goodwill) in FY09 increased to 28.7% in 1H FY15
 - Kmart ROC¹ of 14.2% (excluding goodwill) in FY09 increased to 65.6% in 1H FY15
- FY15 net capital expenditure estimate of \$1.3 to \$1.5 billion (subject to net property investment)

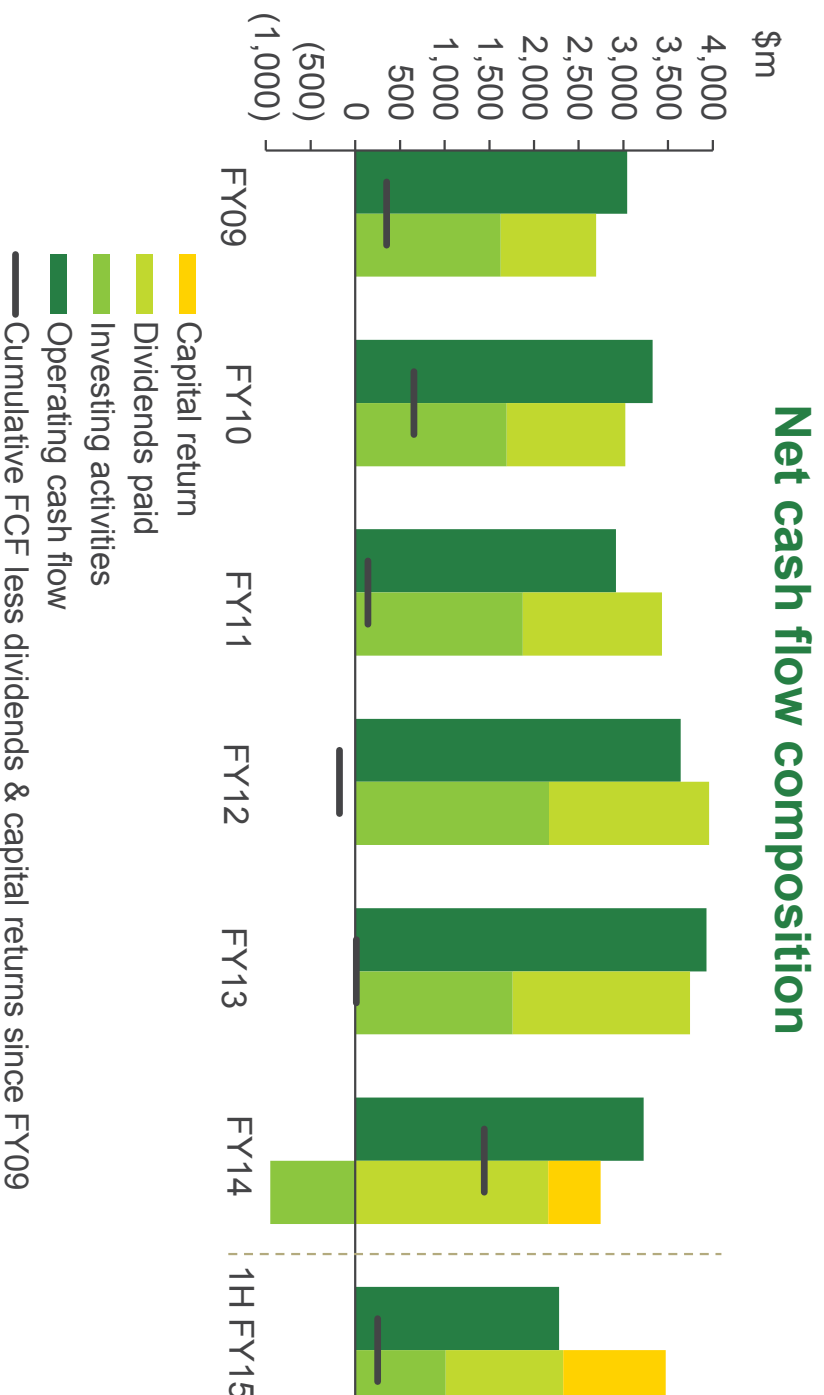


¹ Rolling 12 months.

Cash flow generation

Free cash flows supported strong investment phase & dividend growth

- Strong free cash flow has funded significant investment activity, solid growth in dividends & allowed for capital management distributions

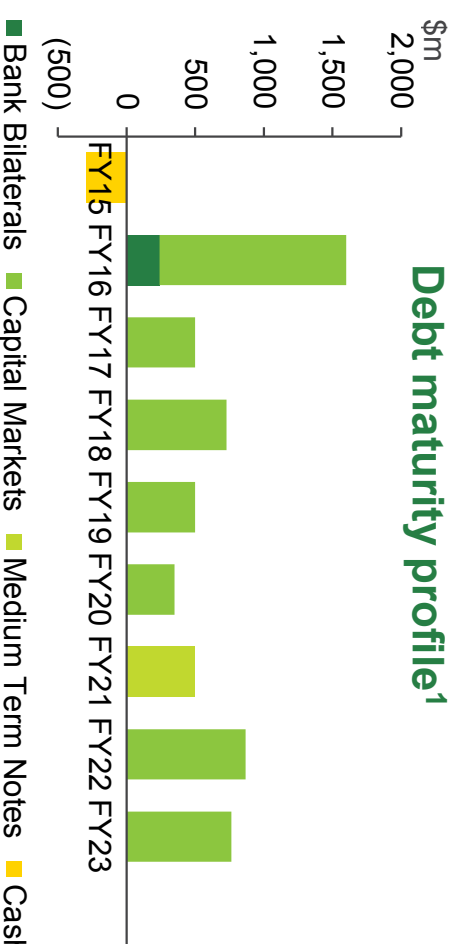


Balance sheet strength

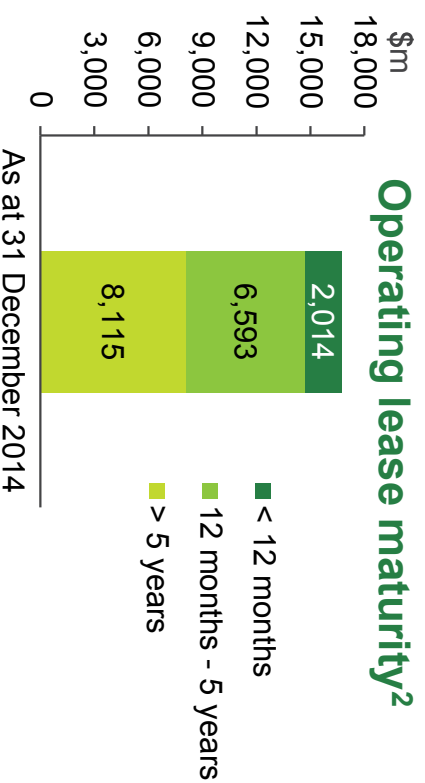
Risk management of debt maturities

Cash flow generation	Balance sheet strength
Delivery of long-term shareholder returns	

- Debt strategy to ensure a manageable maturity profile (without significant refinancing in any one year)



- Lease strategy:
 - Optimise fixed commitment tenure in line with business risks
 - Secure site tenures through options to extend



¹ Amounts shown based on the drawn amount at balance date of 30 April 2015 and the \$500 million unsecured medium term notes (\$300 million fixed rate and \$200 million floating rate) issued on 18 May 2015.

² Represents future undiscounted minimum rentals payable under non-cancellable operating leases.

Balance sheet strength

Diversify funding sources

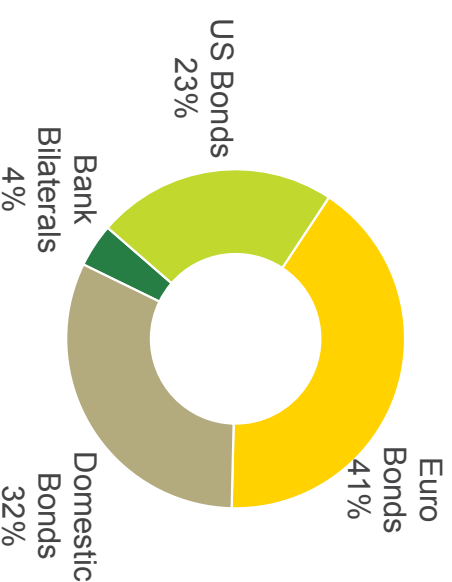
Cash flow generation	Balance sheet strength
Delivery of long-term shareholder returns	

- Composition of fixed obligations weighted towards non-cancellable operating leases¹
- Financing strategy to diversify debt sourcing (maintaining access to a broad selection of markets) & pre-fund debt maturities

Fixed obligations²



Debt sources³



¹ Represents future undiscounted minimum rentals payable under non-cancellable operating leases.

² As at 31 December 2014.

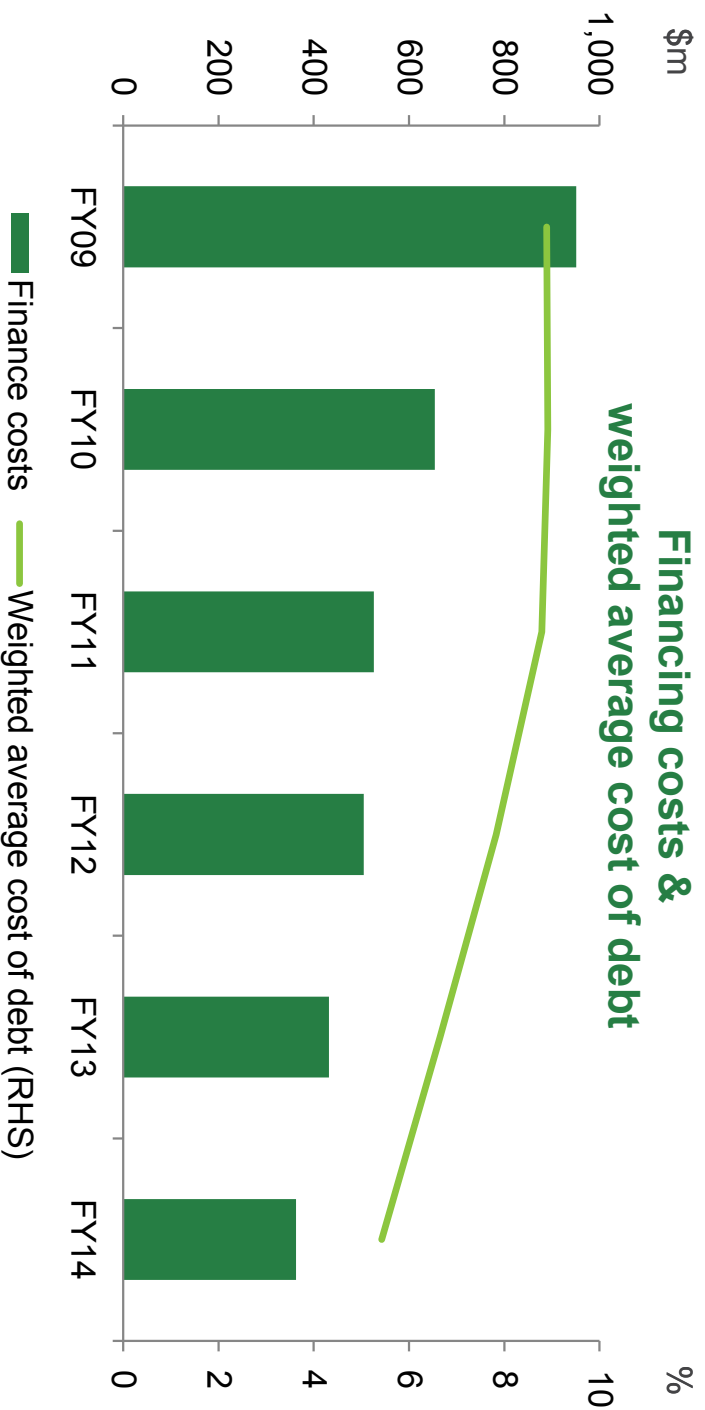
³ Amounts shown based on the drawn amount at balance date of 30 April 2015 and the \$500 million unsecured medium term notes (\$300 million fixed rate and \$200 million floating rate) issued on 18 May 2015.

Balance sheet strength

Optimise funding costs

Cash flow generation	Balance sheet strength
Delivery of long-term shareholder returns	

- “All-in” weighted-average cost of debt has reduced to 5.4% (FY14)
- Further short-term cost of debt reductions expected, albeit at a moderated rate

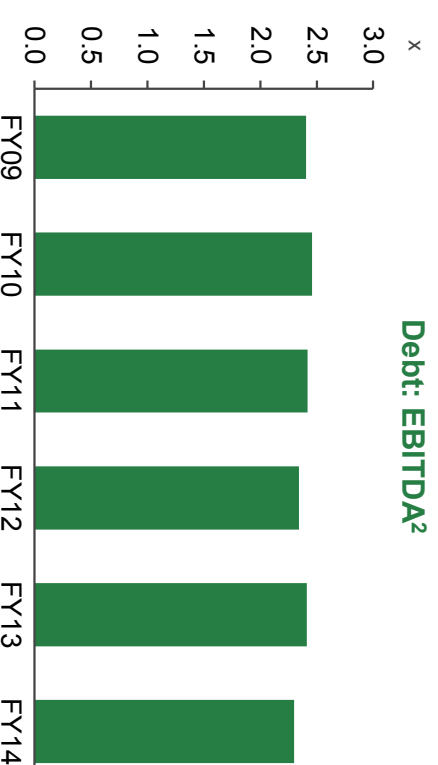


Balance sheet strength

Maintain strong credit metrics

Cash flow generation	Balance sheet strength
Delivery of long-term shareholder returns	

- Solid credit metrics
 - Free funds from operations (FFO): Debt¹ (R12) of 27.5% (from 29.2% in FY09)
 - Maintained Debt: EBITDA of ~ 2.5 times
- Strong credit ratings
 - Standard & Poor's A- (stable) & Moody's A3 (stable)



¹ FFO:Debt (S&P) = (NPATDA + Depreciation adjustment for capitalisation of non-cancellable operating lease) / (Net Debt + Present Value of future operating lease commitments).

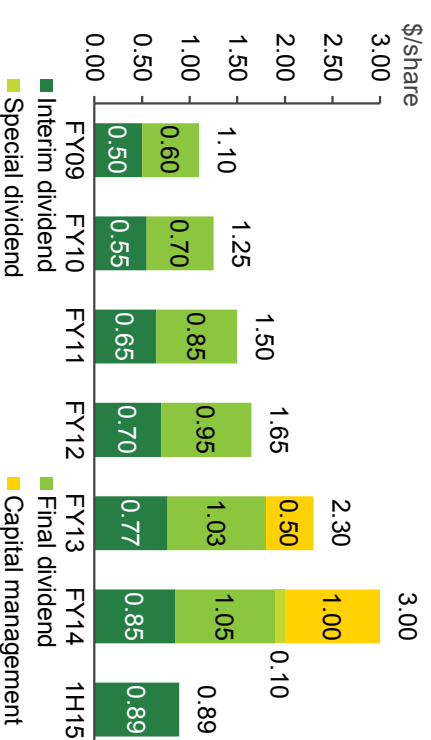
² Debt: EBITDA (S&P)= (Debt + Operating lease adjustment) / (EBITDA + Operating lease expense).

Delivery of long-term shareholder returns

Growing dividends over time & effective capital management

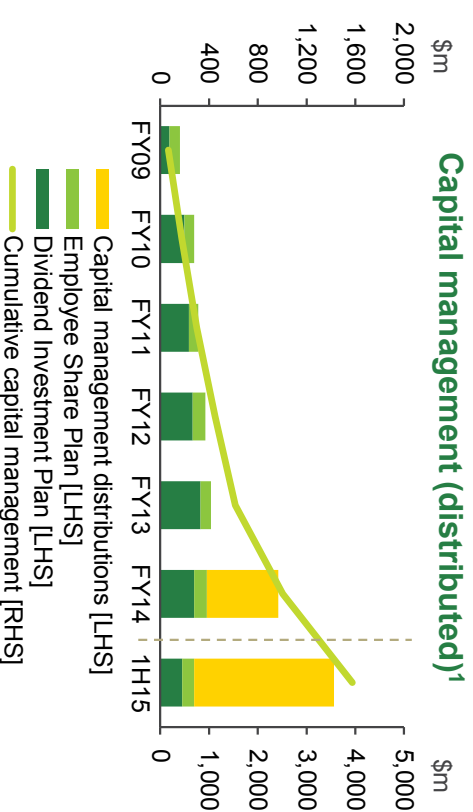
Cash flow generation	Balance sheet strength
Delivery of long-term shareholder returns	

Shareholder distributions (declared)



- Seek to deliver growing dividends over time, but with regard to:
 - Current earnings & franking credit availability
 - Current liquidity position & credit rating
 - Forecast free cash flow generation
- Strong payout ratio & dividend growth

Capital management (distributed)¹



¹ Represents aggregate capital management undertaken within respective financial periods; each financial year includes all forms of capital management (eg DIP, ESP & capital return).

Delivery of long-term shareholder returns

Financial discipline remains critical to the Group's objective

Cash flow generation	Balance sheet strength
Delivery of long-term shareholder returns	

Group objective

“To deliver a satisfactory return to shareholders”

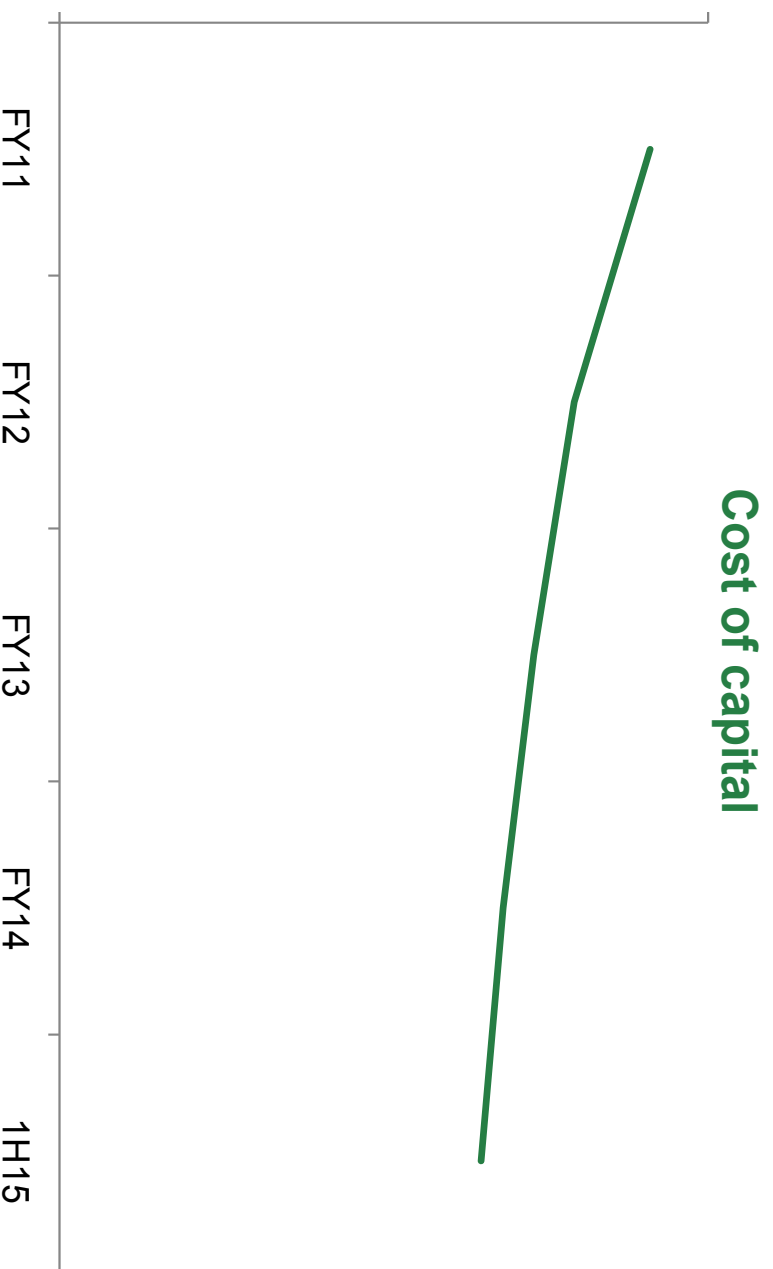
Disciplines

- Robust “business case” development
- Focus on NPV creation in investment appraisal
- Optimise cost of capital (within acceptable risk parameters)
- Hurdle rates set reflective of project risks
- Generate returns (ROE) in excess of the cost of capital

Delivery of long-term shareholder returns

Improve returns on invested capital & invest above the cost of capital

Cash flow generation	Balance sheet strength
Delivery of long-term shareholder returns	



- Group's ROE increased by 2.0 ppt since FY11
- Group's cost of capital reduced by ~3 ppt since FY11
- Key financial discipline in earnings & growth rate assumptions



Coles

John Durkan

Managing Director



coles coles.com.au

coles
express

VINTAGE **C**ELLARS

first **CHOICE** liquor

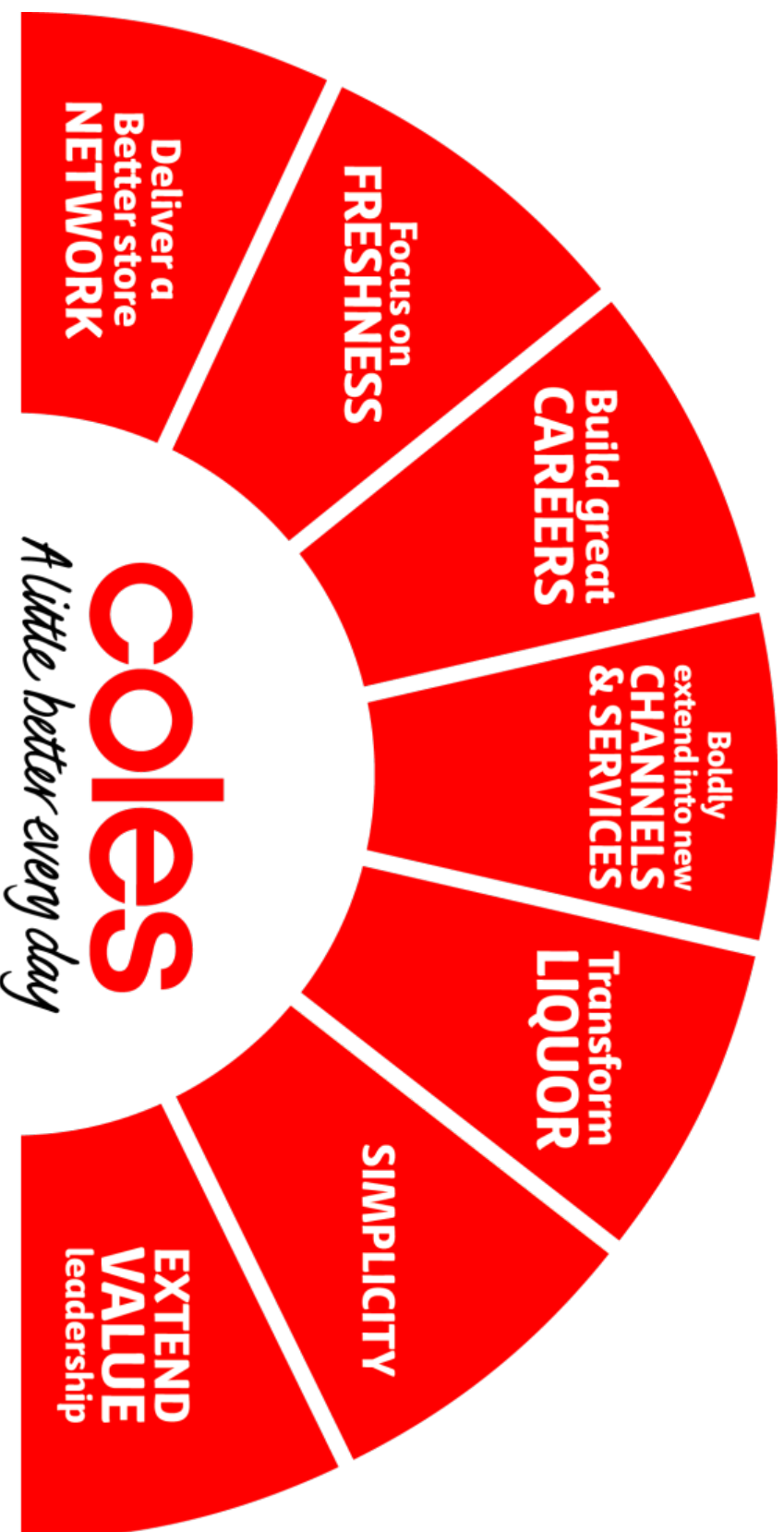
B.I.L.O

LIQUORLAND

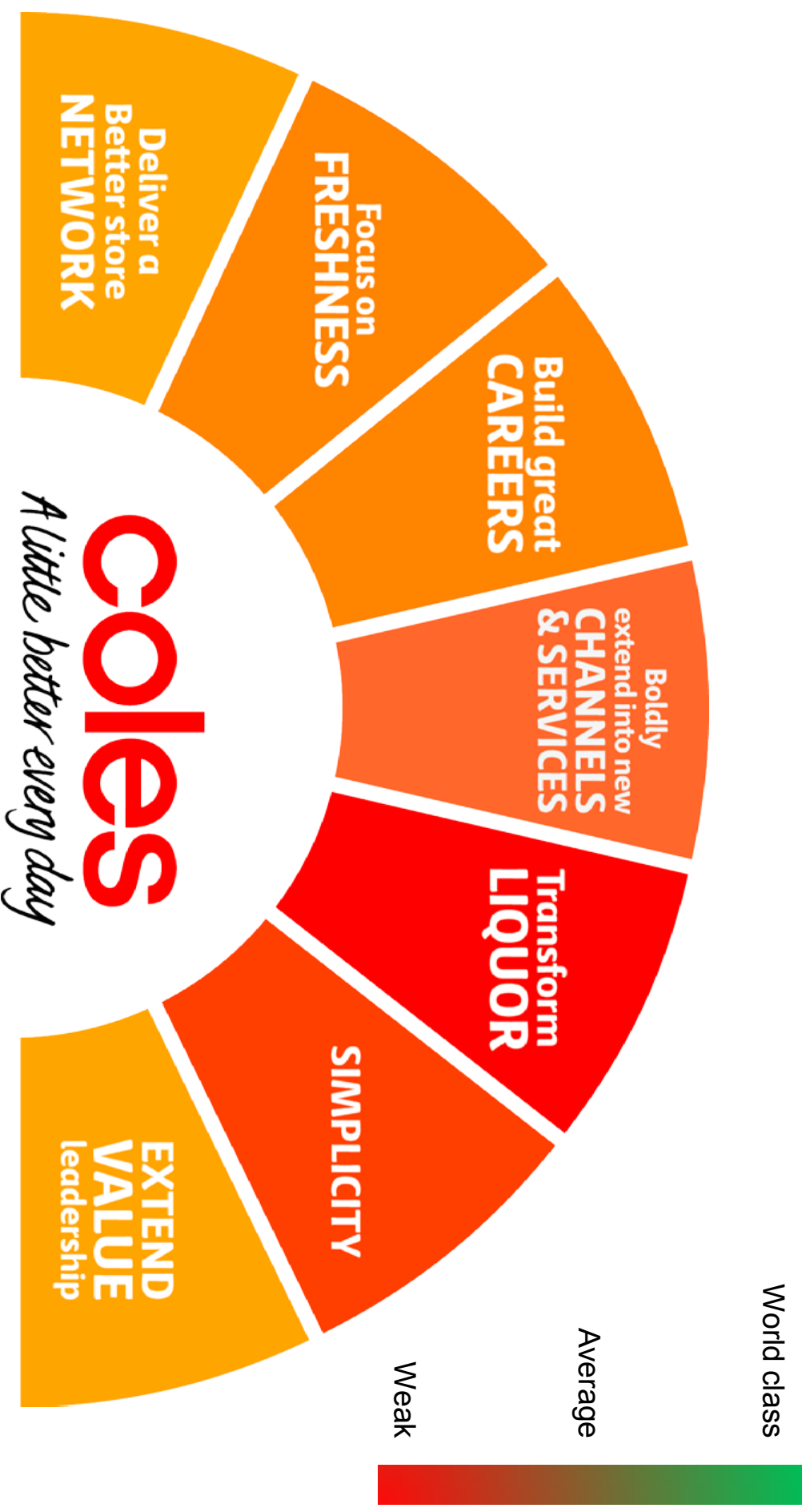
spirit
HOTEL & B

coles Financial Services

Our growth strategy



Progressing our strategy



Progress to date

Focus on FRESHNESS

- Fresh produce participation up 50bps
- Long-term supply agreements with Sundrop, Murray Goulburn & Norco

EXTEND VALUE leadership

- Create trusted value
- More than 1,900 products placed on 'Every Day' value
- 0.8% FY15 YTD F&L deflation

Deliver a better store NETWORK

- 26 new & 11 closed supermarkets over last 12 months
- 42 scratch bakeries deployed over the last 12 months

SIMPLICITY

- Store Support Centre simplification
- Reduced lead times from DCs to stores

Boldly extend into new CHANNELS & SERVICES

- 29% FY15 YTD transaction growth in Coles Online
- Acquisition of GE's share of the Credit Card JV
- 8% more active flybuys members across 5.2 million households

Transform LIQUOR

- Over 300 price reductions through the Liquorland 'Low Price' campaign
- Reshaping of network with more underperforming stores closed (32 closed over last 12 months)

Build great CAREERS

- 300 graduates in calendar year 2015
- 950 retail leaders participants in FY15 YTD

Note: As at March 2015.
Coles



Focus on freshness

**Focus on quality
& freshness**



Fresh food at great prices



**Invest in team member
craft skills & service**



Always available



**Longer & deeper
supplier relationships**



**New concepts & formats delivering
a better experience**



Unwavering focus on customer service



Invest in **customer service**



Relentless commitment to **safety**



Build **diversity & flexibility**



Increase **craft skills** training



Adaptable & multi-skilled
team members



Develop more graduates
to become **future leaders**



Delivering value to customers in multiple ways



'Every Day' extended to
more products



Focussed promotions



Innovation through Coles Brand



Personalised flybys offers & rewards



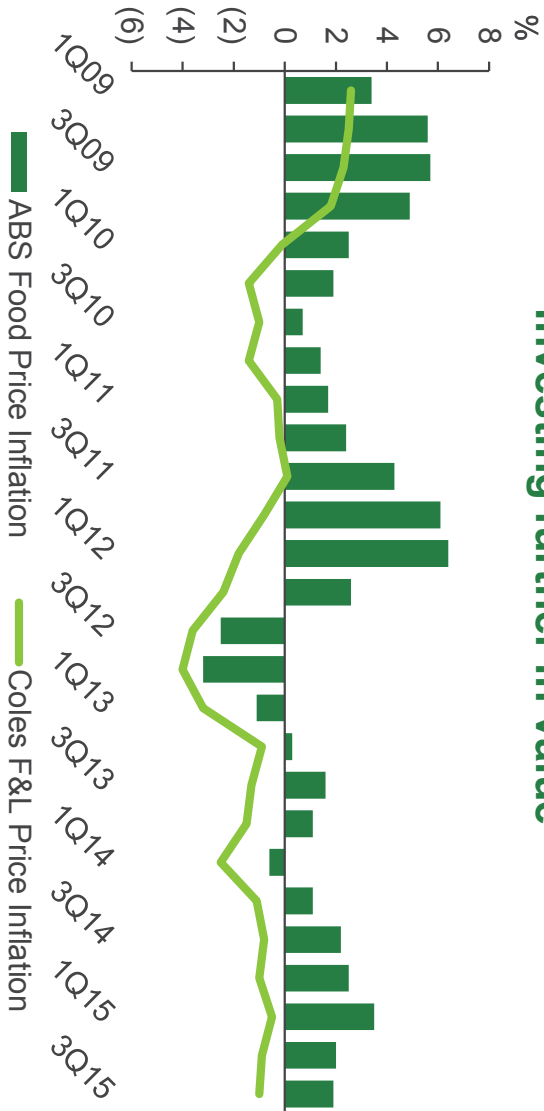
Supported by effective marketing & execution



Create trusted value

- Be a trusted value leader
- Grow Coles brand
- Personalised & relevant flybuis offers
- High impact in-store execution

Investing further in value



Coles

High impact ends in-store



Deliver a better store network



- Upgrade existing space
 - Continue sales density growth
 - Revisit strong performing stores
- Continue high quality net space growth
 - 2-3% p.a. net selling area growth
 - Continued focus on store quality
 - Focus on strategic growth areas & network gaps
 - Targeted extension program
 - Replace compromised stores
- Returns-focused capital deployment
 - Recycle capital through freehold divestments & alternative ownership structures

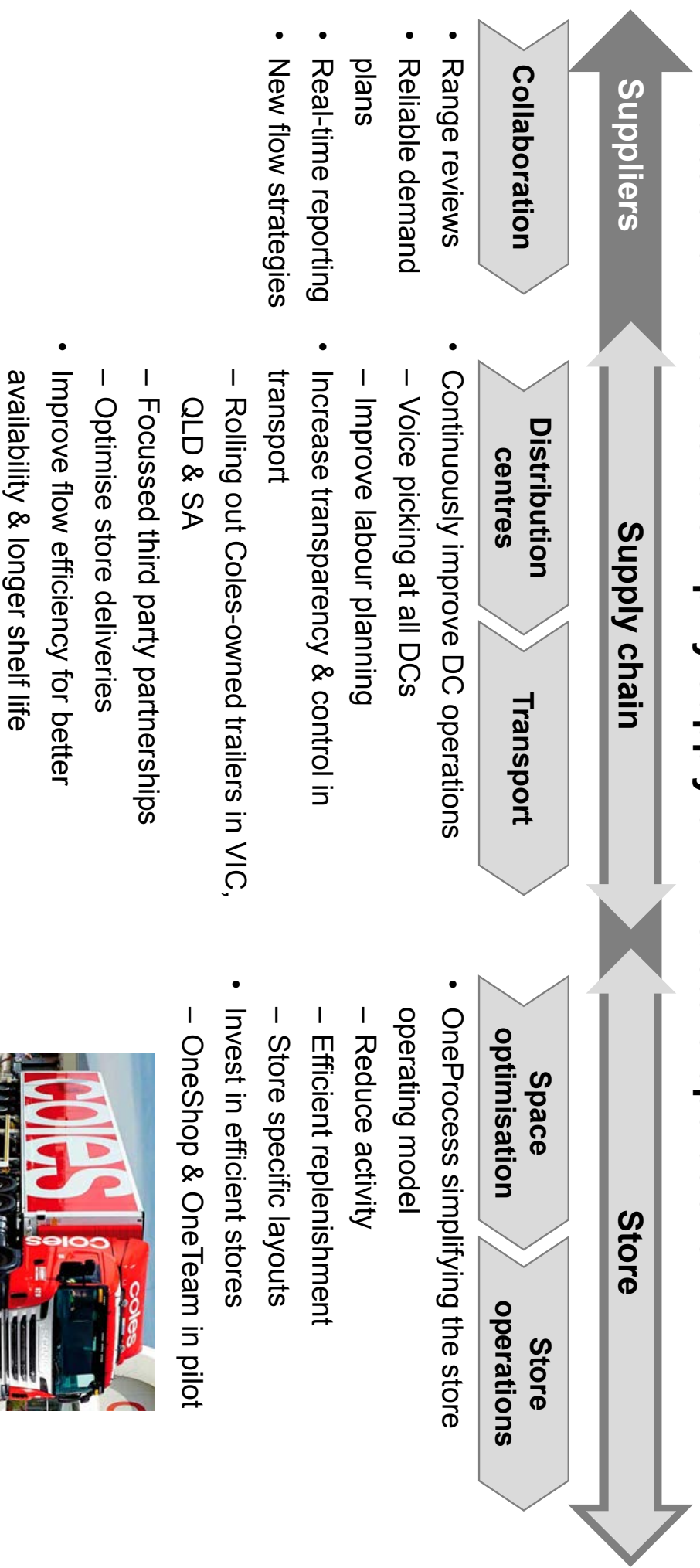
New freehold store (Banksia Grove, Outer Perth)



New leasehold store (East Village, Inner Sydney)

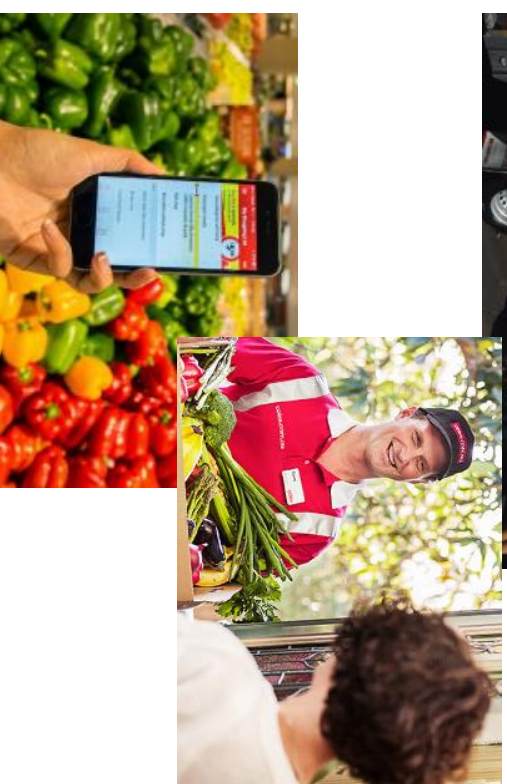


End-to-end initiatives to simplify supply chain & store operations



Boldly extend into new channels & services

- Focus on profitable growth of Coles Online
 - ‘Every Day’, catalogue specials & multi-buys available online
 - A faster, simpler shopping experience
 - Better fulfilment & customer care
- Grow ‘click & collect’
 - More than 100 click & collect stores & lockers
 - 36% participation growth during FY15 YTD
- Improve operational productivity
 - Improve in store picking efficiency – tablet picking now in most stores
 - Further simplify & streamline fleet operation



Boldly extend into new channels & services (cont.)



- 8% more active members across 5.2 million active households & growing
- Deliver relevant & personalised offers to customers
- Inform & support business decision making (e.g. store locations, range & space planning, new products)



coles Financial Services



- 800,000 financial services customers & growing
- Provide value through a simple, competitive product suite
- Continue to build trust & credibility through a strong governance, risk & funding infrastructure
- Grow Coles insurance backed by solid & established institutions (IAG & Metlife)
- Drive strong credit card growth
 - Call option exercised to acquire the remaining 50% of the Coles Credit Card JV



Fuelling Coles Express



Driving value in convenience

Grow C-Shop

- Consistent value
- New ranges & layouts
- Better meal solutions

Better store network

- Reshape the network
- Focus on network gaps

Number one for fuel

- Right mix of fuel for all markets
- Increase forecourt speed & ease
- Greater loyalty with flybuys & partnerships

Simplicity

- More productive on-site operations
- Optimise the supply chain
- Simplify above-store

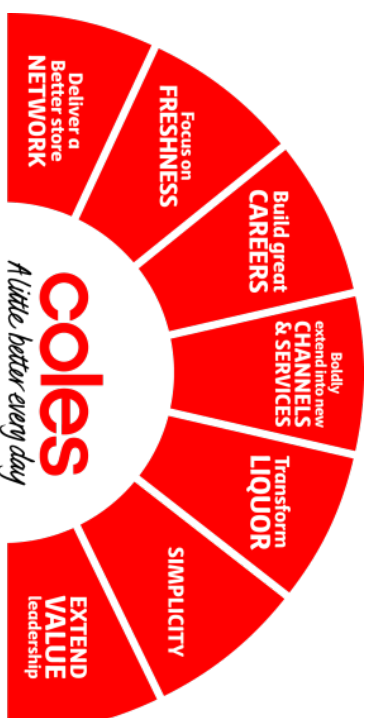
Build great careers

- Clear career pathways
- Increase learning & development opportunities
- Health & wellbeing programs

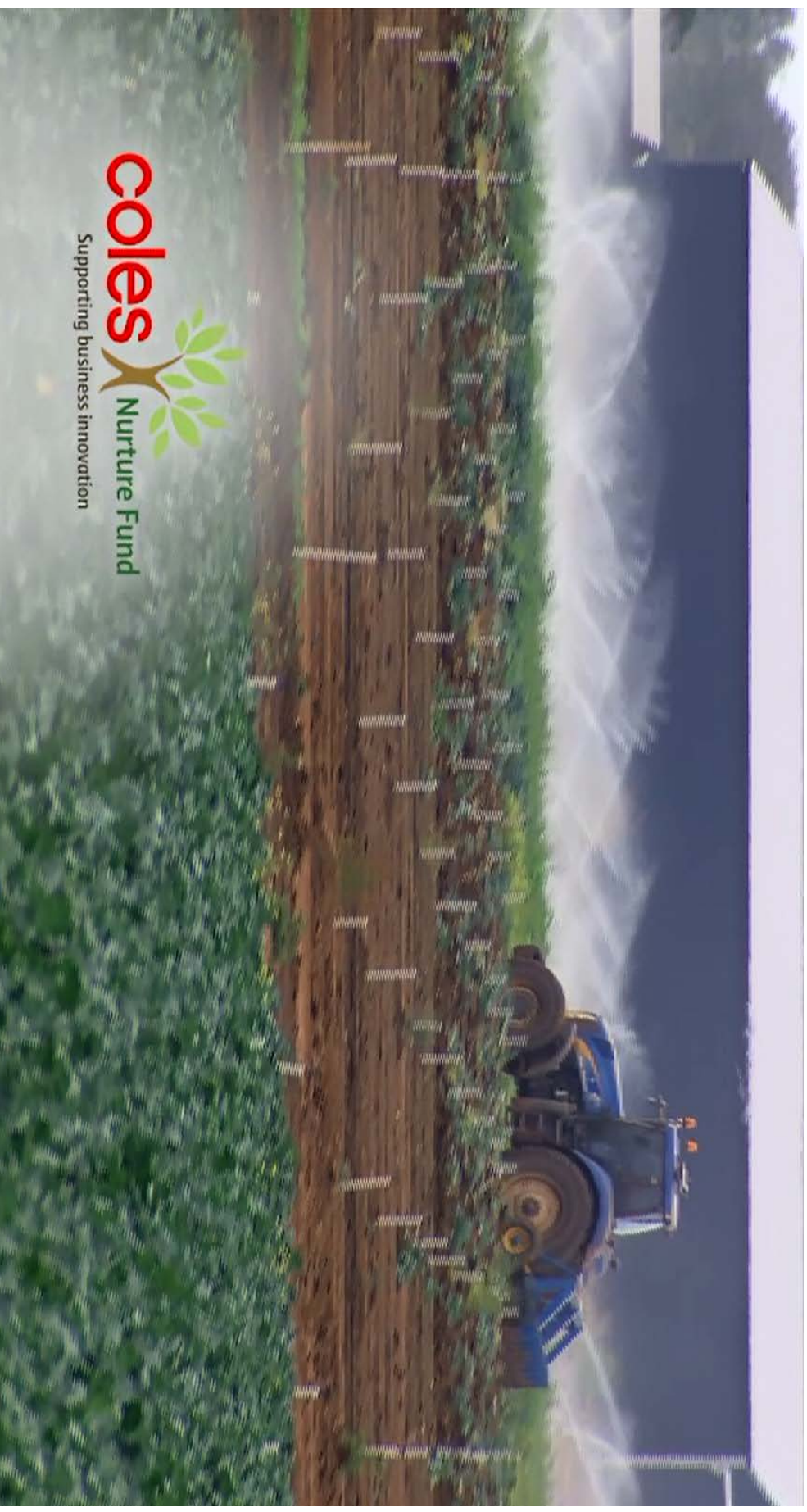


Our growth strategy

- Drive stronger Fresh participation, volume & sales
- Passionate & knowledgeable customer service
- Invest in becoming a trusted value leader
- Focus on simplifying & reducing costs
- Make a meaningful contribution to the Australian community
- Maintain disciplined & returns-focused capital management
- Differentiate through new channels & services to drive sustainable growth
- Progress the Liquor transformation

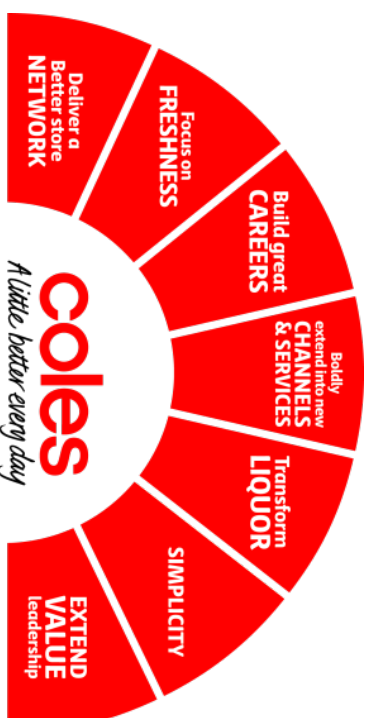


Meaningful contribution to the Australian community



Our growth strategy

- Drive stronger Fresh participation, volume & sales
- Passionate & knowledgeable customer service
- Invest in becoming a trusted value leader
- Focus on simplifying & reducing costs
- Make a meaningful contribution to the Australian community
- Maintain disciplined & returns-focussed capital management
- Differentiate through new channels & services to drive sustainable growth
- Progress the Liquor transformation



Questions

John Durkan
Managing Director



coles coles.com.au

coles
express

VINTAGE **C**ELLARS

first **CHOICE** liquor

BILO

LIQUORLAND

spirit
HOTEL & B

coles Financial Services

Home Improvement & Office Supplies

John Gillam

Managing Director,

Home Improvement & Office Supplies



Agenda

1. Officeworks

Mark Ward



2. Bunnings

John Gillam & P J Davis



3. Q&A



Big Ideas. Lowest Prices.

Office Supplies School & Art Paper Ink & Toner Technology Furniture Kitchen & Cleaning Services Print & Copy

My Store: Highgate Officeworks VIC (Info | Change ->)

SEARCH FOR A PRODUCT

20 YEARS OF HELPING BUSINESS GROW

Log In or Register

Log In ID or Email Address Password Log In

Register | Forget my password

Store Locator

Find your nearest Officeworks store

Search

FREE NEXT DAY DELIVERY ON ORDERS OVER \$55

SAME DAY DELIVERY FOR ORDERS BEFORE 11:30AM*

NEW - LOG IN FOR BUSINESS CUSTOMERS

Everything to help grow your business

Premium XP-610 Multifunction \$137

Hot Price

A4 Sustainable Environment Paper \$3.47

Find out more

Helping Businesses Grow

Everything to help grow your business.

Acer V5-132 Notebook

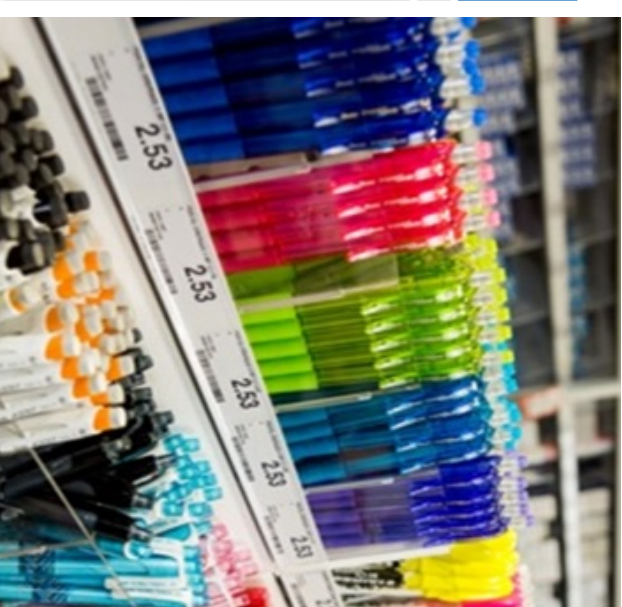
You'll see these low prices on tech

Molekine Range

Notebooks for creative professionals and writing lovers.

Mother's Day

Turn moments into memories this Mother's day.



Agenda

- Strategic agenda
- Market overview & trends
- Financial performance
- Every channel strategy
- Agenda update – growth, productivity & sustainability
- Trading update & outlook



Strategic agenda

Driving sales, EBIT & ROC growth

- Relentless & consistent focus on strategic agenda
 - Deliver:
 - » Differentiated 'one stop shop' offer
 - » Great customer experience
 - » Seamless customer experience – 'Anywhere, Anyhow, Anytime'
 - Extend reach: new customers, new categories, new channels
 - Underpin growth initiatives with ROC-enhancing productivity improvements
 - Invest in our team & our community-based partnerships
- Utilise strengths to execute strategic agenda
 - Leverage competitive advantage & core capabilities
 - Strategic clarity: Lowest Prices, Widest Range, Great Service
 - 'Every Channel' investment



Market overview & trends

Market & customers

- Overall market flat
- Relevant & inspiring offer can still win
 - Innovation & speed to market is critical
- Evolving purchasing behaviour amongst customers
 - Seamless experience anytime, anywhere
 - Move to digital / mobile
 - Smaller, more frequent transactions
- Evolving competitive landscape
- Customers expect meaningful community engagement

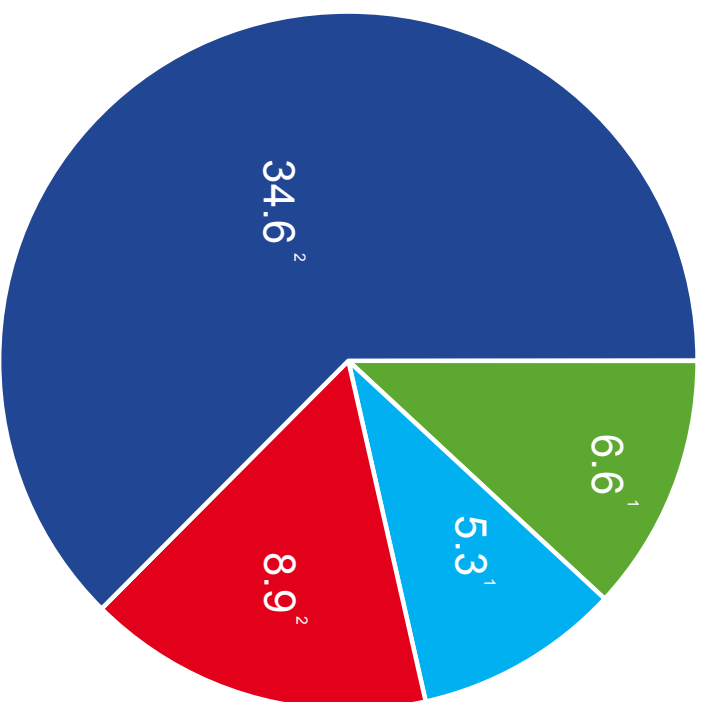
Product

- Growth from:
 - Non-core categories
 - Private label at expense of secondary brands
 - Fashion / design-oriented products
 - Packaging / shipping products
- Shortened product life cycles especially in technology
- Ethical sourcing increasingly important



Addressable market size & growth

Addressable Market (\$ billion)



Addressable Market > \$50 billion

Office Products Market – Core

(Writing Instruments, Paper, Computer Consumables, Business Machines, Filing, Labels, Envelopes, Pads & Books)

Office Products Market – Non-Core

(Catering & Cleaning, Office Furniture, Printing & Digital Services, Packaging, Work Wear & Safety)

Information, Communication & Technology Market

(Desktop & Laptop computers, Tablets, Software & Network Suppliers, Telecommunication Suppliers)

Product & Service Adjacencies / Extensions

(Postal & Courier Services, Managed Tech Services, Education Supplies, etc)

¹ Market Size 2013 (2014 – 2016 Office Products in Australia, Penfold Research).

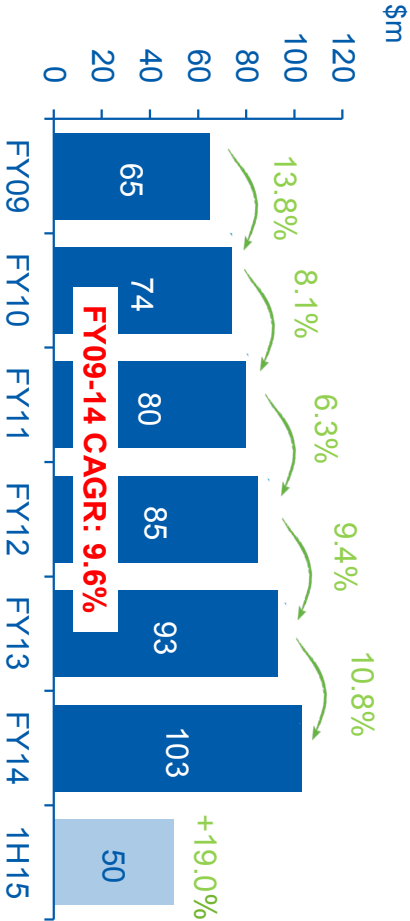
² Officeworks estimate (2015).
Home Improvement & Office Supplies

Financial performance

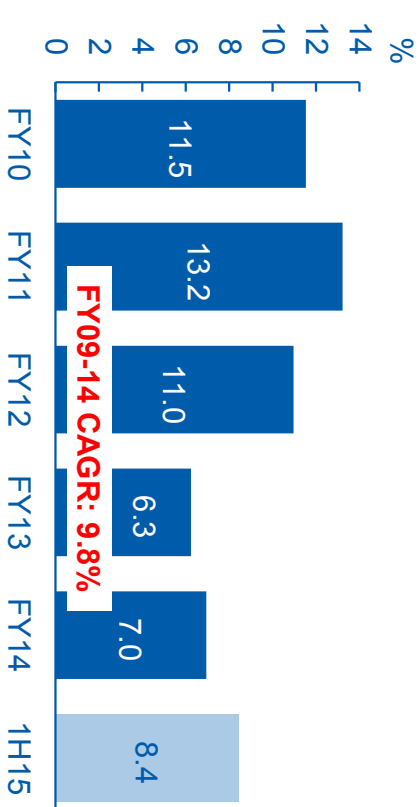
Revenue



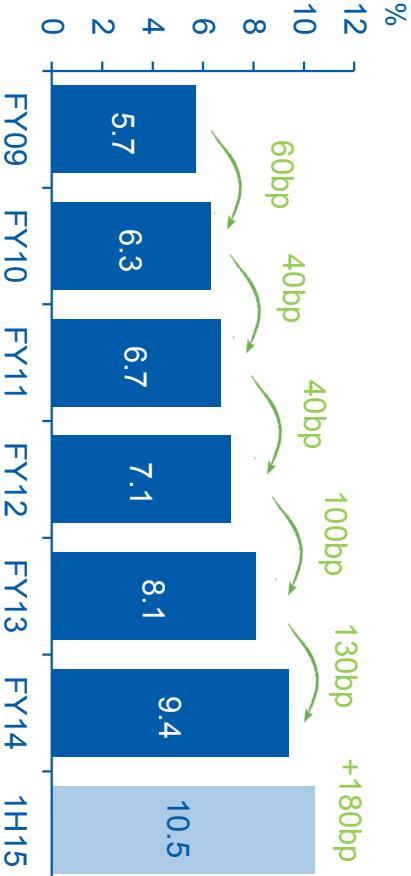
Earnings before interest & tax



Transaction growth



Return on capital



Financial performance

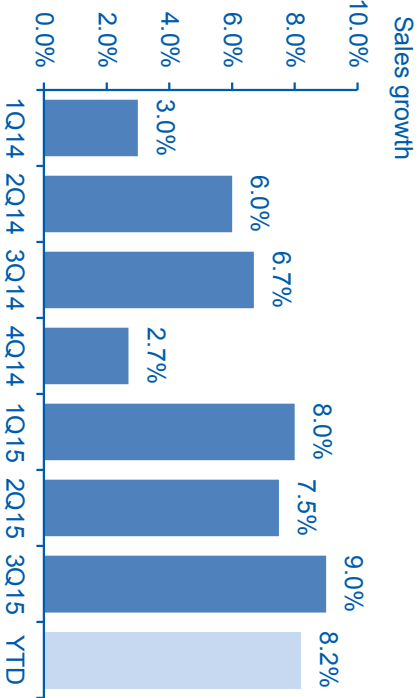
Sales growth of 8.2% FY15 YTD¹

- Store sales growth gaining momentum
 - 14 consecutive halves of store transaction growth
- Annualised website sales now exceed \$220 million

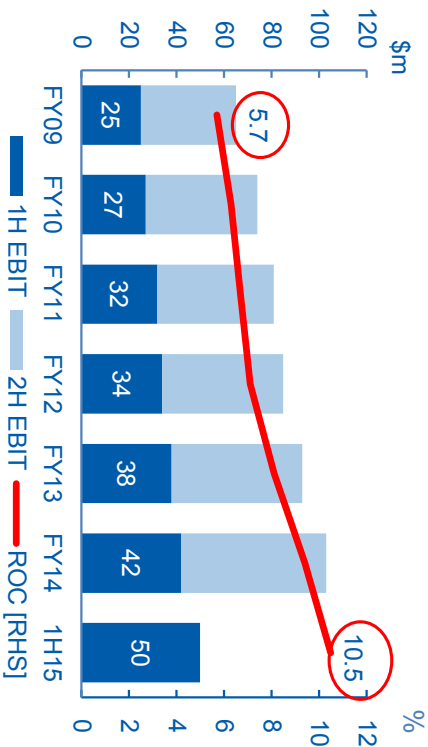
1H15 EBIT growth 19.0%, ROC (R12) uplift of ~180bp

- Six year 1H EBIT CAGR of 12.2% (to 31 Dec. 2014)
- New categories delivering sales & margin growth
- ‘Every Channel’ investment to continue
- Ongoing focus on reducing CODB, lifting productivity

Sales growth momentum

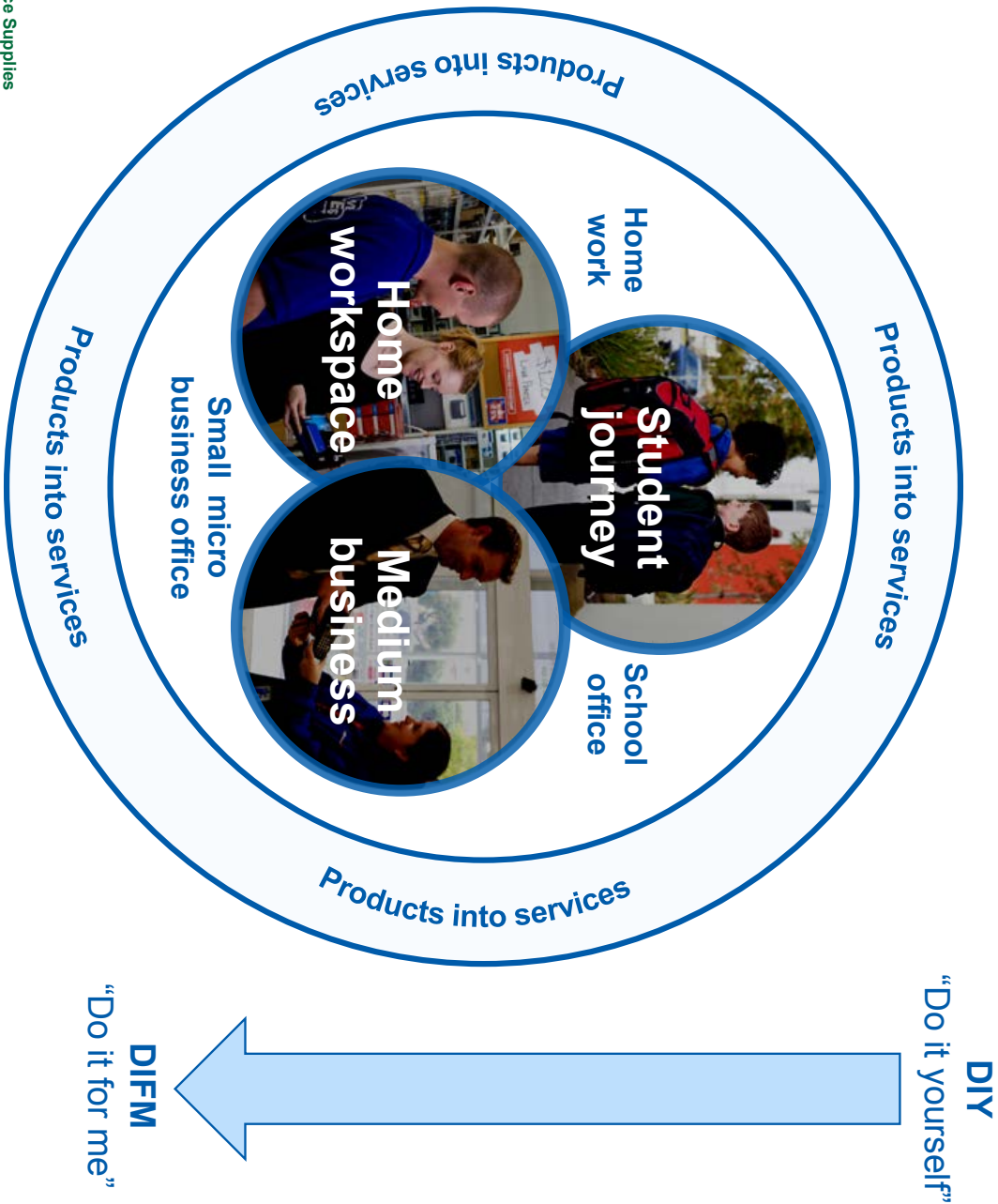


Strong earnings & ROC growth



¹ As at 31 March 2015.

Market by customer segment



Competitors by customer segment

Non-Business Households & Students	Micro & Small Business	Medium Business	Govt & Large Business
                              	              	             	       

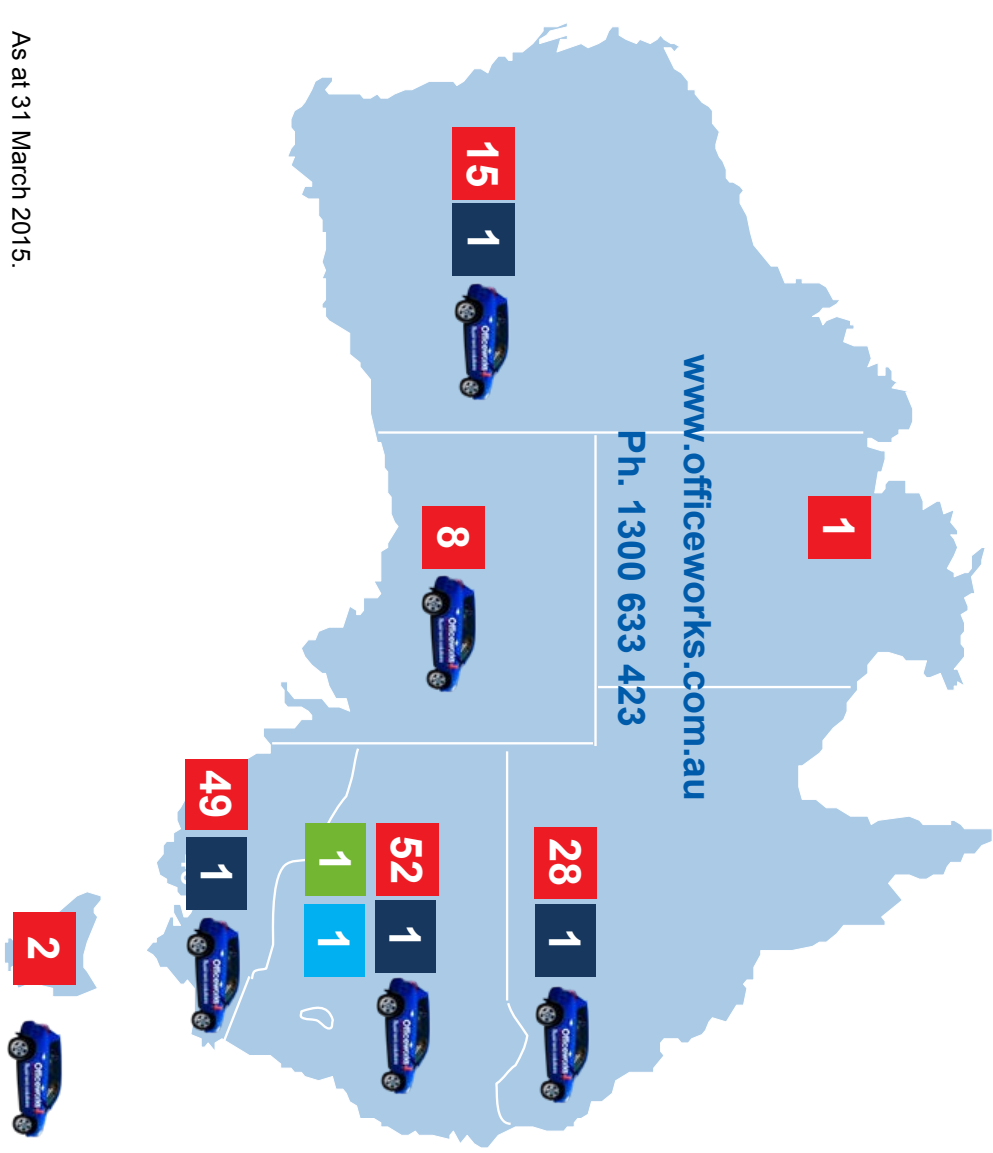
'Every Channel' strategy



Competitive advantage



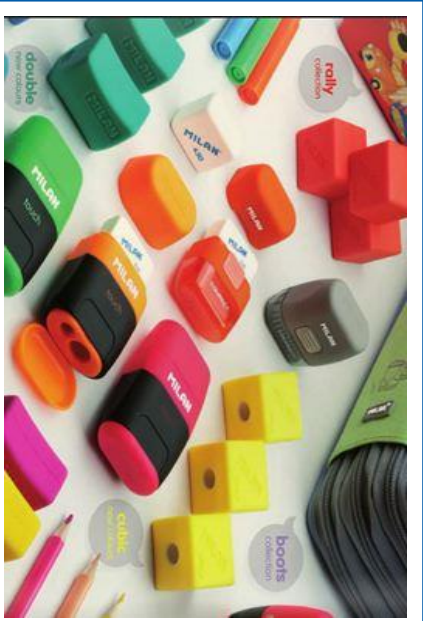





'Every Channel' presence



- 155 Stores (86% 'Current Format' Stores)
- Print Hub
- Call Centre
- 4 Online Fulfilment Centres
- B2B team members (50+ in state)

As at 31 March 2015.
Home Improvement & Office Supplies

Growth agenda

		
Enhancing Choice	Merchandise Expansion	Print & Copy 2.0
		
Furniture Authority	Extending Reach	Products into Services

Growth agenda (cont.)

Enhancing Choice

- Adding 'want' to 'need'
- Colour & style pallets
- Exclusive distribution of new brands
- Balancing national & private brands
- Continue adding inspiration, innovation & differentiation to:
 - Products & ranges
 - Service & services

Merchandise Expansion

- Phase II program complete
 - Driving pleasing sales growth
- Standardise layout & design
- Optimise use of store selling space
- Improve customer experience
- New & expanded categories
 - Canteen & cleaning, cables, art & craft



Growth agenda (cont.)

Print & Copy 2.0

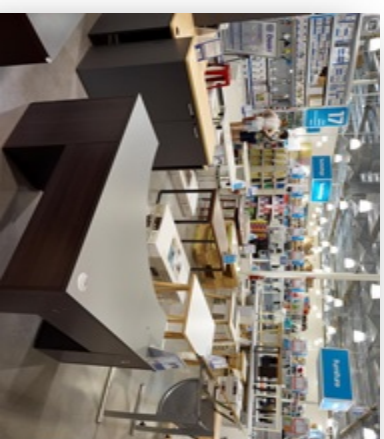
- Expanded offer driving growth in stores & online
- Expanded design services offer



Home Improvement & Office Supplies

Furniture Authority

- Range reset – functional & inspirational
- Ease of shopping in-store & online
- Grow commercial furniture sales



2015 Strategy Briefing Day | 63

Growth agenda (cont.)

Extending Reach

- Growing presence in B2B market
- Refining CBD store concept
- Ongoing website enhancements



Home Improvement & Office Supplies

Products into Services

- Creating a compelling point of differentiation
 - One stop shop
 - Supporting products with services
- Mailman launched in April 2015



Productivity agenda

Working Capital Improvements

- System investment to lift stock turns
- Mutually beneficial supplier collaboration
- Strong relationship with account holders

Improve Space Utilisation

- Disciplined range review process
- Optimise in-store layout
- Add / expand categories

Reduce CODB, Lift Productivity

- Reduce non-value adding tasks
- System investment
- Ongoing supply chain enhancements

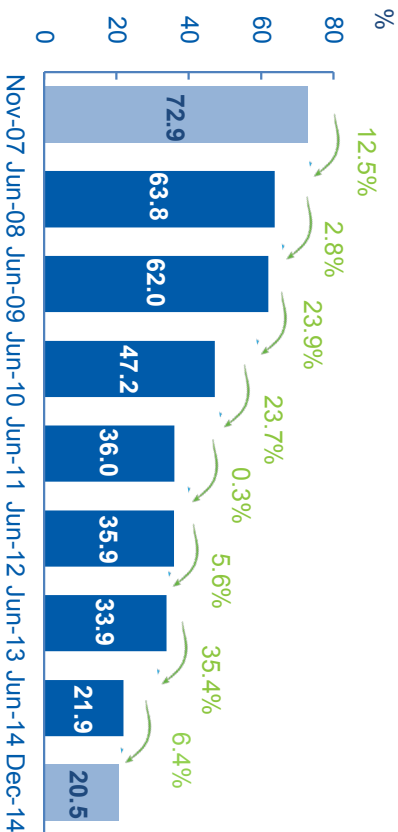
Refresh / Reshape the Store Network

- Ongoing investment in layout & design
- Disciplined store assessment
- Opportunistic reach extension



Sustainability agenda

Safety (AIFR)



Ethical sourcing

- Committed to highest sourcing standards
- Sedex¹ membership for international & local suppliers – good progress being made

¹ Supplier Ethical Data Exchange.
Home Improvement & Office Supplies

Environment

- Five million ink & toner cartridges re-cycled to-date
- Retro-fitting LED lighting in stores continues
- Computer equipment recycling program
- National Recycling Week 2014 sponsor

Community Partnerships

- Smith Family Learning for Life program
- Australian Literacy & Numeracy Foundation
- National & local - 'We live here too'



Trading update

- Q315 headline sales growth of 9.0% & 8.2% YTD
 - Record 'Back-to-School' results
 - Strong sales growth in stores & online
 - » Annualised online sales c. \$220 million
- 1H15 EBIT growth of 19.0%, 1H15 ROC uplift of ~180bp on pcg (growth of 20.7%)
- Ongoing 'Every Channel' investment
 - Five new stores opened YTD
 - Merchandise Expansion Program II complete
 - System investment (website enhancements, order management)



Outlook

- Continue focus on
 - Disciplined execution of strategic agenda
 - Sales, EBIT & ROC growth underpinned by productivity & CODB improvements
 - Developing & delivering growth initiatives to improve the customer offer & enhance shareholder returns
- Variable trading conditions to continue
 - Business confidence expected to remain subdued
 - Competitive pressure expected to remain strong



Questions

Mark Ward
Managing Director, Officeworks



Agenda

1. Officeworks

Mark Ward



2. Bunnings

John Gillam & P J Davis



3. Q&A





Long-term value creation

LOWEST PRICES. WIDEST RANGE. BEST SERVICE.



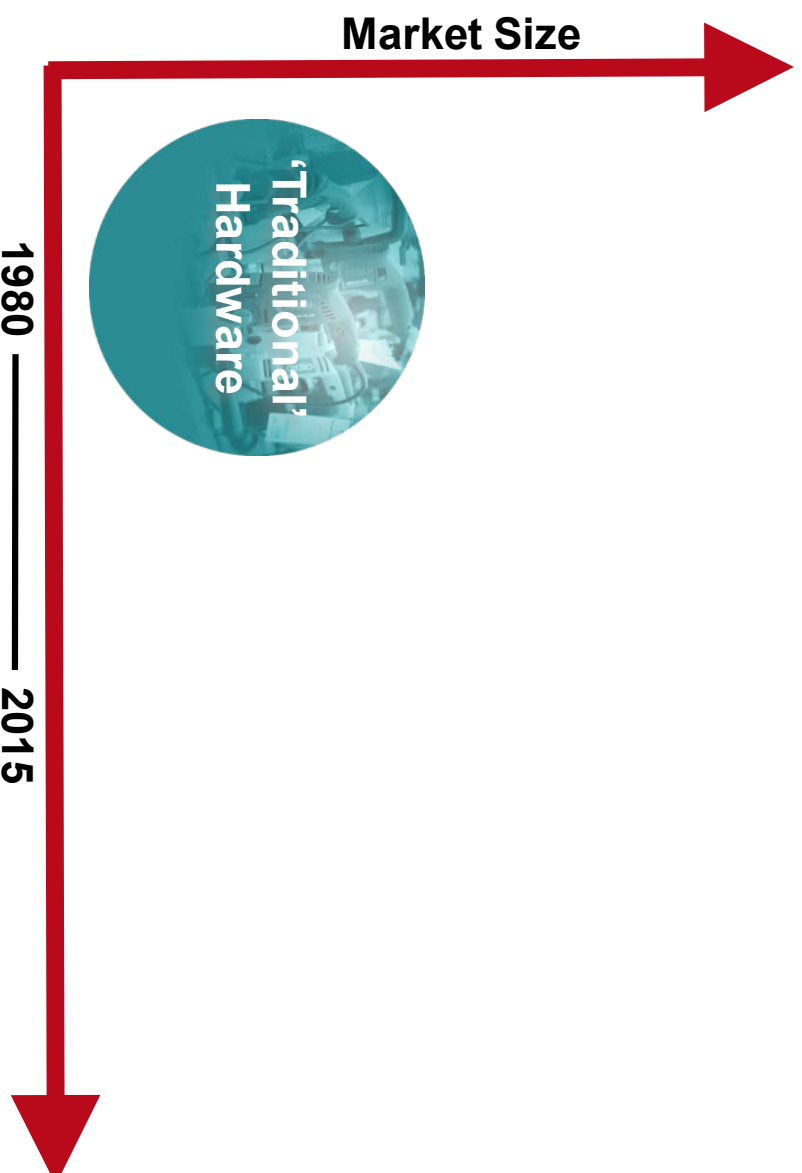
Long-term value creation

1. **A winning offer to customers**
2. **An engaged, focused & committed team**
3. **Business behaviour that builds trust**
4. **Sustainable satisfactory shareholder returns**



Market evolution

Addressable market expanded by evolution & innovation



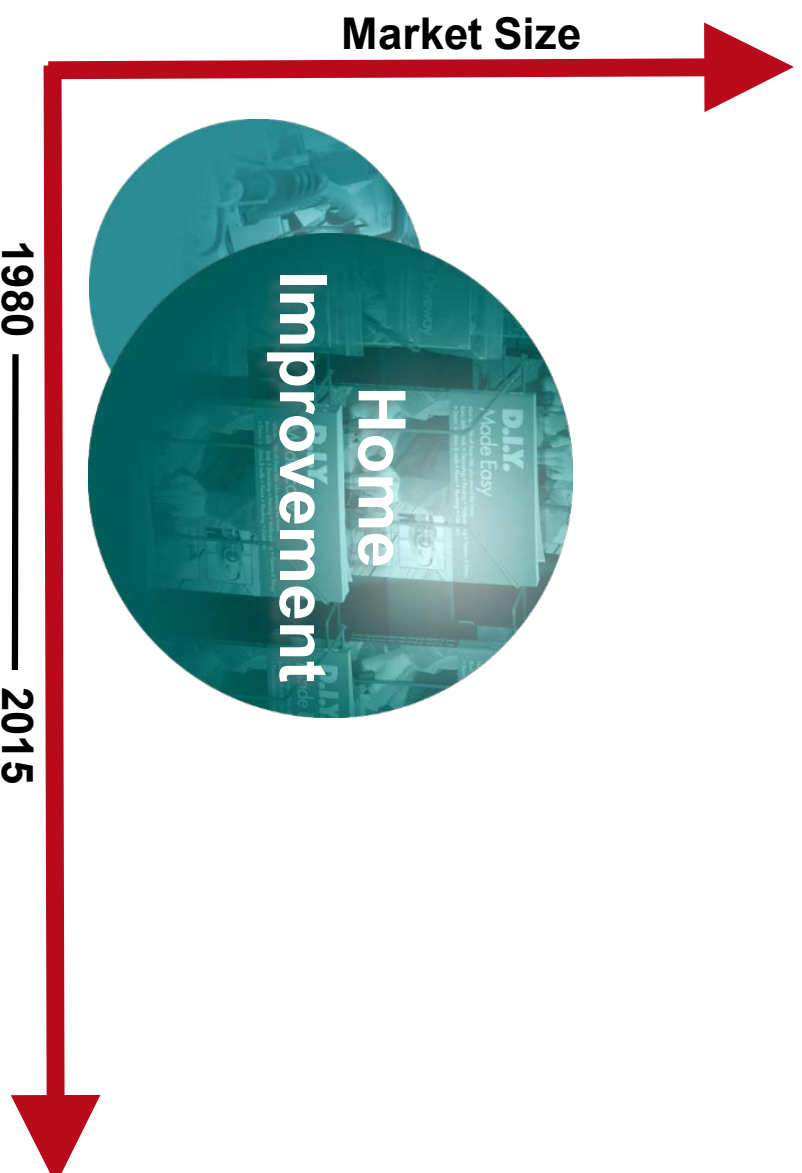
Bunnings' focus:

- Grow the market
- Grow our share



Market evolution

Addressable market expanded by evolution & innovation



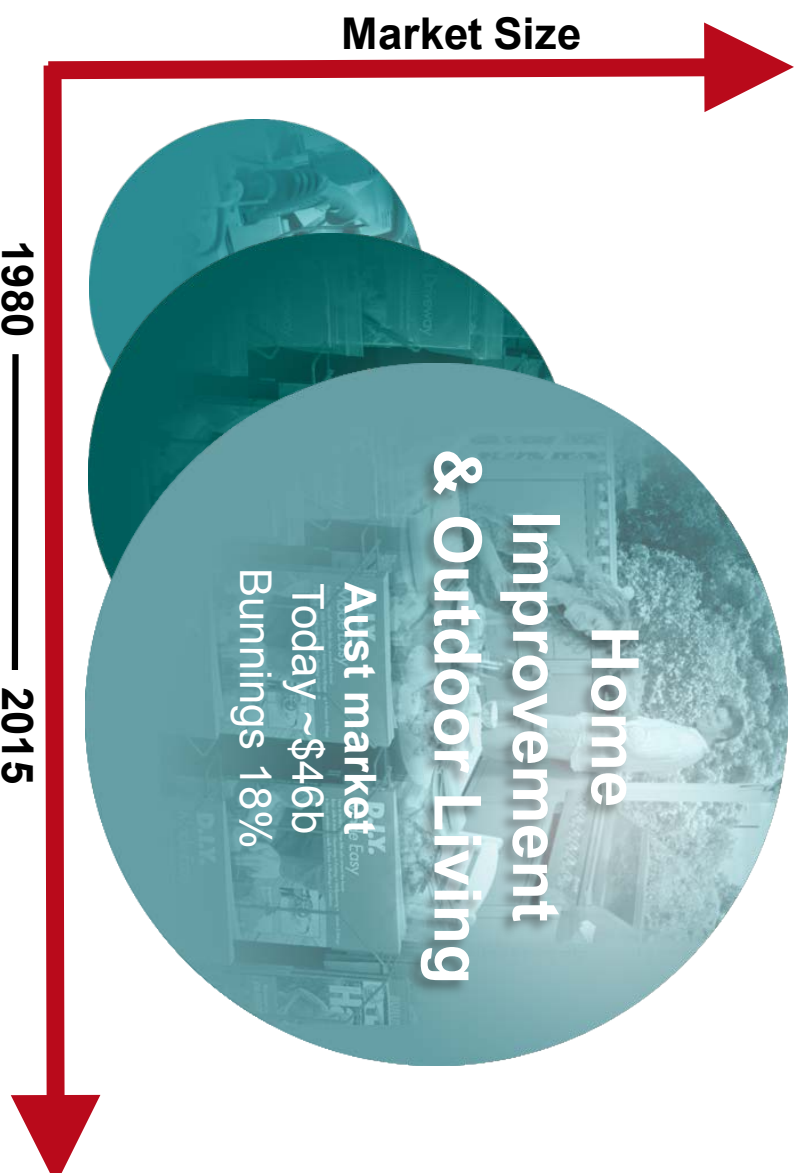
Bunnings' focus:

- Grow the market
- Grow our share



Market evolution

Addressable market expanded by evolution & innovation



Home Improvement & Office Supplies

- Bunnings' focus:**
- Grow the market
 - Grow our share



Market evolution

Addressable market expanded by evolution & innovation



Wider market opportunities

Addressable market expanded by evolution, innovation & opportunities to sell into every other market where HIOL products are used



Market evolution

Addressable market wider than just home improvement & outdoor living



toilets in every building



light fittings everywhere



ply for formwork & hoarding



line trimmers for grounds work everywhere

*most products used
in and around homes &
gardens have much
wider everyday use in
every building,
structure & grounds
used for repairs, refits,
maintenance,
construction &
business operations*



H1OL market structure & drivers



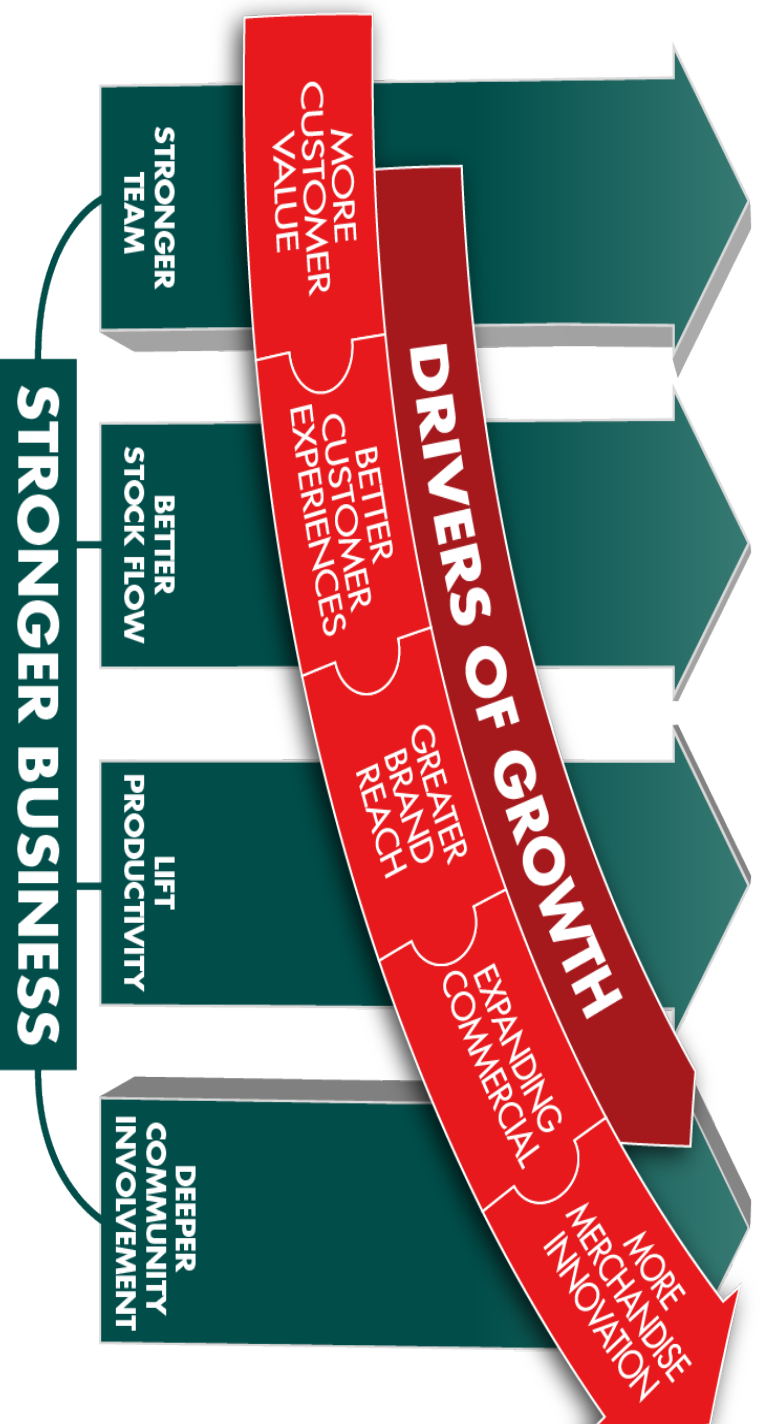
Home Improvement & Office Supplies

Multiple Drivers	Varied Formats
<ul style="list-style-type: none"> Household disposable income Renovation activity Housing – churn, value & formation Weather Lifestyle / demographic trends Government activity Technology 	<p>nb: online activity prevalent in all formats</p> <ol style="list-style-type: none"> Category specialists Hard goods mass merchants Traditional hardware Suppliers direct-to-market DDS & supermarkets H1OL category killer





Strategic agenda



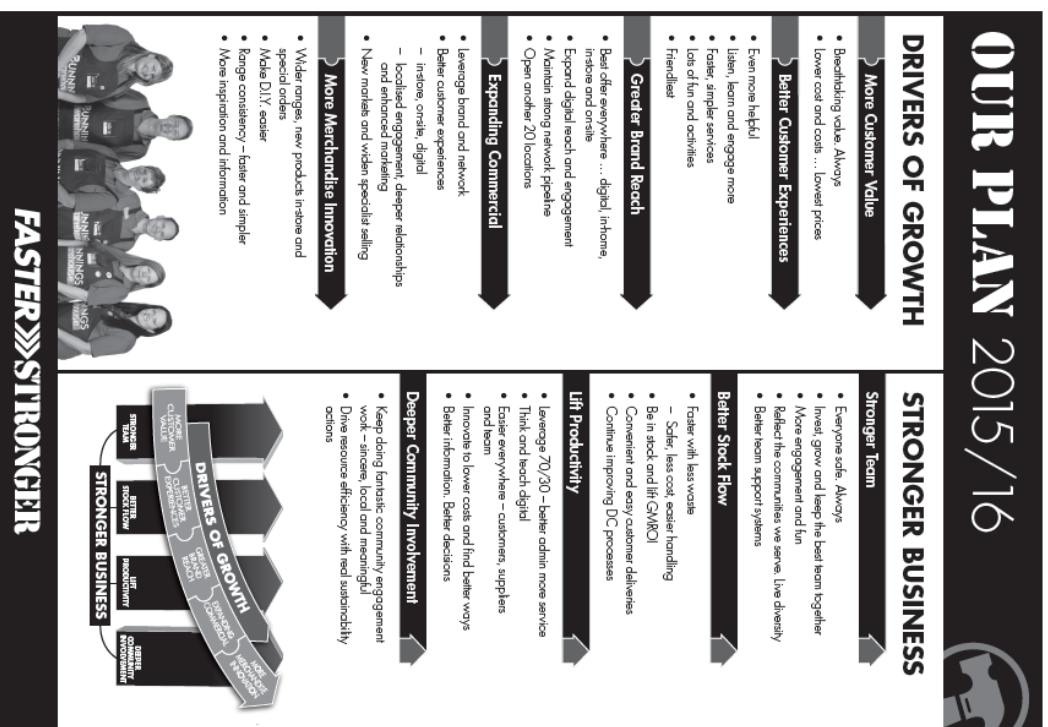
Strategic agenda

Our strategic agenda is a framework to:

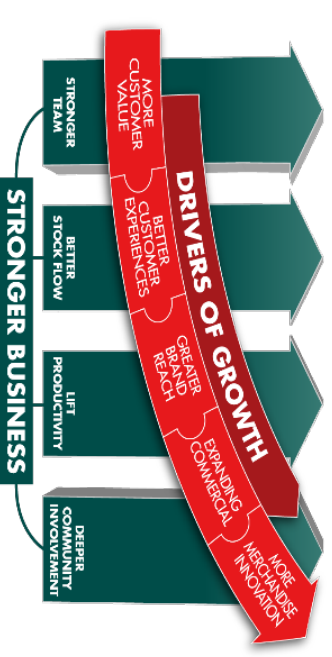
- Focus on customers, team & community
- Grow the market
- Grow our share of the market
- Create long-term shareholder value



Strategic agenda – detailed actions for each element

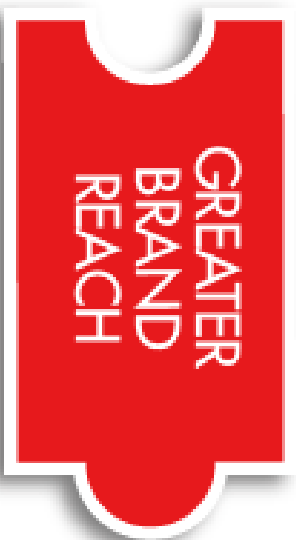


*conscious choices
across all activities
giving customers
the best offer*



Today's presentation

Focus on two of our five growth drivers



Good growth expected from the “value”, “service” & “commercial” drivers

All nine work areas in our strategic agenda are critical to long term success

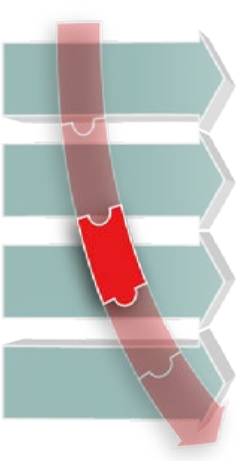


Greater brand reach

Three elements to brand reach

1. Widening our digital eco-system
2. Expanding our physical network
3. More in-home services

We are accelerating all activities



Greater brand reach – digital

Deeper customer engagement & involvement

- pre & post-shop + services
- online + in home + on site + in store
- across multiple dimensions

Expanded capability

- more consumer
- more commercial

Pathway to complementary adjacencies



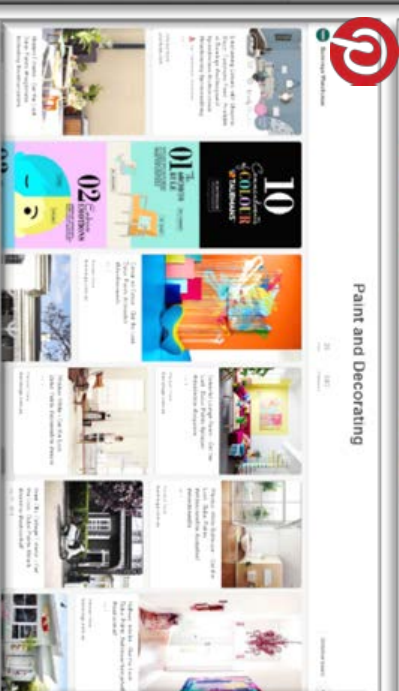
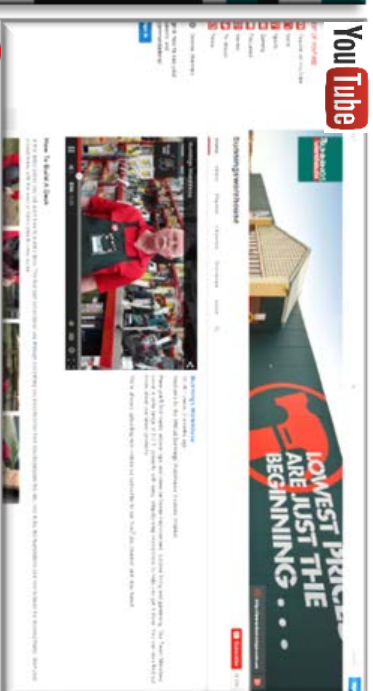
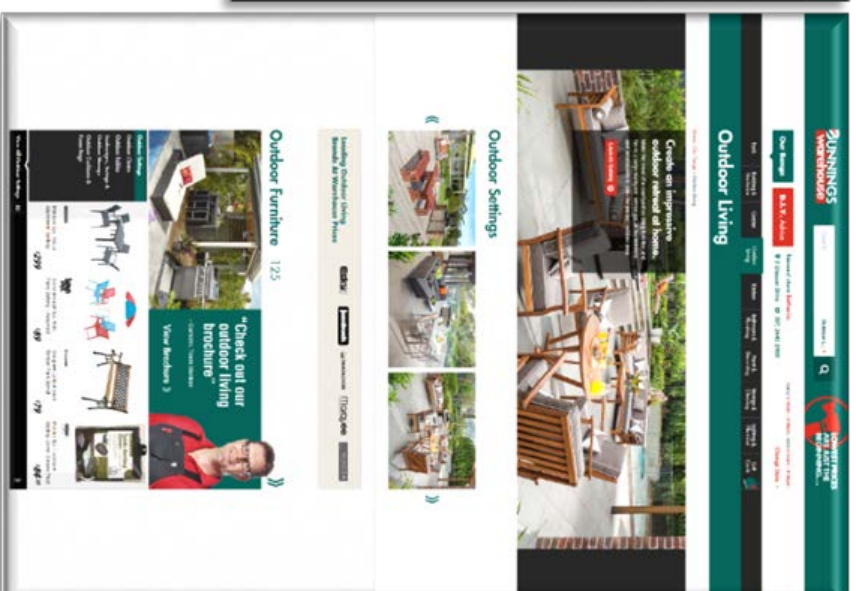
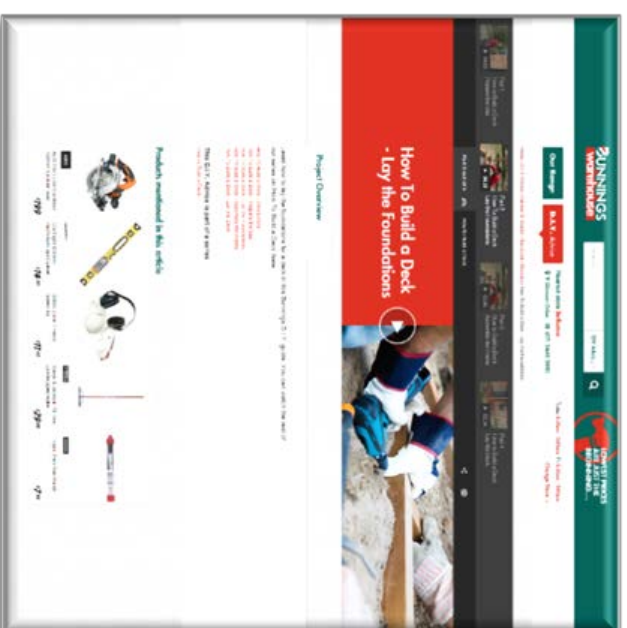
“Research online, purchase offline”
dominant in home improvement &
outdoor living market



Greater brand reach – digital

Widening our digital ecosystem branded & social

Product & project knowledge, how to, inspiration, engagement



Home Improvement & Office Supplies

Greater brand reach – digital

Widening our digital ecosystem **supplier & media partnerships**

Supplier partnerships product & project knowledge, how to, inspiration, engagement



Media partnerships inspiration, engagement



Home Improvement & Office Supplies

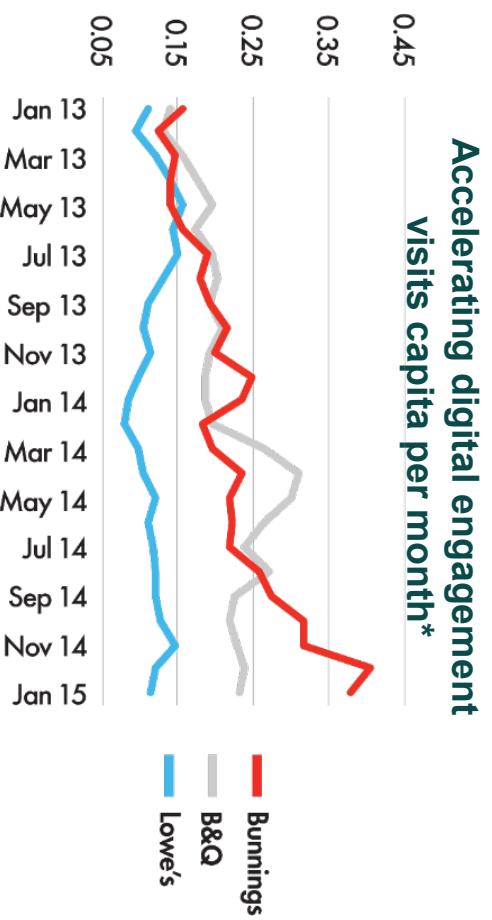


Greater brand reach – digital

Market leading customer engagement & involvement

Leveraging eco-system capability

Accelerating all digital activities



*source Experian Hitwise, Aust, UK, US

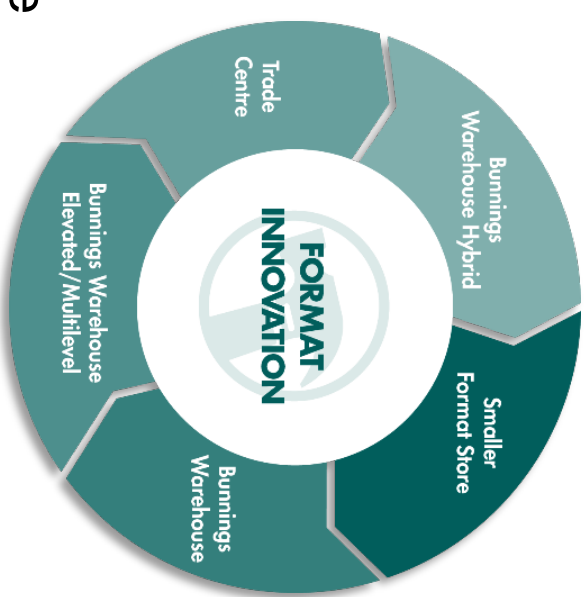
Home Improvement & Office Supplies



Greater brand reach – physical

Expanding our physical network

- Leverage total market capability
- Excellence in every channel
- Highly flexible & innovative
- Constant format evolution
- Commercially disciplined; driving return on space



Greater brand reach – physical

Bunnings: smaller format



- heritage format “home centres”
- ~2,000m² to ~5,000m²
- regional & metro markets
- retail & commercial customers
- 66 in network (at 18 May 2015)
- opening 2 to 4 pa long term
- greenfield & acquisition



Greater brand reach – physical

Bunnings Warehouse



- large format; highly flexible
- cornerstone brand
- ~5,000m² to ~20,000m²
- retail & commercial customers
- 232 in network (at 18 May 2015)
- open 15 to 18 in FY16 & FY17
- open 10 to 14 pa long term
- constant innovation & evolution

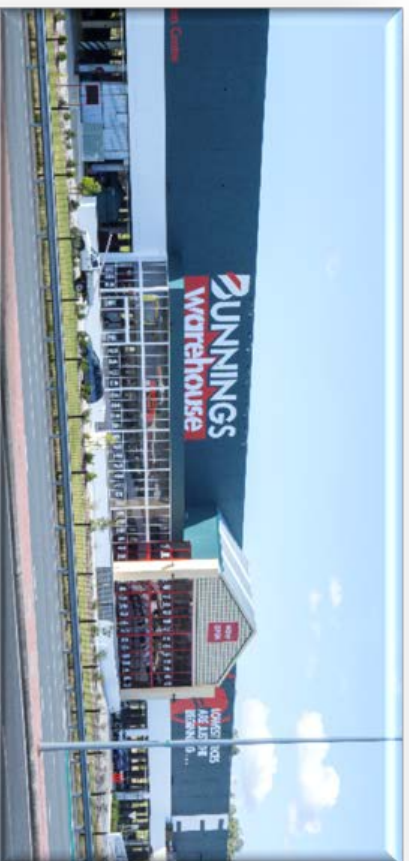


Greater brand reach – physical

Bunnings Warehouse: multilevel & elevated



- format adaptability supports growth
- innovating unlocks market opportunities – inner-urban & tightly held suburban
- achieves strong customer outcomes
- can combine store with other property elements



Home Improvement & Office Supplies



Greater brand reach – physical

Bunnings Trade Centres



- specialised 'DIFOT' format
- commercial customers
- narrow & deep ranging
- lowest operating cost
- 32 in network (at 18 May 2015)
- open ~2 pa long term



Greater brand reach – physical

Bunnings Warehouse: hybrid sites

Incorporating key elements of trade centres into selected large Bunnings Warehouses



- leverage cost & working capital
- strong outcomes for consumer & commercial customers
- locations highly site specific – ideal for regional
- 10 in network at May 2015



Greater brand reach – physical

Expanding our physical network

Leveraging our total market capability

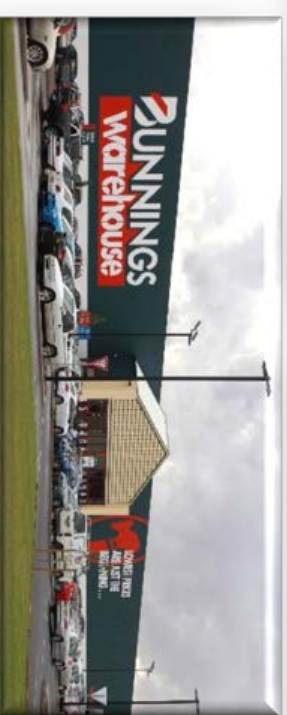
Strong network investment continues

- best store in market
- current pipeline 70+ new sites
- targeted into existing stores

Driving return on space

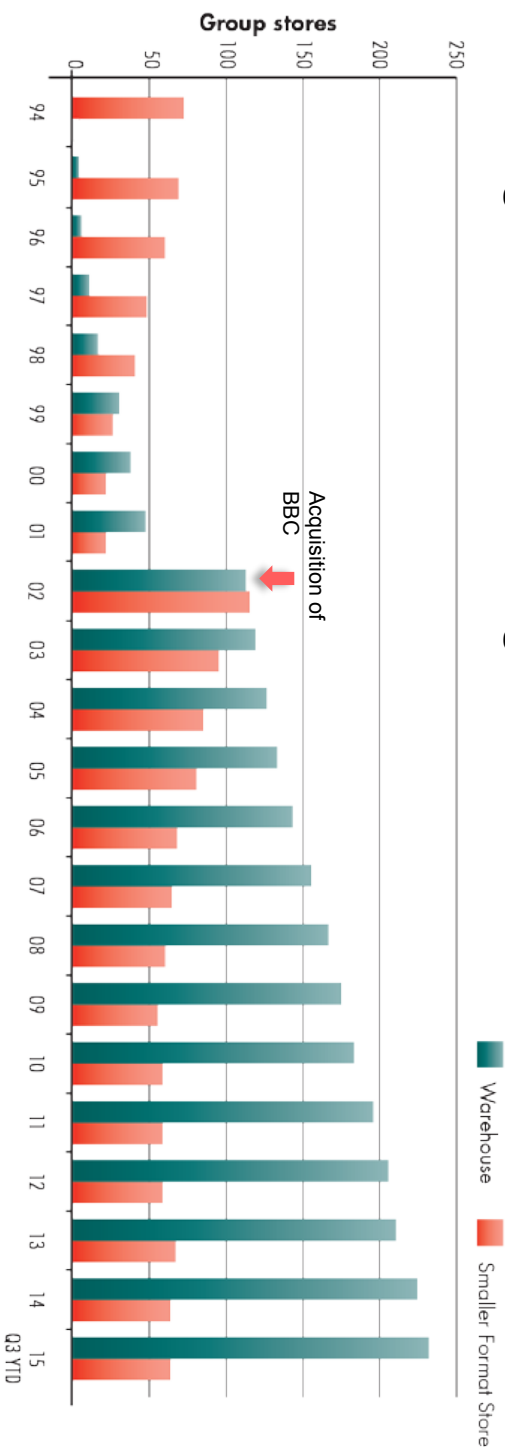
Constant format innovation & evolution

- unlocks market opportunities
- supports merchandising growth



Greater brand reach – physical

Investing To Deliver A Winning Customer Offer



10 year network investment view; openings, replacements & expansions

	Open at 1 July 2004	Opened	Closed to upgrade network	Open at 18 May 2015	Expanded
Bunnings Warehouse	125	136	(29)	232	22
Bunnings smaller formats	85	41	(60)	66	2
Bunnings Trade Centres	1	51	(20)	32	-

*strong financial
disciplines
underpin all
network
investment
decisions*



Today's presentation

Focus on two of our five growth drivers



More merchandise innovation

Evolution & innovation creates growth

- New products & range expansions
- Create, leverage & respond to major trends
 - lifestyle, environment, technology, demographical & economical
- Innovation in DIY products & projects
- Grow market & grow share
- Core merchandising team capability
- Brands drive new product pipeline “life blood”



Leveraging the world's leading & Australia's best brands



More merchandise innovation

Growth examples from the past 24 months



Grow your own new products, new markets



Lighting



Household technology



Li-ion power & “skins”

Home Improvement & Office Supplies



Playgrounds



Ladders & work platforms



More merchandise innovation

Strong long-term opportunities for sector growth

Mega Trends

- Population growth & urbanisation
- Sustainability & energy efficiency
- Ageing population & independent living needs
- Technology: automation & intelligence for homes & gardens
- Continual innovation across the whole spectrum of HIOL

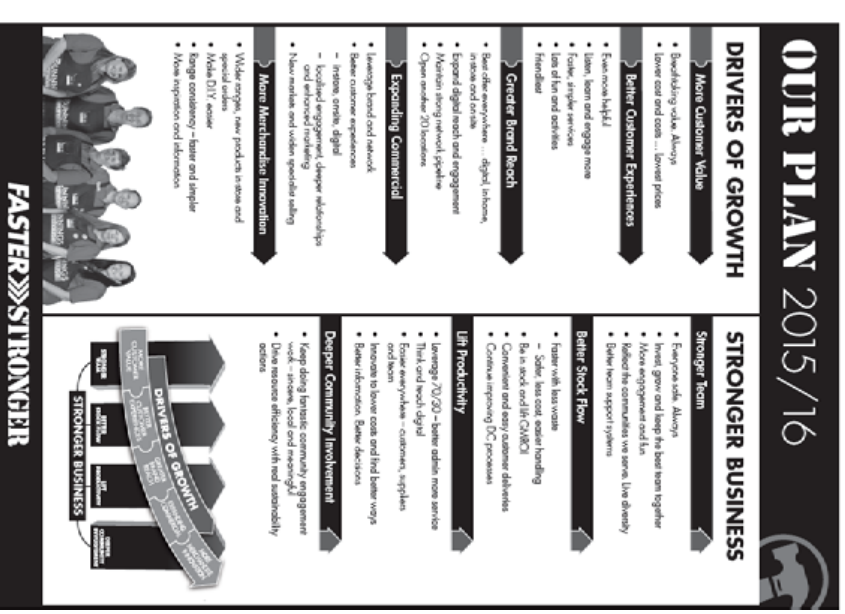
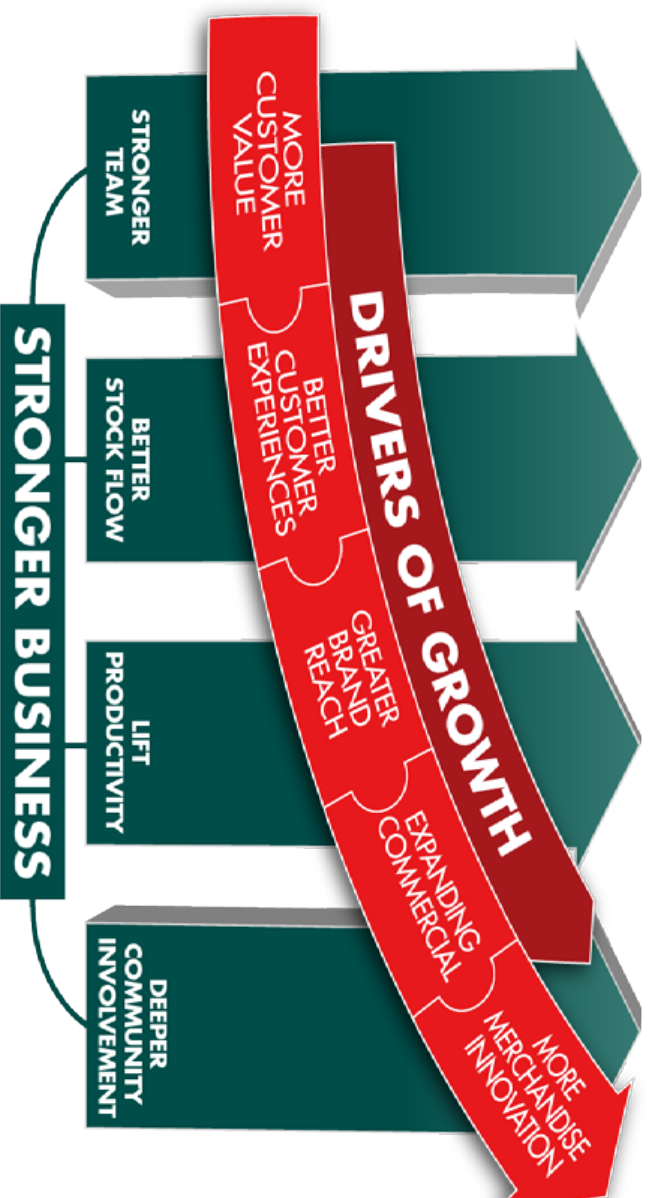
Positioned for Growth

- Partnerships with world's best & Australia's leading brands
 - innovation capabilities highly valued
- Strong customer loyalty & brand trust
- Create, leverage & respond to major trends with new products & new applications
- Capacity to exploit every opportunity in physical network & digital eco-system
- Access to innovation across the whole spectrum of HIOL



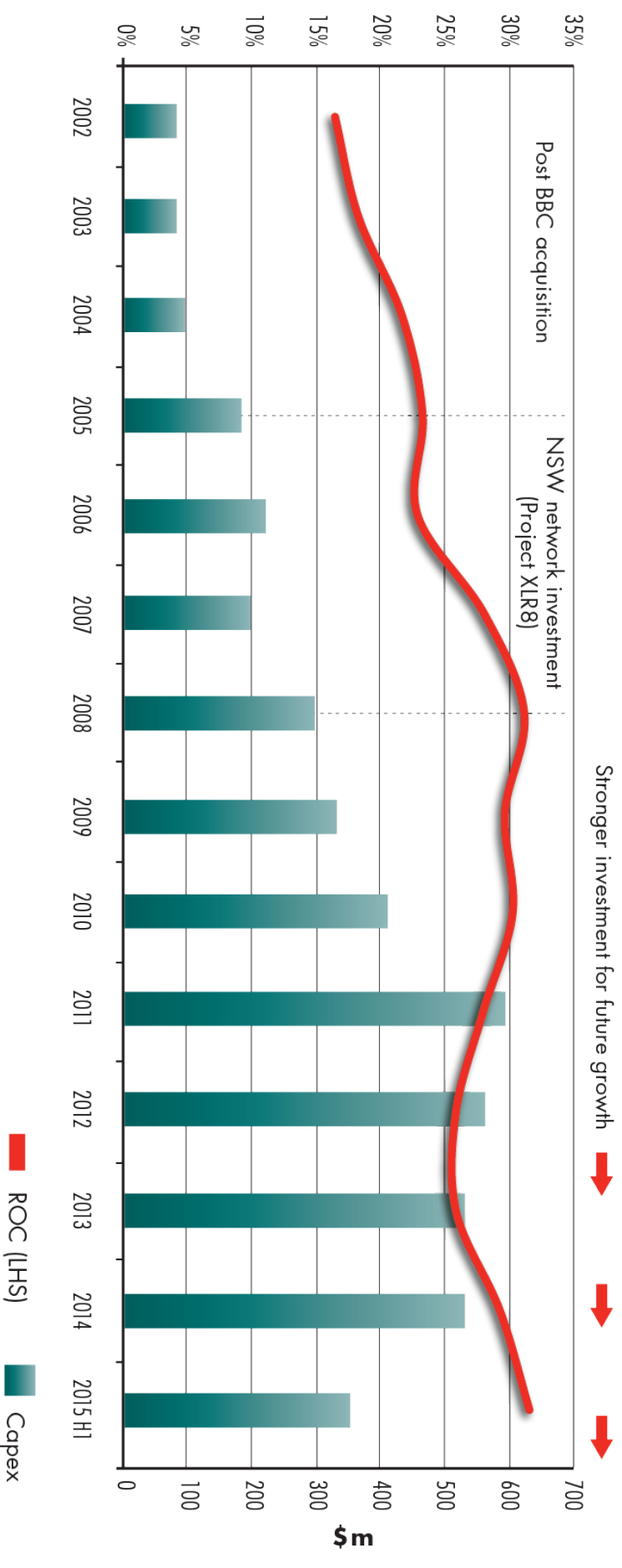


Strategic agenda



Achieving long-term growth & sustainable returns

Investing for growth acquisition & organic Delivering market leading returns



Positioned for continued growth

Strong trading momentum

- growing participation levels
- all categories & all regions
- consumer & commercial

Investing for long-term growth

- “winning offer” from all growth drivers: value, service, brand reach, commercial & merchandising

Focus on the best long-term outcomes

More gains from productivity & capital management work



Positioned for continued growth

Lots of runway in +\$46b Australian market

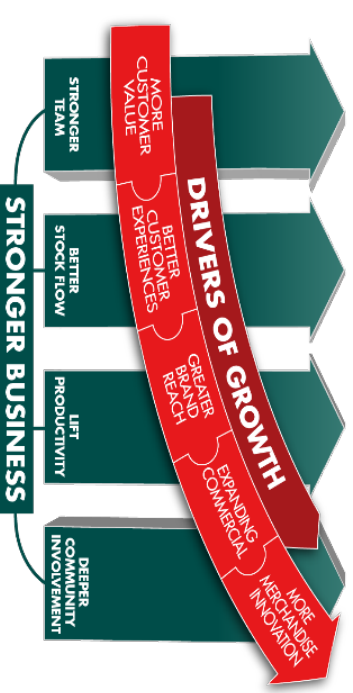
- by 2019 ~1.5 million households have >20 mins drive to a Bunnings store
- similar opportunities in New Zealand

Strong customer loyalty & brand trust

Team members engaged, focused, committed & energised

“Drivers of growth” generating & capitalising on multiple opportunities

“Stronger business” agenda underpins growth & business health



“Most trusted”
9 consecutive years



Questions

John Gillam, Managing Director
PJ Davis, Chief Operating Officer
Home Improvement & Office Supplies



Kmart

Guy Russo

Managing Director



Agenda

1. Results
2. Recent achievements
3. Growth strategy
4. Volume retailer
5. Operational excellence
6. Adaptable stores
7. High performing culture
8. Store network
9. Outlook



OUR VISION



Results

- Strong financial performance
 - Significant earnings growth (five year EBIT CAGR of 27.4% to 30 June 2014)
 - Strong improvement in Return on Capital (29.0% at 31 December 2014, up from 7.4% at 30 June 2009)
 - Significant growth in customers & units sold





Recent achievements

- Enhanced range architecture
 - Greater value for customers
- Further improvements in working capital management
- Increased end-to-end efficiencies
 - Focus on in-store efficiency & supply chain efficiency
- Refurbishment program
 - Lower levels of disruption
 - Shorter time on site
 - Reduced fit out cost
- Strong new store pipeline

Growth strategy – continued focus



Volume retailer

- Commitment to lowest prices
- Expansion of growth categories
- Enhance range architecture
- Grow online
- More frequent communication



Operational excellence

- Safety
- Improve end-to-end operational execution
- Reduce CODB
- Sourcing ethically
- Right products going to the right stores at the right time
- Enhanced promotional alignment

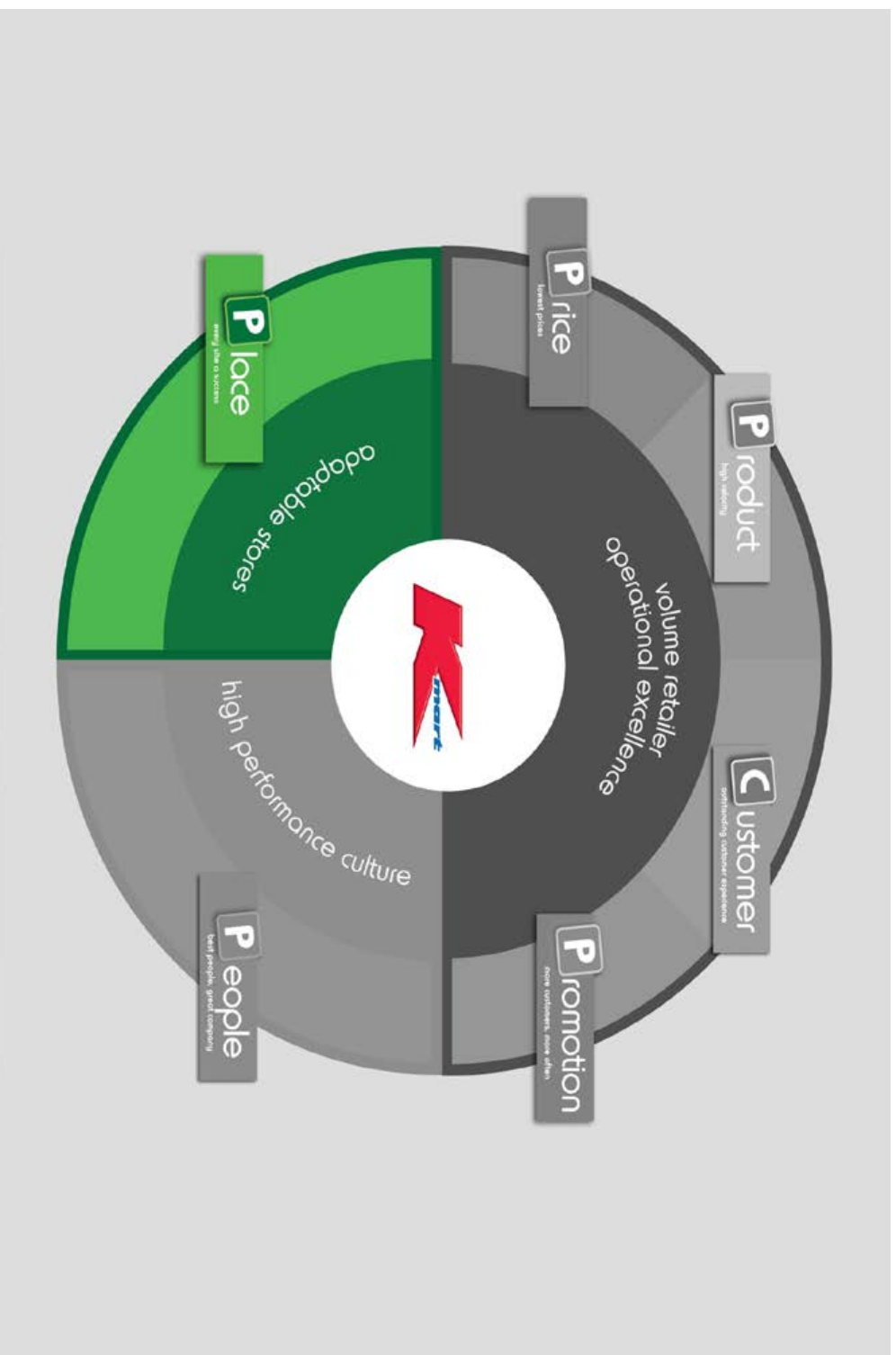


TVCS



Kmart

Adaptable stores



Kmart's new store concept - the three worlds

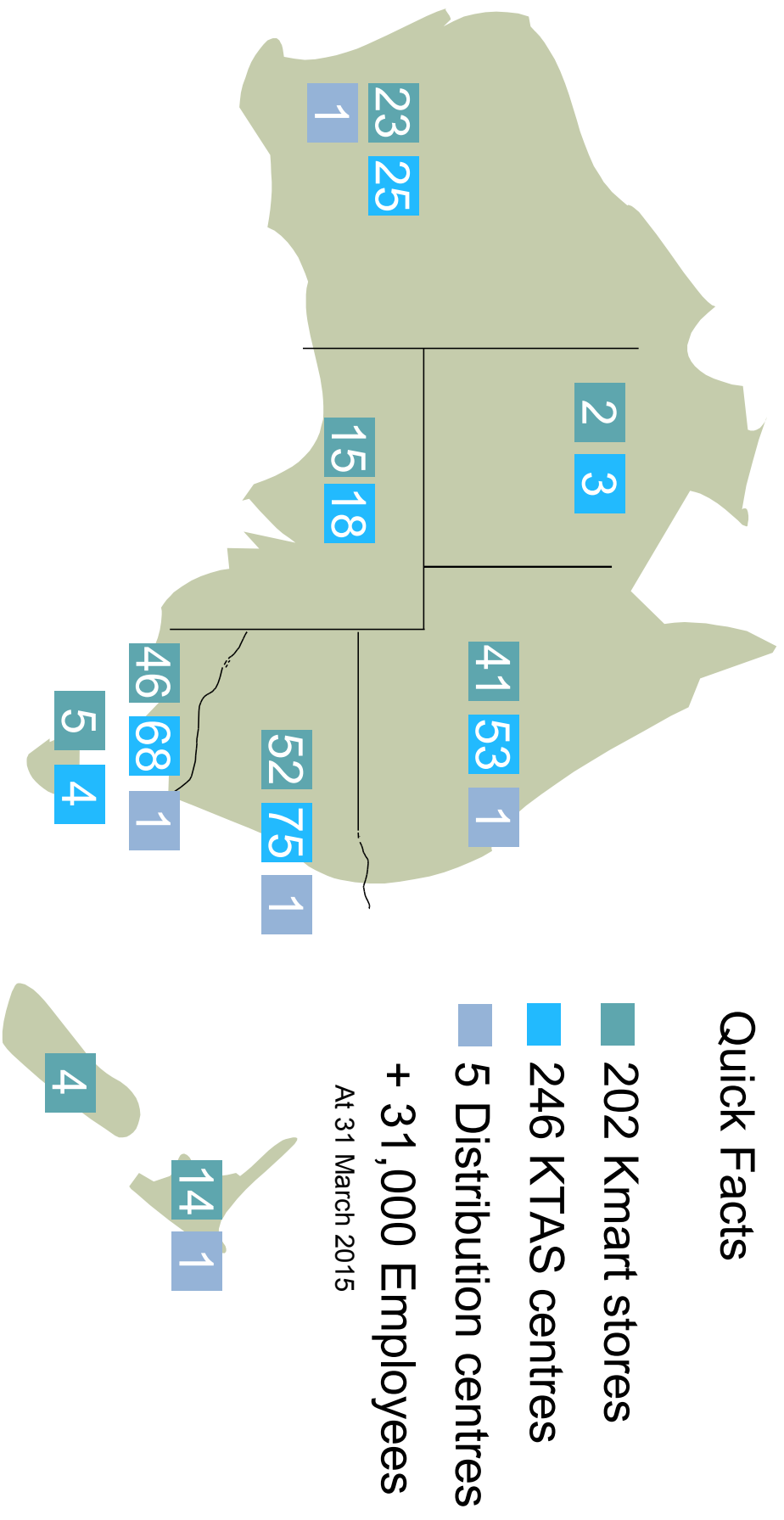


Store network

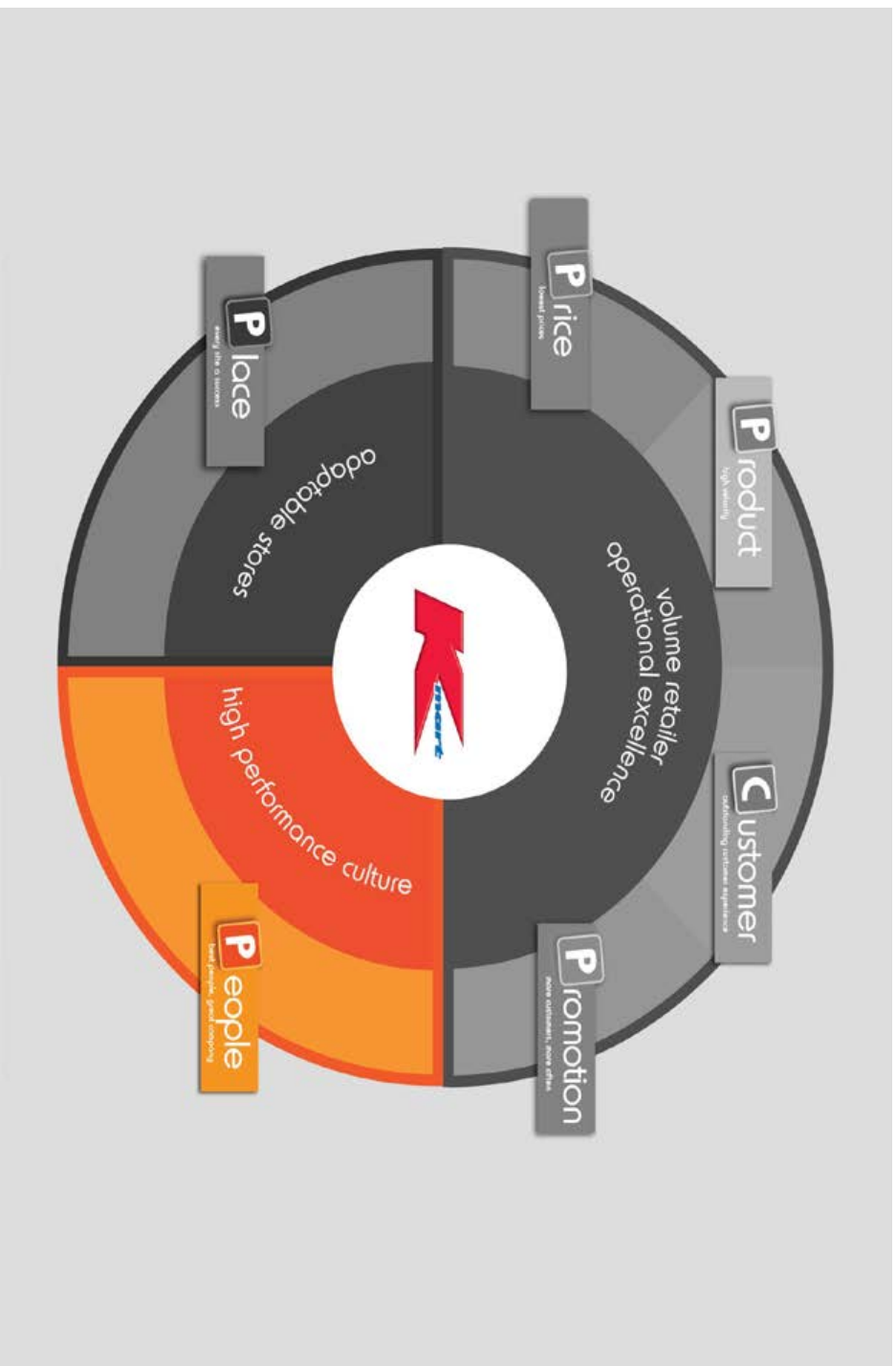
- More new stores
 - Open 35 over four years
- Continue the store refurbishment program
 - Approximately 40 stores per year renewed in the new format



Kmart today



High performing culture



Kmart's values & UGRs

- Deliver results
- Integrity
- Customers come first
- Teamwork
- Boldness



UGRs are the Unwritten Ground Rules that guide
BEHAVIOURS at work & ensure team members are all living
the Kmart VALUES everyday

Building a sustainable business

- Sustainability strategy developed following extensive engagement with key stakeholders (suppliers, landlords, industry experts, NGOs, analysts, media, team members & customers)
- Sustainability strategy focused on:
 1. Sourcing ethically – factory transparency & safe work conditions
 2. Community
 3. Environment
 4. Product quality & safety
 5. Health & wellbeing
 6. Team member development



Our local & global community network

Australia



**MISSION
AUSTRALIA**



Global



China

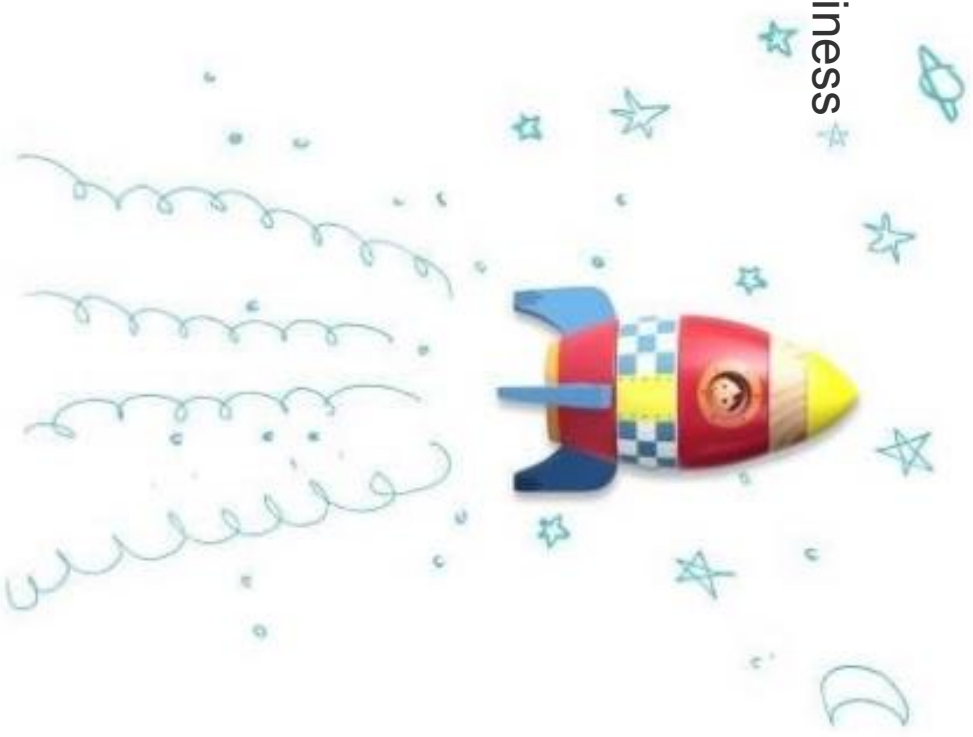
India

Bangladesh

New Zealand

Outlook

- Continue to lead on price
- Improve end-to-end efficiencies across the business
- Continue to invest in price
- Enhance range architecture
- Open more stores
- Continue refurbishment program
- Develop & enhance online offer
- Continue to prioritise safety



Thank you - Irresistible clip



Questions

Guy Russo
Managing Director



Target

Stuart Machin
Managing Director



Great quality.
New lower prices.
Every day.



AGENDA

- Our strategy – a reminder
- Progress on legacy issues
- Our business today
- Our transformation plan
- Our competitive advantage



OUR PURPOSE, MISSION & STRATEGY

Purpose

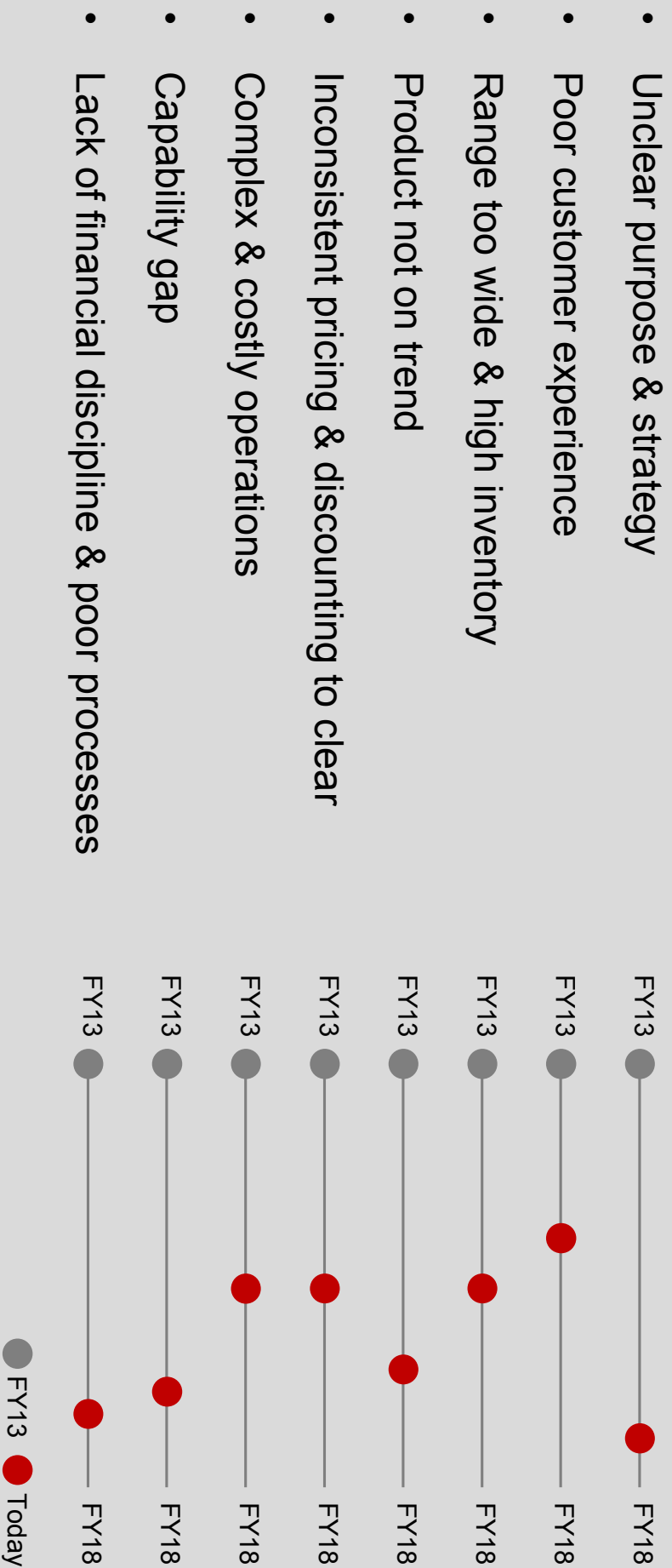
To make fashion, style and quality affordable for the whole family

Mission

Become a multi-channel retailer delivering satisfactory returns to shareholders



PROGRESS ON LEGACY ISSUES



PROGRESS ON LEGACY ISSUES



17pt

improvement in
customer
satisfaction

27%

reduction in
SKUs

8pt

improvement
in style
perception

12pt

increase in
direct
sourcing

75%

of sales now
'first price,
right price'

10%

reduction
in costs of
doing business

Source: management data comparing to FY13.

Target

TODAY'S TRADING



3%

growth in
customer transactions

4%

growth in
units sold

6%

reduction in
average selling prices

CHALLENGE: VOLUME GROWTH

Source: management data comparing to FY14.

OUR BUSINESS TODAY



75%

of our customers are
women aged 25-54

60%

of Australians shop
in Target every year

#1

for women's
underwear & sleepwear

#1

for bed linen
& towels

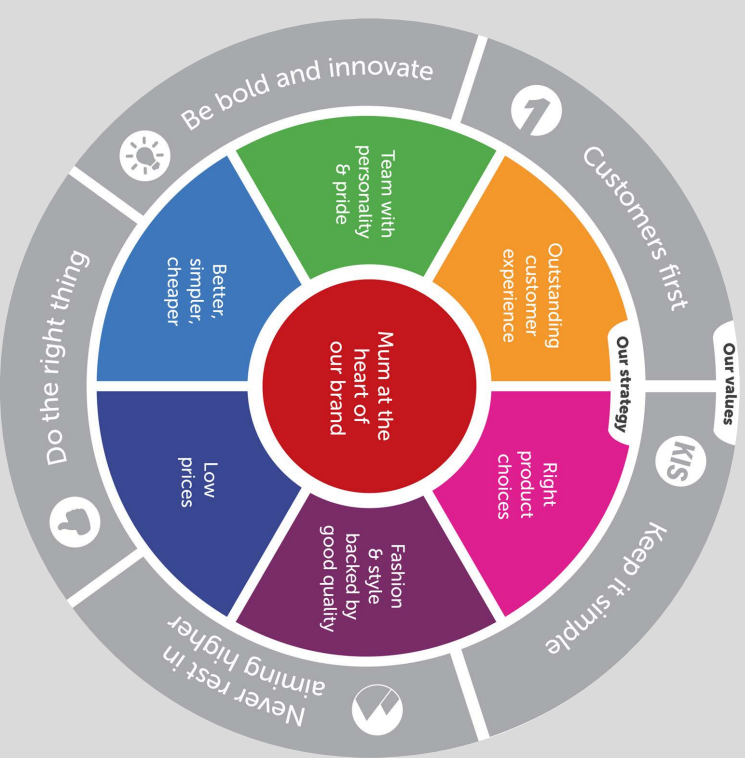
#1

for children's
clothing & shoes

Source: Roy Morgan, ABS, management data.

OUR TRANSFORMATION PLAN

- Our plan is consistent
- Clearly defined horizons
- Values core to our way of working
- Mum remains at the heart





TRANSFORMATION PLAN HORIZONS

Fixing the basics (FY14-15)

Outstanding customer experience

- Improve availability
- Enhance online functionality
- Improve service & refresh stores

Right product choices

- Reduce SKUs

Fashion & style backed by good quality

- Refresh in-house design & trend

Low prices

- Restructure sourcing team & consolidate supplier base

Better, simpler, cheaper

- Simplify store rostering model
- Rationalise supply chain network
- Optimise support structure

Team with personality & pride

- Top team & structure for transformation in place
- Embed new values & performance management

Horizon end: 30 June 2015

Growth & efficiency (FY16-17)

- Maximise SKUs on replenishment
- Roll-out renewal program

- Right range in the right store

- Shorter lead times
- Consistent fit & quality

- Reinvest sourcing benefits in price

- Realise benefits of investment in systems & processes

- Recruitment, development & performance aligned to values

Horizon end: 30 June 2017

The Target difference (FY18)

- Integrated 'bricks & clicks'
- Differentiated store format
- Outstanding customer service

- Edited ranges

- On-trend & known for fashion & style backed by good quality

- Amazing low prices for the fashion & quality provided

- Lean, flexible & sustainable operations

- Our values are embedded, driving a high performance culture that has transformed our business

Target

OUTSTANDING CUSTOMER EXPERIENCE

- Availability our customers want
- Integrated bricks & clicks
- Engaging & personalised experience
- Accessible throughout Australia



AVAILABILITY OUR CUSTOMERS WANT

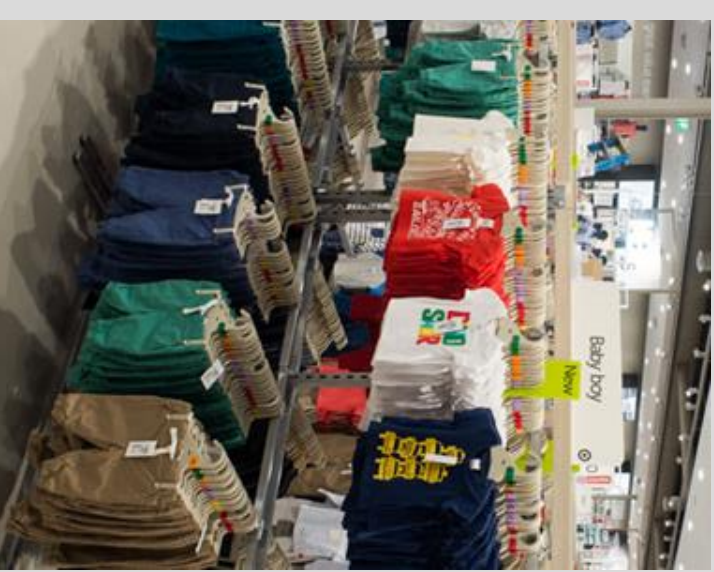


Progress so far

- Three regional replenishment centres opened on time & on budget in VIC, NSW & QLD
- Replenishment SKU availability increased to 84%
- Implementation of stock visibility & demand planning systems on track

Our plan

- Open fourth replenishment centre in WA
- Increase SKUs on replenishment
- Drive availability +85% during FY16



INTEGRATED BRICKS & CLICKS



Progress so far

- YTD sales growth +60%
- 55,000 SKUs on line & full catalogue offer
- New shipping options introduced
- In-store fulfillment pilot
- 42% increase in EDM database

Our plan

- Drive higher conversion, through better availability
- Successful transition to new automated DC & roll-out of in-store fulfillment
- Step-change customer experience on website & through app to drive frequency of shop



545,953 fans
1.4m weekly average reach



63,100 followers



9,885 followers



1,984 followers



1,154 subscribers

ENGAGING & PERSONALISED EXPERIENCE



Progress so far

- Six new stores opened in new format
- Three renewal stores also completed
- New format returns are stronger than the fleet average
- Retail Leaders training program launched

Our plan

- Refine store format
- Accelerate renewal program to deliver minimum of 20 stores annually
- Roll-out new POS system from Q2 FY16
- Improve customer loyalty through personalisation



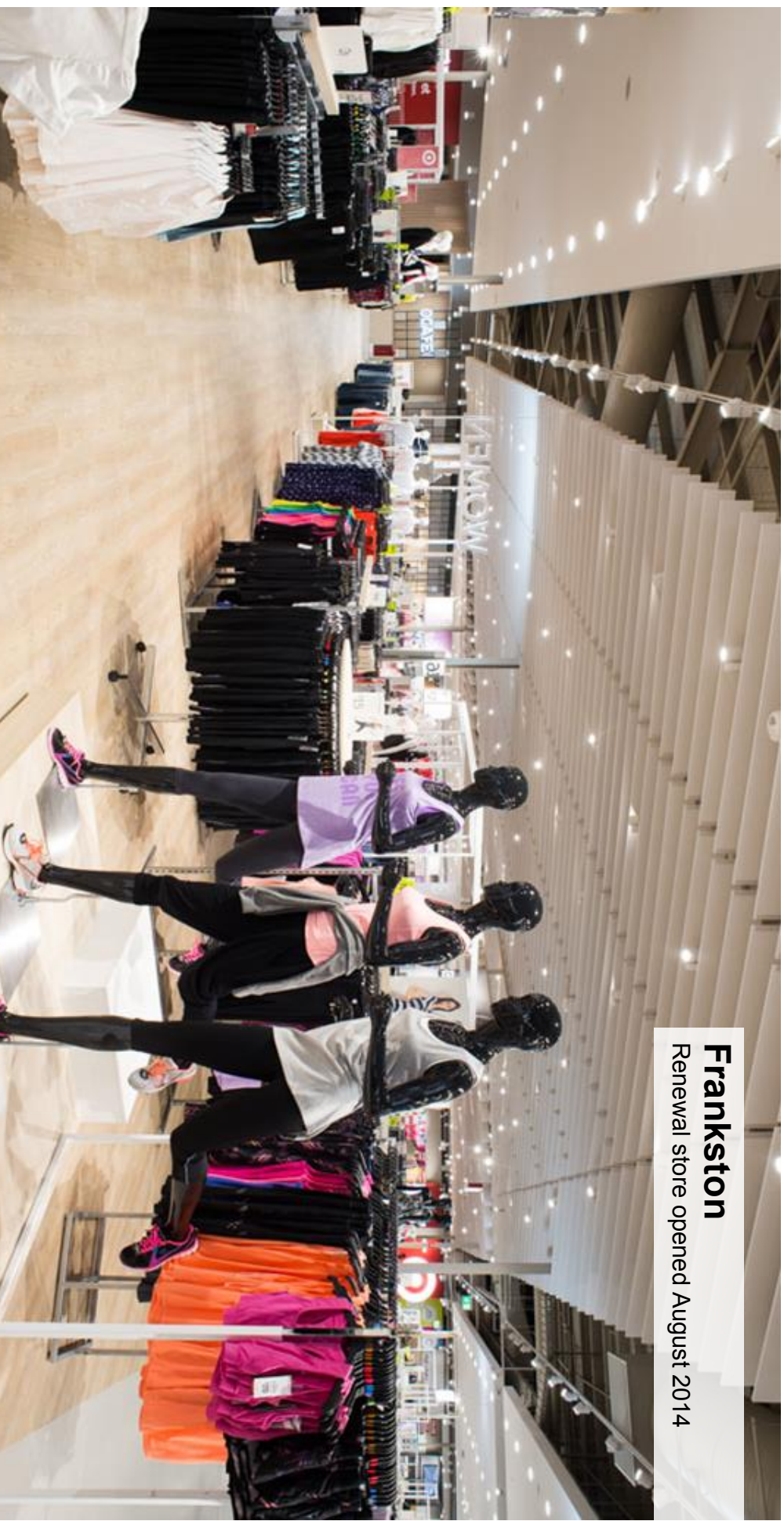


Frankston
Renewal store opened August 2014



Frankston

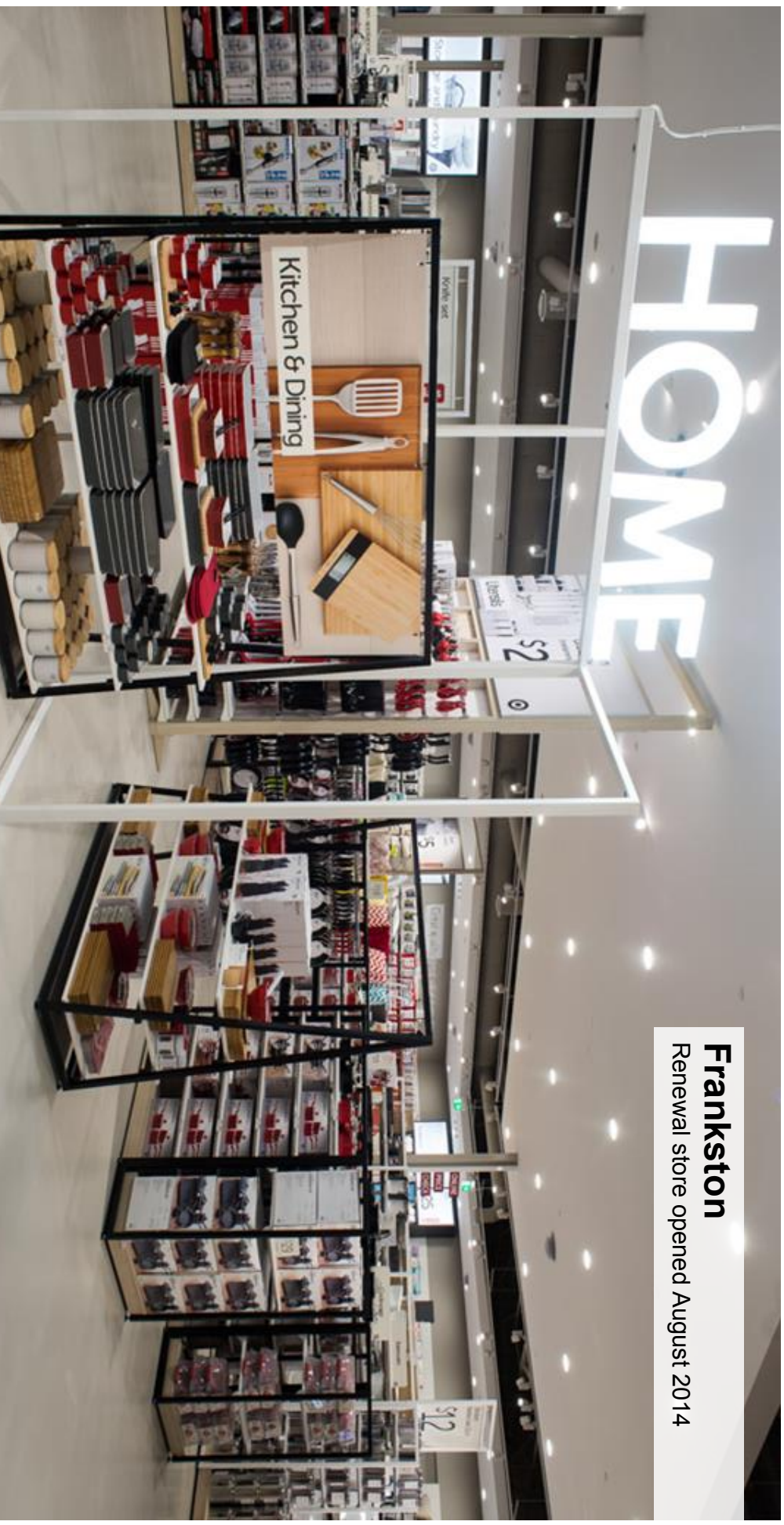
Renewal store opened August 2014



Frankston
Renewal store opened August 2014



Frankston
Renewal store opened August 2014



Frankston

Renewal store opened August 2014

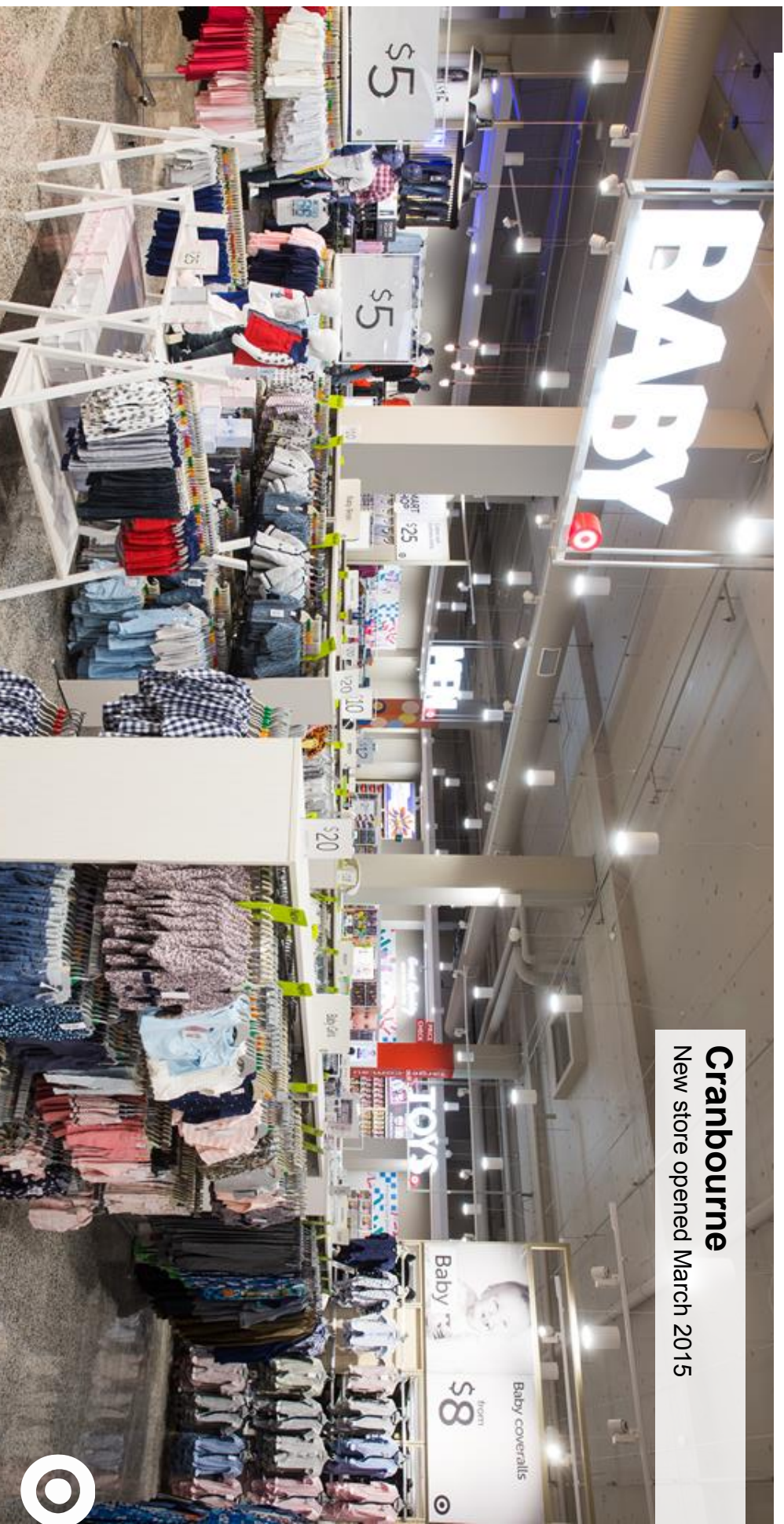


Mt Gravatt
New store opened September 2014



Success

New store opened October 2014



Cranbourne
New store opened March 2015

Target

ACCESSIBLE THROUGHOUT AUSTRALIA



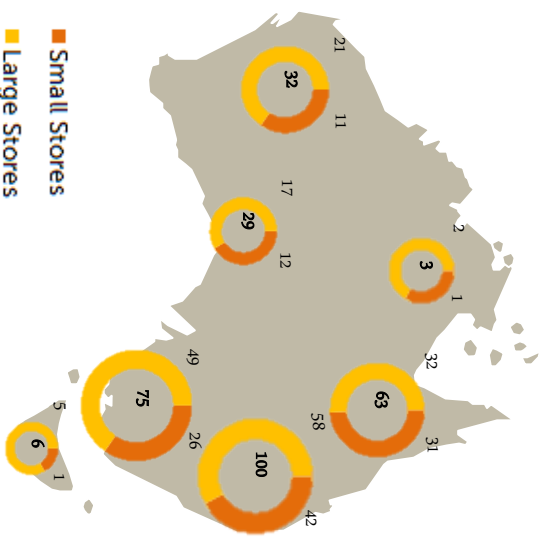
Progress so far

- 308 stores
- 10 stores opened
- 17 stores closed
- 30 leases renewed on favourable terms
- Capital plan aligned where appropriate to centre developments

Our plan

- Open profitable new stores in market gaps
- Optimal selling floor size of 5,500 sqm
- Continue to optimise small store network
- Close underperforming stores, where no market potential exists

Fleet today



RIGHT PRODUCT CHOICES

- Narrower range
- Improved sales density
- Adherence to critical path



NARROWER RANGE



Progress so far

- SKUs reduced by 27%
- Expansion of new ranges
- Reduction in underperforming & declining categories
- Reduction in seasonal stock weight

Our plan

- Further 13% reduction in SKUs during H1 FY16
- Create further space to expand new & innovative ranges
- Build more confidence in buying teams to back volume



IMPROVED SALES DENSITY



Progress so far

- New layouts piloted in Womens, Home & Childrens
- Greater emphasis on demonstrating value
- New store grading structure implemented

Our plan

- Roll-out best performing elements of pilots
- Continue to ensure new format stores perform above fleet average
- Improve commercial & merchandising skills of store managers



ADHERENCE TO CRITICAL PATH



Progress so far

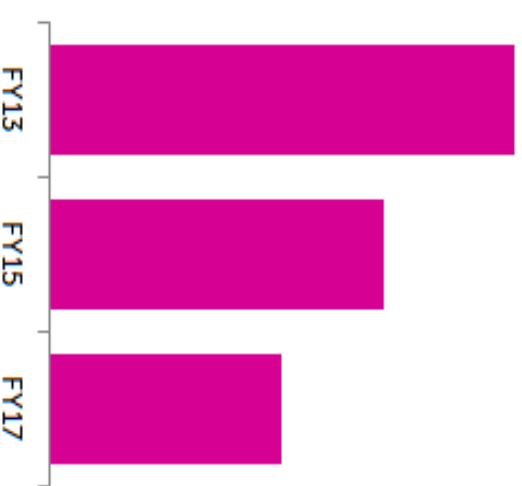
- Critical path implemented across all buying groups
- Childrens most advanced in implementation & shows in results
- 50 day reduction in lead time

Our plan

- Drive further 40 day improvement in lead time
- Expand vertical integration during FY16
- Increased focus on fabric consolidation

Shorter lead times

Number of days in critical path



FASHION & STYLE BACKED BY GOOD QUALITY

- On trend & in the moment fashion
- Consistent fit & durability
- Re-launch the brand



ON TREND & IN THE MOMENT FASHION



Progress so far

- Good-Better-Best range architecture in place
- Clear sub-brands established across Womens
- Re-launched Designers for Target
- Volume & value lines now 12% of total units sold

Our plan

- Maintaining balance between fashion & great everyday basics
- Further refinement of range architecture with focus on Better
- Shorter lead times critical to support 'fast fashion'





Target



bellecurve.

At Belle Curve we believe
women of all sizes should
be able to enjoy fashion.





Target



2015 Strategy Briefing Day | 159



Target

CONSISTENT FIT & DURABILITY



Progress so far

- Refresh of quality promise
- New fabric & fit standards embedded across all clothing buying groups
- Rationalised design teams in Australia & Asia

Our plan

- Leverage fabric consolidation to create greater consistency
- Ensure customers see the value in the quality we offer

WE PROMISE.

QUALITY PROMISE
FIT WEAR
WASH SAFETY
COLOUR

At Target, we promise great quality and lower prices every day.

That's why everything we sell comes with a 5 Point Quality Promise across **fit, wash, colour, wear and safety**.

This promise means our clothing won't fall apart after a few washes. It means it's tested against stretching, shrinking and pilling.

And the fabrics are tested to make sure colours don't run or fade, wash after wash, after wash.

Not all brands can say that.

We promise never to compromise on quality, even though we've lowered our everyday prices.

And just like our low prices, our Quality Promise is here to stay.

Great quality. Lower prices. Every day.

RE-LAUNCH THE BRAND



Progress so far

- Different approaches tested, with mixed results
- Improvement in fashion, style & quality perceptions
- More work to do on value perception
- Catalogue transitioned to 'first price, right price'

Our plan

- Focus on demonstrating value through consistent message across all media
- Regular 'drumbeat' rather than only event-driven

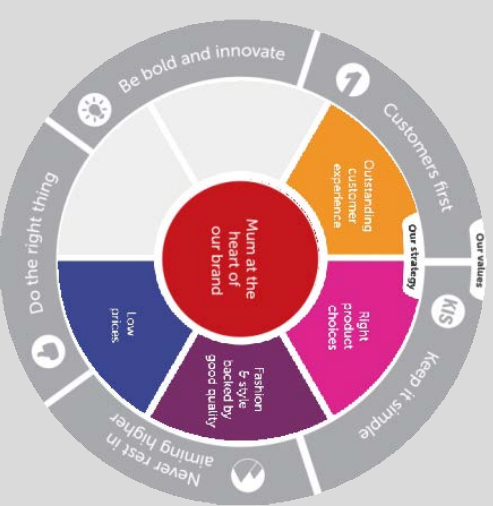


RE-LAUNCH THE BRAND



LOW PRICES

- Source at the lowest cost
- Establish the Target price



SOURCE AT THE LOWEST COST



Progress so far

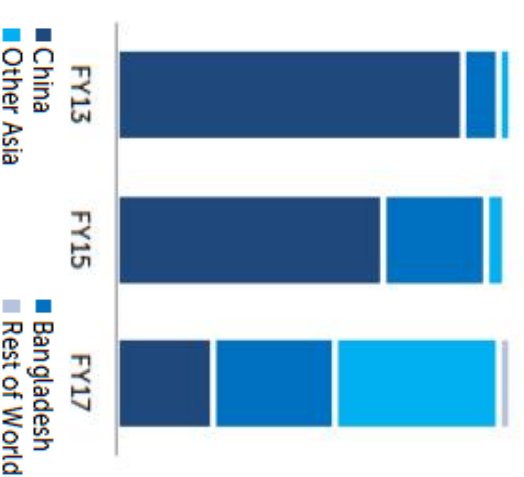
- Direct sourcing increased
- Improved intake margin
- Reduced reliance on China
- New ethical sourcing framework embedded
- Halved supplier base

Our plan

- Further consolidation of supplier base
- Greater control over fabric & trims
- Continue transition from China based suppliers to those in more cost effective environments

Country footprint

% of total



SOURCE AT THE LOWEST COST



Progress so far

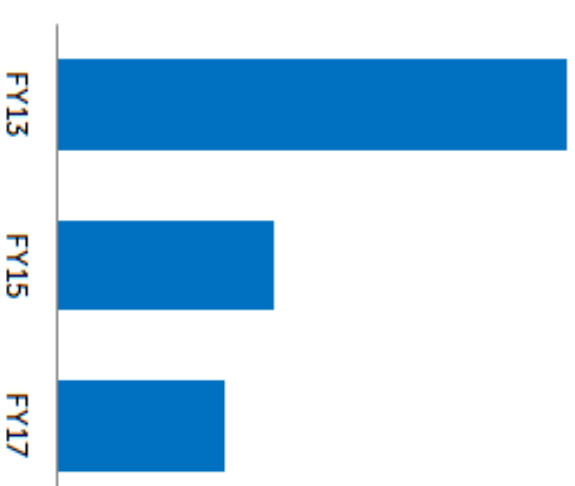
- Direct sourcing increased
- Improved intake margin
- Reduced reliance on China
- New ethical sourcing framework embedded
- Halved supplier base

Our plan

- Further consolidation of supplier base
- Greater control over fabric & trims
- Continue transition from China based suppliers to those in more cost effective environments

Suppliers

Number of suppliers







essentials

\$15 AND UNDER



its Target

Some colors and items may vary from store to store.



Target

ESTABLISH THE TARGET PRICE



Good

\$10

Essentials
straight leg



Better

\$20

Modern
super skinny



Best

\$59

Dannii Minogue
Petites



ESTABLISH THE TARGET PRICE



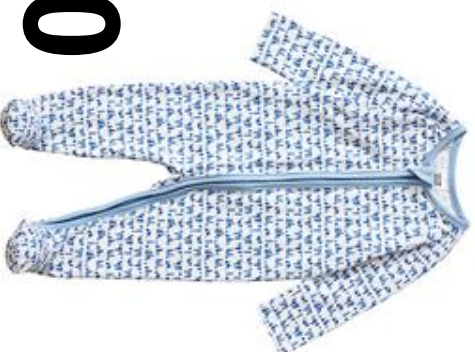
Good



\$5

Essentials
coverall

Better



\$10

Zip front
print coverall

Best



\$20

Disney
coverall

ESTABLISH THE TARGET PRICE



Good



\$20

Essentials microfibre
double quilt

Better



\$59

Duck feather
double quilt

Best

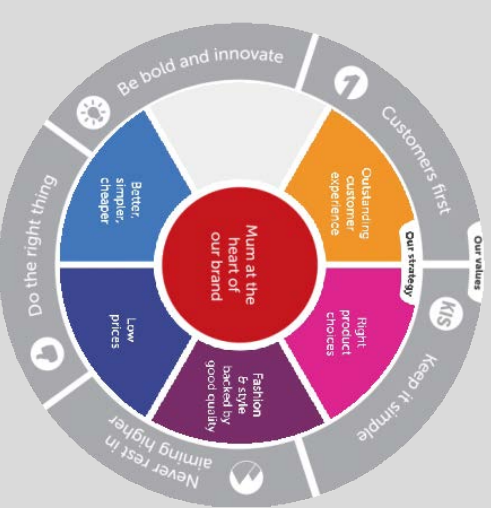


\$99

Australian wool
double quilt

BETTER, SIMPLER, CHEAPER

- Productive stores
- Flexible supply chain
- Lean & effective support team
- Efficient working capital management



PRODUCTIVE STORES



Progress so far

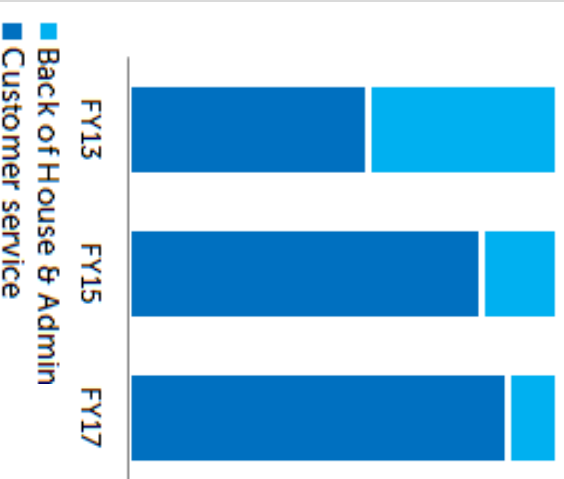
- New rostering system implemented, supporting investment in customer service
- Pilot store established to restructure back-of-house operations

Our plan

- Continue to refine rostering to invest in customer service
- Focus on trust & fashion departments
- Roll-out of new back-of-house operating model critical

Allocation of hours

% of total store hours



PRODUCTIVE STORES



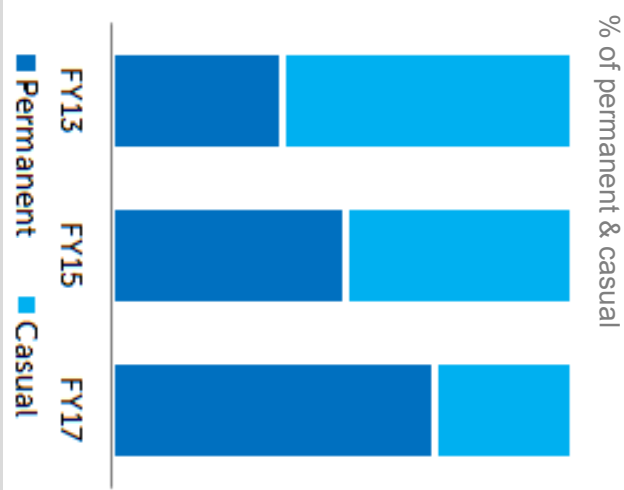
Progress so far

- New rostering system implemented, supporting investment in customer service
- Pilot store established to restructure back-of-house operations

Our plan

- Continue to refine rostering to invest in customer service
- Focus on trust & fashion departments
- Roll-out of new back-of-house operating model critical

Team members



FLEXIBLE SUPPLY CHAIN



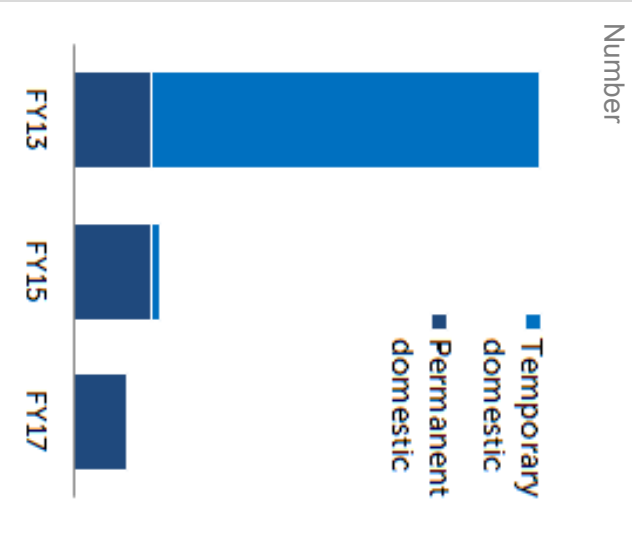
Progress so far

- 53 supply chain facilities closed
- Three replenishment centres opened
- New warehouse management system implemented to improve stock visibility

Our plan

- Close further eight facilities to achieve optimal network
- All activities coordinated through our 'Factory to Customer' program

Supply chain facilities



FACTORY TO CUSTOMER PROGRAM



Program governance team

Sourcing

- Sourcing system implementation
- Country plan
- Supplier rationalisation
- Fabric program consolidation

Merch Planning

- SKU reduction
- Pre-season planning
- Product ranging
- Optimise allocations
- Stock exit strategy

Logistics

- Replen-ready DCs
- Rationalise supply chain network
- International freight
- Domestic freight

Online

- Multi-channel service model
- Customer-ready stock visibility
- Data architecture

Stores

- New checkout implementation
- Back of house simplicity
- Replenishment process

Target

LEAN & EFFECTIVE SUPPORT TEAM



Progress so far

- Reduced total CODB
- 25% reduction in store operating costs
- 38% reduction in support operating costs
- 30% reduction in GNFR suppliers

Our plan

- Further refine support team operating model to keep it simple
- Improve returns on marketing spend
- Implement new GNFR procurement process in H1 FY16

Cost of doing business

% of sales



EFFICIENT WORKING CAPITAL MANAGEMENT



Progress so far

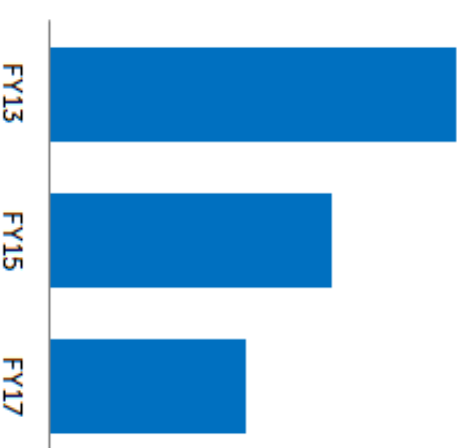
- Greater control over stock
- Reduction in net inventory days

Our plan

- Realise further inventory benefit from reduced SKUs & supplier rationalisation
- Continue to simplify GNFR supplier base

Net inventory days

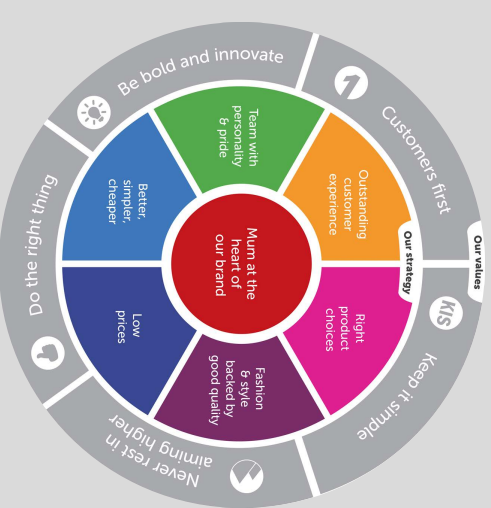
Days



Target

TEAM WITH PERSONALITY & PRIDE

- Uncompromising on safety
- Foster team pride
- Attract & retain the best talent
- Create & protect a sustainable business model



UNCOMPROMISING ON SAFETY

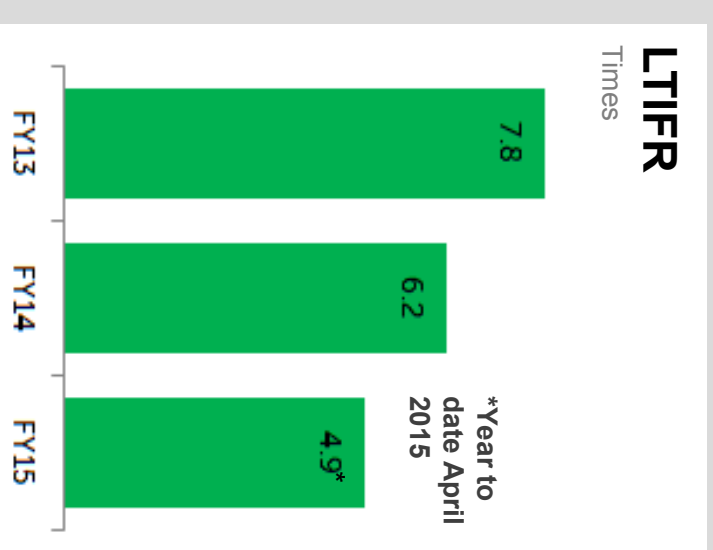


Progress so far

- Safety performance continues to improve
- Lowest ever LTIFR
- Lower Workers Compensation premium

Our plan

- Maintain safety standards
- Simplify training to ensure greater consistency & lower cost



FOSTER TEAM PRIDE



1 Customers first

Everything we do is designed to make our customers happy

KIS Keep it simple

We are obsessed with simplicity, always seeking the best way of doing things & eliminating bureaucracy



Do the right thing

We operate in a safe & ethical way, & respect our customers, team members, suppliers & communities



Be bold & innovate

We foster innovation & creativity to continually improve our products & the experience of our customers



Never rest in aiming higher

We work hard to deliver results & constantly challenge ourselves to improve



ATTRACT & RETAIN THE BEST TALENT

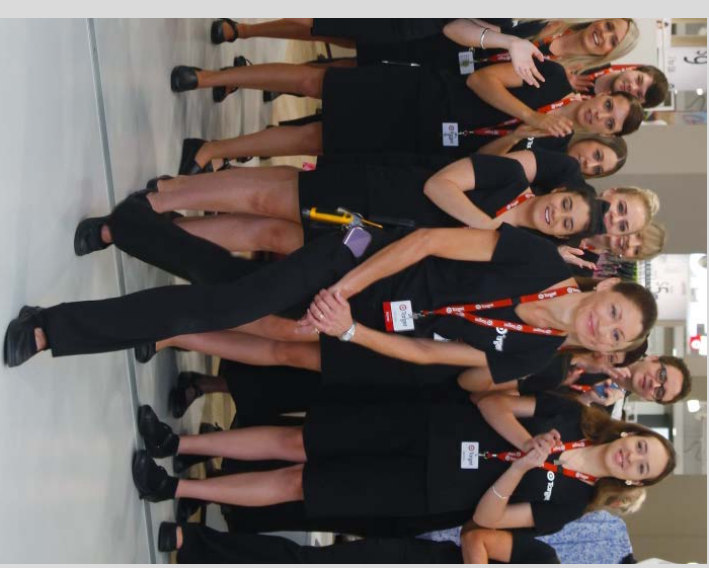


Progress so far

- Retail Leaders & Merchandise Academy training programs launched
- 'Achieve & Develop' performance management tool implemented

Our plan

- Engagement survey to be completed in June
- Expand Retail Leaders to build stronger stable of future store managers & leaders
- Re-launch graduate program



CREATE & PROTECT A SUSTAINABLE BUSINESS MODEL

Progress so far

- Launched our sustainability Plan

Aboriginal & Torres Strait
Islander Strategy

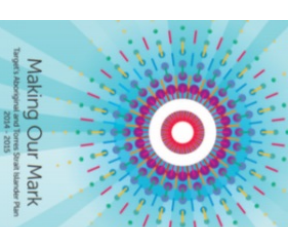
Published factory lists for
Bangladesh, India & Sri Lanka

Community programs in
Australia & Asia

Implemented energy plan

Our plan

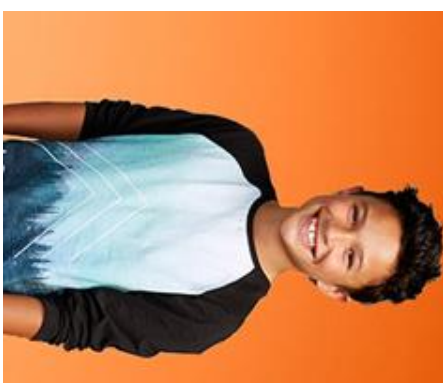
- Continue to embed our sustainability plan
- Publish factory lists for all countries we source from
- Continue to support our communities



OUR COMPETITIVE ADVANTAGE

- Brand is accessible & has broad appeal
- Wide store network reach
- Strong platform for profitable online growth
- Market leader in trust categories
- Potential beyond some of our competitors





Questions

Target

Questions

Stuart Machin
Managing Director



**Great quality.
New lower prices.
Every day.**



Chemicals, Energy & Fertilisers

Tom O'Leary
Managing Director



 **Westfarmers Chemicals,**
Energy & Fertilisers

 **CSBP**

 **Australian Vinyls**

 **AER**

 **QNP**

 **EVOX**
LNG

 **Kleenheat Gas**

 **MODWOOD**

Business overview

Business	Geography	Sector	Key Customers
 <div>Ammonia</div>	WA	Nickel, internal	BHPB, Minara, AN, AGR, Fertilisers
 <div>Ammonium nitrate (AN)</div>	WA/Global	Iron ore, gold	Dyno Nobel, Downer, Rio Tinto, Orica
 <div>Ammonium nitrate (AN) (50%)</div>	Qld	Coal	BMA, Curragh, Rio Tinto
 <div>Sodium cyanide (SC) (75%)</div>	WA/Global	Gold	Newmont, Barrick, AngloGold
 <div>PVC/chemicals Decking</div>	Vic/Australia Australia/Global	Construction	Iplex, Vinidex, Pipemakers Timber merchants, home builders
 <div>Energy retailing, gas production & distribution</div>	WA/NT	Residential, transport, industrial	Gas distributors, resources, engineering, residential, leisure, autogas, transport, power generation
 <div>Fertilisers</div>	WA	Agriculture	Landmark, independent distributors

Our strategies

Invest in our businesses' capacity
to meet the needs of our
customers

Execute opportunities for growth
in existing and new markets

Foster a culture that recognises
people are central to our success

Focus on sustainable operations
for the benefit of team members,
customers & communities in
which we operate

Agenda

Building a foundation for growth

- Update on capacity expansion investments
 - Expanded AN capacity to continue delivering earnings uplift
 - Increased SC production capacity servicing export markets
- Rightsizing division following recent divestments

Realising value from existing businesses

- Structured portfolio management
- Proactive response to commodity price volatility
- Ongoing focus on operational excellence & plant reliability
- Key strategies update

Well positioned to expand portfolio

- Evaluating a wide range of growth opportunities in relevant sectors, both domestic & overseas

Building a foundation for growth

Expanded AN capacity to continue delivering earnings uplift

Project completion & plant operating performance

- Completion on time & within budget
- AN3 operational 4Q FY2014 with plant performance above expectations

Offtake status

- Contracted volumes supporting the major Australian miners underpin base load production
- Significant volumes currently sold, as planned, into markets additional to WA EGAN
 - Placement of export tonnes more challenging given current global market dynamics; remaining rational despite lower export pricing
 - ANsol diversion to UAN consistent with continued growth in liquid fertilisers market

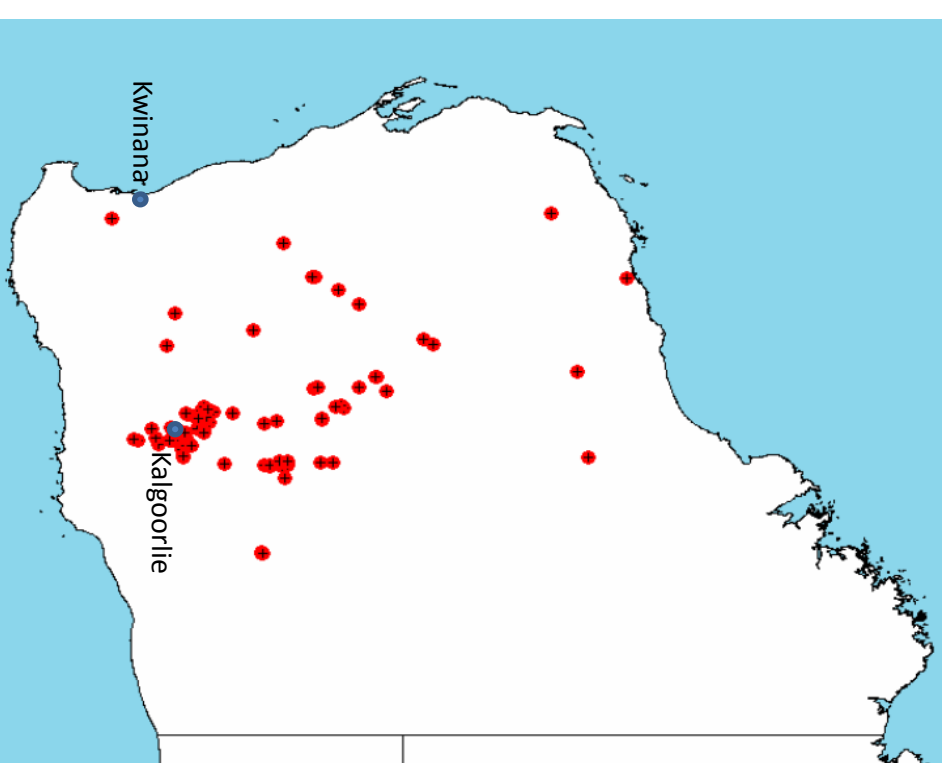
Financial performance & outlook

- AN business continuing to deliver earnings growth following expansion
 - Improvement in sales mix expected as the WA EGAN market grows
 - AN3 contract negotiations delivered pricing increases from FY12; further contracted pricing increases in future years
- AN business expected to continue to generate satisfactory return on capital
 - Returns to date from AN3 expansion in line with investment case
 - Longer term, AN earnings to be subject to market impacts

Building a foundation for growth

Increased SC production capacity servicing export markets

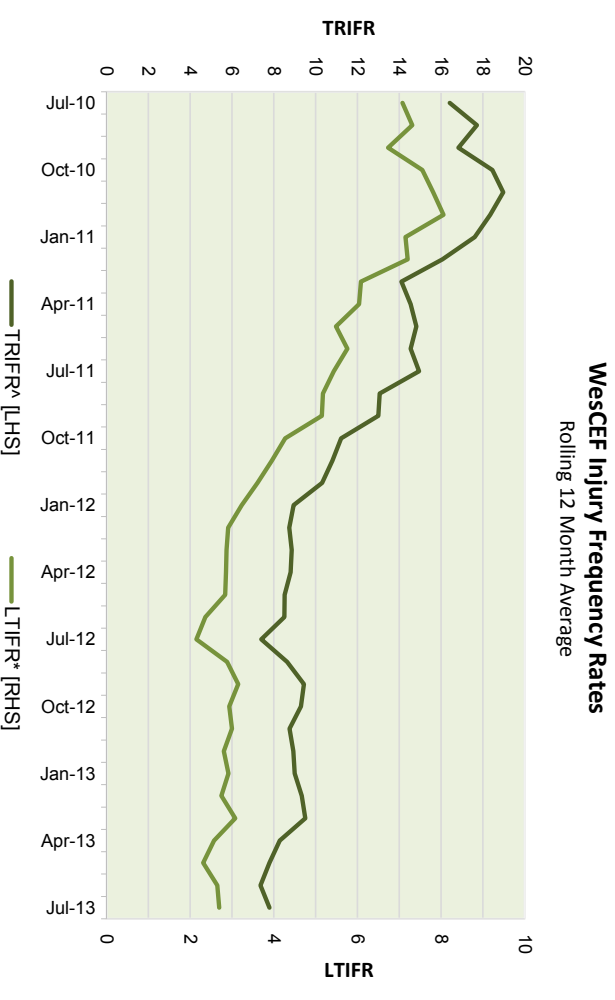
- Continued strength of AGR competitive positioning to serve domestic SC solution market
 - SC solution preferred form for gold producers due to product handling considerations
 - AGR proximity to WA gold producers remains a key differentiator
- Increased solid production capacity allows AGR to grow share in export markets
- Despite recent challenging global market conditions, sales covering total expanded production capacity now in place
- Pricing has returned to more normal historic levels, and the expansion is meeting investment case criteria



Building a foundation for growth

Rightsizing division following recent divestments

- Review of support functions completed following recent divestments to ensure division is right sized for current portfolio
 - 20 per cent reduction in divisional support function FTE achieved, implemented in 2HFY15
- Remain focused on improving health, safety & environmental performance as a key priority
- Strong continuous improvement culture aligned to lean manufacturing principles



^ No. medical treatment injuries, restricted duties injuries and lost time injuries on a rolling 12 months basis, per 1 million hours worked

* No. lost time injuries on a rolling 12 months basis, per 1 million hours worked

SAFE 

PERSON • PROCESS • PLACE

Be a safe person, use a safe process, create a safe place.

Agenda

Building a foundation for growth

- Capacity expansion investment update
- Expanded AN capacity to continue delivering earnings uplift
- Increased SC production capacity servicing export markets
- Rightsizing division following recent divestments

Realising value from existing businesses

- Structured portfolio management
- Proactive response to commodity price volatility
- Ongoing focus on operational excellence & plant reliability
- Key strategies update

Well positioned to expand portfolio

- Evaluating a wide range of growth opportunities in relevant sectors, both domestic & overseas

Realising value from existing businesses

Structured portfolio management

- Proceeds of \$295 million realised through portfolio management¹ since 2011
- Divestment of Kleenheat Gas' east coast LPG operations completed in late February 2015
 - Transaction involved sale of business to Elgas, Renegade Gas (trading as Supagas) & Origin Energy
 - Proceeds of \$76 million realising profit on sale of \$14 million with minimal impact on future underlying earnings
 - Sale allows increased management focus on improving performance of Kleenheat Gas WA/NT operations

¹ Portfolio management includes Aug 2011: Sale of enGen, Jan 2012: Sale of Bangladesh LPG Joint Venture interest, Dec 2013: Sale of 40% interest in Air Liquide WA, Feb 2015: Sale of Kleenheat Gas east coast LPG operations.



Realising value from existing businesses

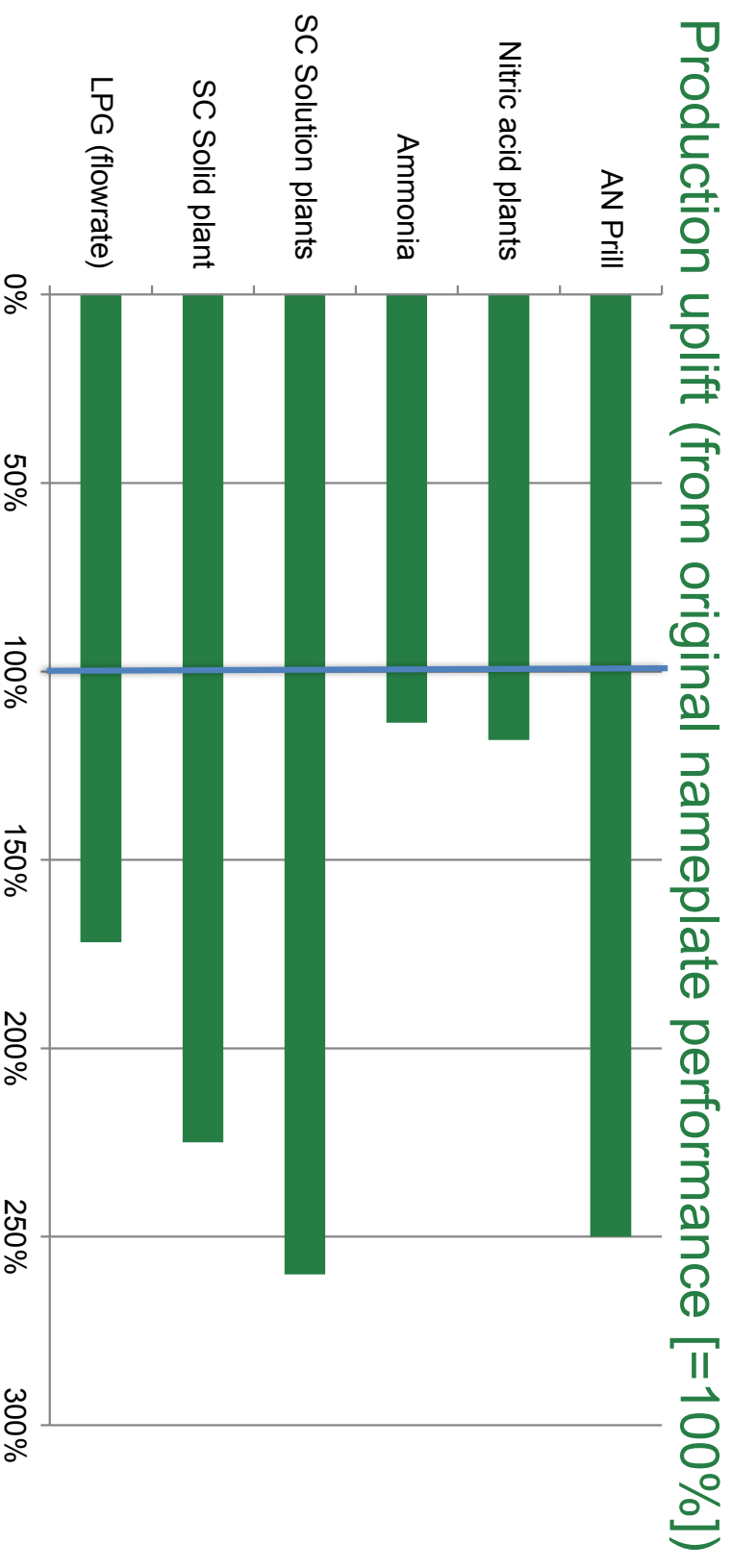
Proactive response to commodity price volatility

- Economics of LPG production facility currently challenged given low Saudi CP & LPG content in the DBNG pipeline
 - Review completed which supports continued production in current market environment
 - Production continuity important to suppliers with a consequent input costs reduction expected
- Strategic review of AV's PVC manufacturing business underway

Realising value from existing businesses

Ongoing focus on operational excellence & plant reliability

- Leveraging installed plant capacity through ongoing debottlenecking, process optimisation & strong reliability



Realising value from existing businesses

Key strategies update

Strategy	Update
Growth	<ul style="list-style-type: none"> AN3 operational late Q2 CY2014 Current focus to optimise risk & return for additional volumes resulting from AN expansion
Continuous Improvement	<ul style="list-style-type: none"> Continue to drive business efficiencies & long-term productivity improvements
Growth	<ul style="list-style-type: none"> Feasibility study underway to improve LPG production volumes Develop retail natural gas & electricity markets
ENERGY	<ul style="list-style-type: none"> Continue to implement business improvement initiatives & efficiencies in the WA & NT LPG business post sale of east coast operations Leverage existing LNG infrastructure in existing & developing markets
Returns from existing businesses	

Realising value from existing businesses

Key strategies update

Strategy

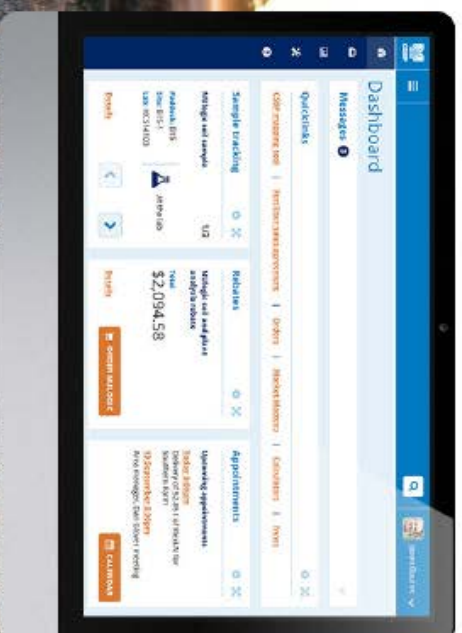
Update

FERTILISERS	
Growth	<ul style="list-style-type: none">• Focus on corporate & business farmer requirements, including a focus on innovation• Implementation of fertiliser use efficiency technologies• Continued forecast growth in liquids market
Business efficiency	<ul style="list-style-type: none">• Improved processes, control & distribution related to soil analysis & fertiliser recommendation tool (NuLogic)• Leverage systems investment to drive business efficiency
Business model	<ul style="list-style-type: none">• Continuous improvement to enable cost efficiencies to be passed on to customers• Investment in sales team & tools to enhance the customer value proposition
Growth	<ul style="list-style-type: none">• Ongoing evaluation of opportunities to grow in existing & new markets
Culture	<ul style="list-style-type: none">• Make improved safety performance sustainable using Safe Person, Safe Process, Safe Place program• Continue to attract, develop & retain an engaged & diverse workforce with focus on aboriginal engagement & gender diversity
Sustainability	<ul style="list-style-type: none">• Community acceptance & regulatory compliance• Abatement technology in AN continuing to deliver significant emissions reductions• Complete remediation & divest surplus assets (Bayswater)

Sampling Pro



myCSBP.com.au



Mapping tool



Facilitate information and sharing



Sampling Pro

Captures paddock information (PIF)

Combines GPS data with PIF

Imports existing files via KML or CSV files

View samples on Google Maps

Navigate to pre-planned sites via the app

Easily sends data to CSBP



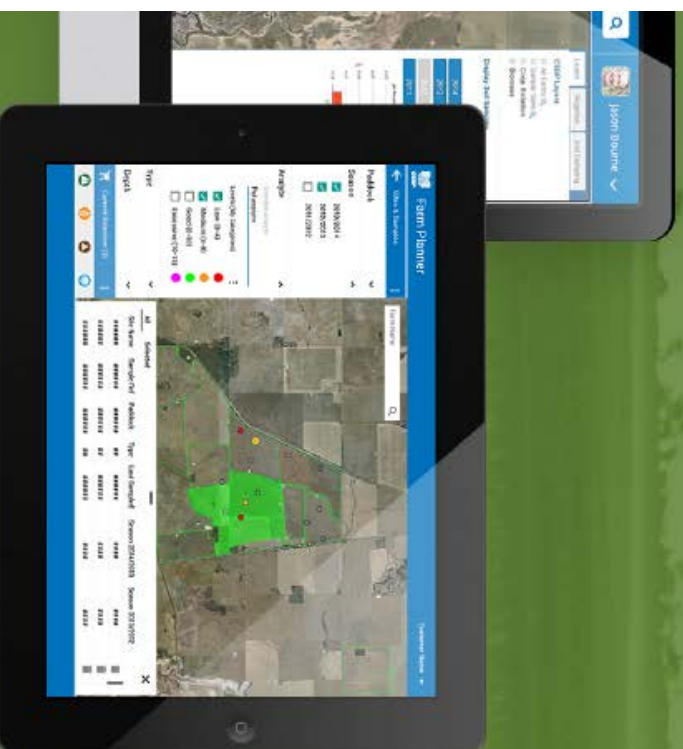
Mapping tool

View, interact and mark up
changes to farm maps


Stack and view layers of images

Plan, view and interact with your
samples


Upload and view yield data









Account & profile
management




Agreements & NULogic
sample tracking




Sales history &
future collections




Document library
& support

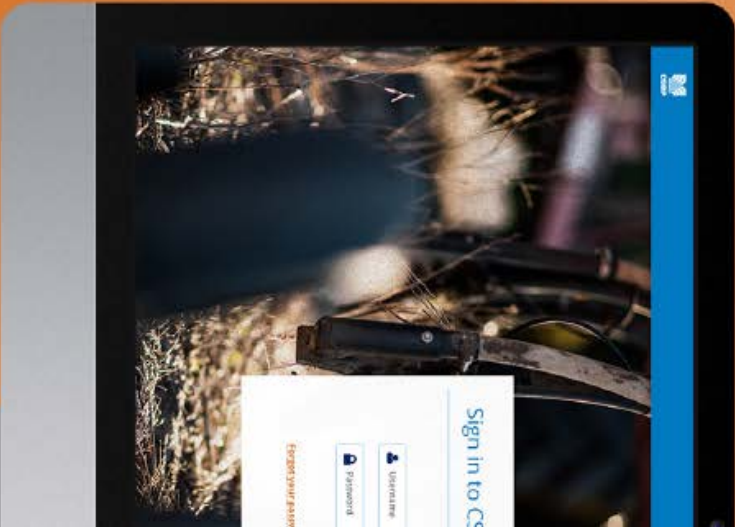


Premium
content



Mapping
services





Agenda

Building a foundation for growth

- Capacity expansion investment update
- Expanded AN capacity to continue delivering earnings uplift
- Increased SC production capacity servicing export markets
- Rightsizing division following recent divestments

Realising value from existing businesses

- Structured portfolio management
- Proactive response to commodity price volatility
- Ongoing focus on operational excellence & plant reliability
- Key strategies update

Well positioned to expand portfolio

- Evaluating a wide range of growth opportunities in relevant sectors, both domestic & overseas



Outlook

- Continue to expect growth in our chemicals businesses leveraged to the resources sectors
- Fertilisers' focus on continuous improvement positions the business well to provide stable earnings performance in a mature market
 - Performance remains dependent upon farmers' terms of trade & seasonal breaks
- Kleenheat earnings remain dependent upon LPG production economics, particularly global prices & gas input costs
- Continue to focus on plant efficiencies & maximising returns from plant capacity investments
- Division positioned well to take advantage of value generating opportunities, whether organic or through acquisition

Questions

Tom O'Leary
Managing Director



Resources

Stewart Butel Managing Director



Contents

1. Wesfarmers Resources overview
2. Global environment
 - Short-term
 - Long-term
3. Current export prices & Wesfarmers Resources FY16 outlook
4. Strategy review
5. Sustainability
6. Outlook summary

Wesfarmers Resources – overview

- Two world-scale coal mines
- Global markets with majority of exports to Asia
- Curragh QLD (100% equity interest)
 - Metallurgical coal for off-shore steel-making
 - Steaming coal for domestic power generation
- Bengalla NSW (40% equity interest)
 - Export steaming coal for Asia



Resources



Resources investment cycle is long-term: Wesfarmers Resources' mines are long-life assets

- **Opportunity, but with cyclicality:** Coal export market provides global exposure; both mines have track records of strong but cyclical returns
 - **Look-back:** Strong realised investment IRRs to date
 - **FY16:** Continued low export coal prices expected
- **Long-term sustainability:** Both mines positioned for long-term sustainability; maintaining readiness for next export market upswing
 - **Export markets:** Long-term fundamentals robust
 - **Reserves:** Long remaining mine lives
 - **Mine performance:** Established track records in mine cash cost performance, with significant reductions achieved; both mines are capital efficient
- **Growth & counter-cyclical investment:**
 - 'Capital-light' expansions of Bengalla (complete) and Curragh (end of CY15)
 - MDL162, adjacent to Curragh, acquired January 2014
 - Further counter-cyclical opportunities being evaluated

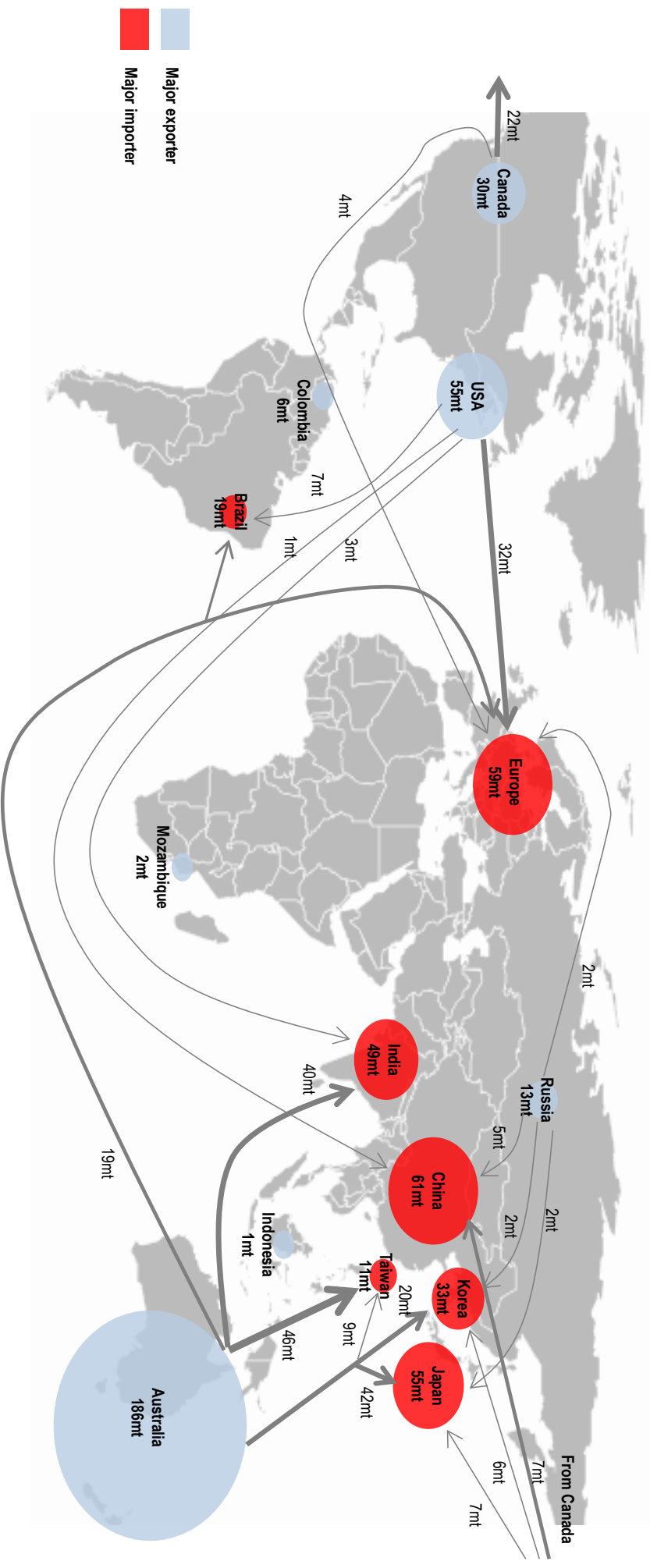
Balance sheet & reserves base Metrics as most recently reported

BALANCE SHEET ¹	Division capital employed (R12 \$ million)	1,465
COAL RESERVES (MILLION TONNES) ²	Curragh Bengalla (40%)	284 108

¹ As at 31 December 2014. ² Curragh as reported to ASX by Wesfarmers Limited as at 30 June 2014; Bengalla as reported by Rio Tinto to ASX on 28 November. Refer disclosure notes on slide 234.

The metallurgical coal market is global, driven by demand for steel

Seaborne demand and forecast to grow (~300 million tonnes per annum (mtpa) in 2014 to >400 mtpa by 2035¹



Map source: Customs data, Macquarie Research, February 2015.

Resources

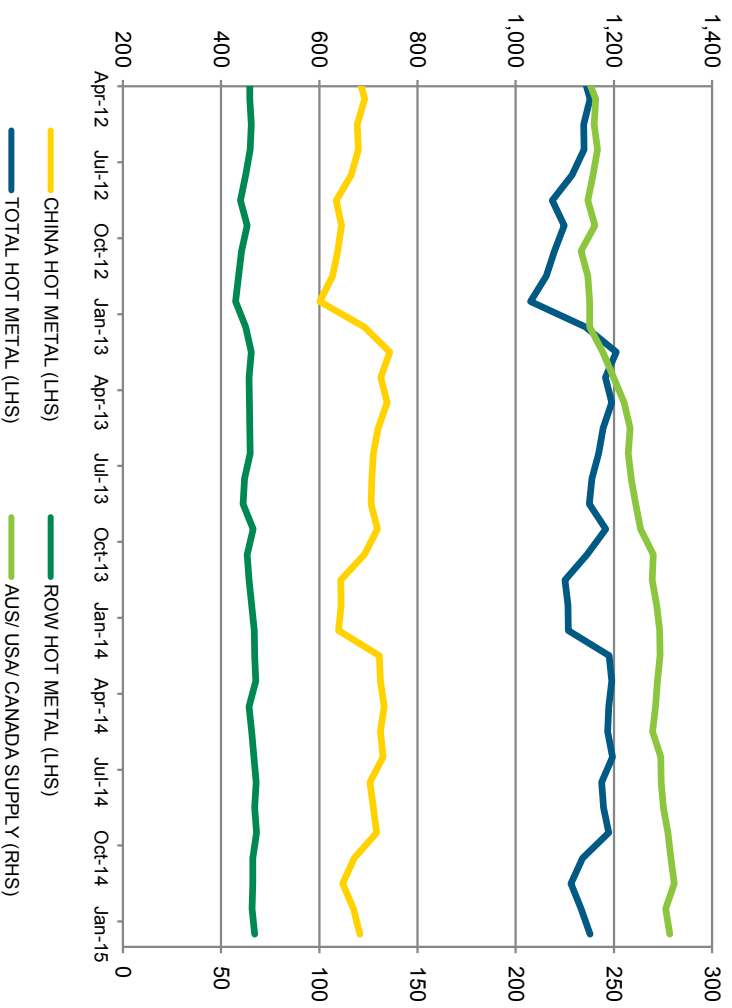
* Coking coal and pulverised coal injection (PCI), 2014 full-year data, making assumptions for land-borne trade.

¹ Source: Wood Mackenzie/Other WRL research.

Global environment – current & short-term trends

- World blast furnace iron production stable excluding China
 - Volatility from China, excess steel capacity constrains price
- Metallurgical coal market continues to be oversupplied
 - Continued strong seaborne supply from Australia
 - Competition for market share with Chinese domestic industry
 - Limited coal export supply rationalisation materialising
 - High growth expectation from India not yet reflected in demand profile
- Oversupply continues to weigh heavily on spot prices, including a weak Chinese market
- Many producers struggling to meet cash costs of production at current low export prices
- A\$:US\$ exchange rate has weakened since June 2014, however benefit has been largely offset by price declines
- Despite short-term cyclical pressures, long-term metallurgical coal fundamentals remain sound

Short-term indicators 2014 – metallurgical coal supply growth



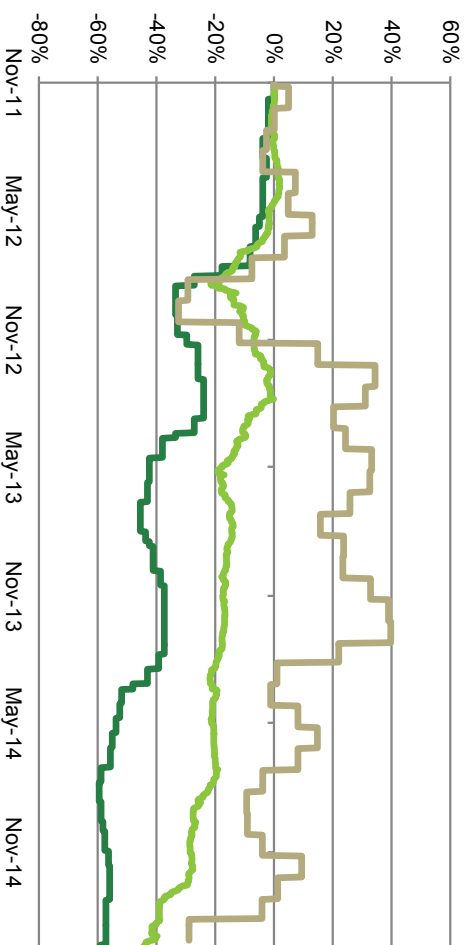
- 2014 metallurgical coal market characterised by continued strong supply (+3%), predominantly from Australia
- Productivity response continues from most producers
- Australian industry cost competitiveness improving compared to US producers

Source: Wood Mackenzie, World Steel Association, Wesfarmers Resources research.
¹ Million tonnes per annum.

Resources

Short-term indicators 2015 - continued deceleration of Chinese growth

China

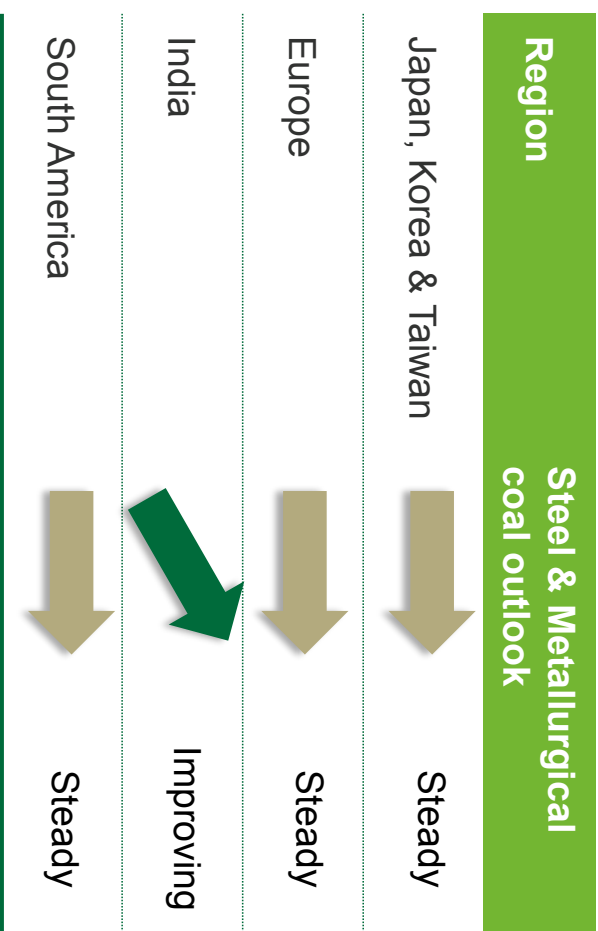


- Slowing internal steel demand
- Increased Chinese steel exports into the global market
- Variable metallurgical coal import demand

Source: Mysteel, SX Coal, Wesfarmers Resources research.

Resources

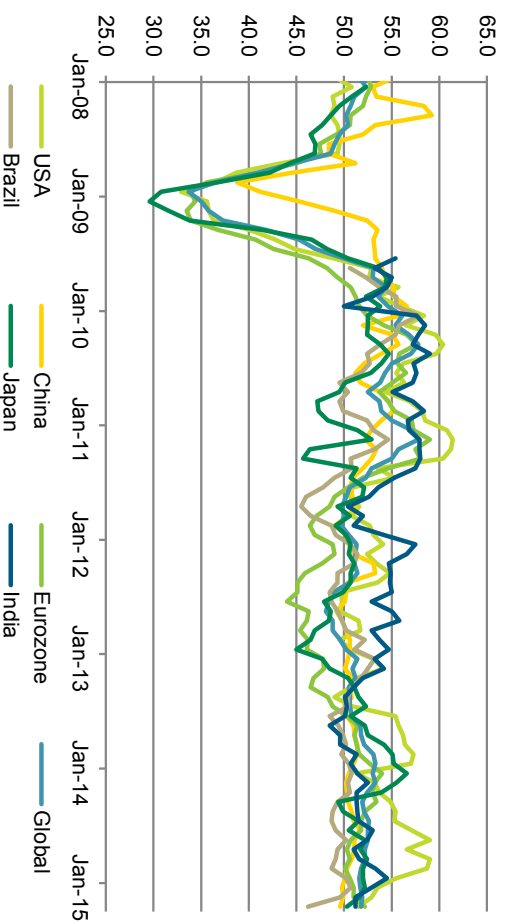
Rest of the world



Short-term indicators – global indicators (PMI & GDP)

- Global forward indicators remain flat
- Strong long-term growth rates expected for developing economies, notably China & India

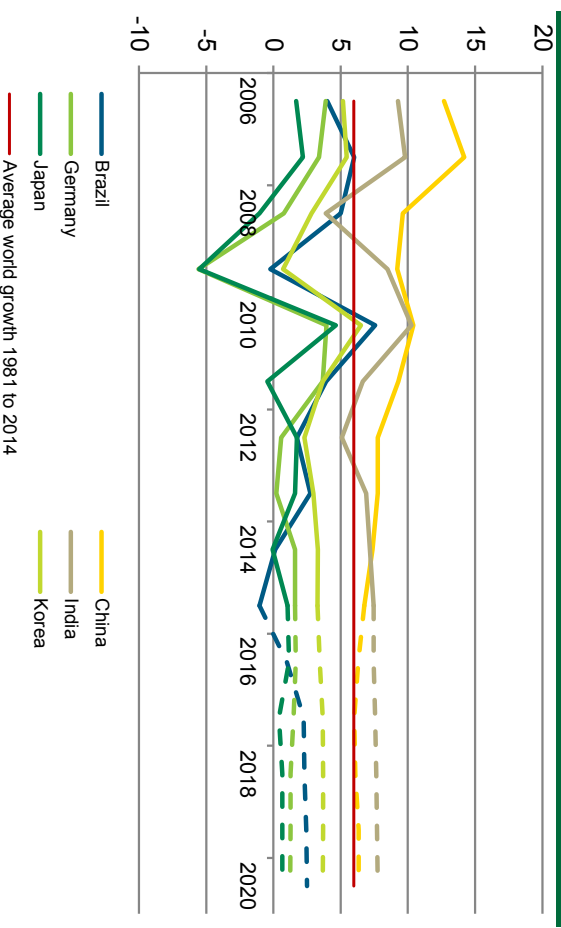
Historical global manufacturing PMI



Source: IMF, Wesfarmers Resources research.

Resources

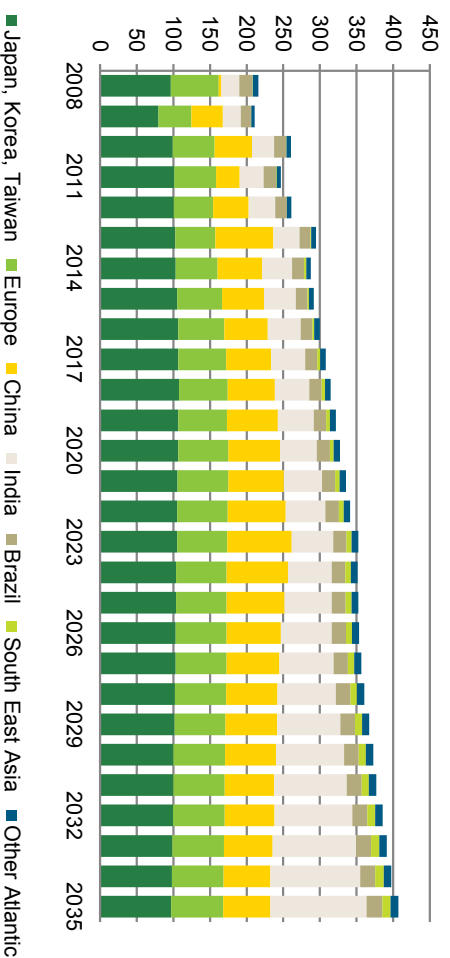
Year-on-year GDP growth for key metallurgical coal import countries



Metallurgical coal – global demand outlook to 2035

- Growth in emerging economies to drive steel demand & metallurgical coal demand
 - Chinese seaborne demand forecast to peak at ~90mt in mid 2020's
 - Indian seaborne demand forecast to grow to ~65mtpa in mid 2020's
 - Rest of the world's demand remains stable
- Current pricing does not support investment in new mine capacity
- Market rebalancing to low cost sustainable supply

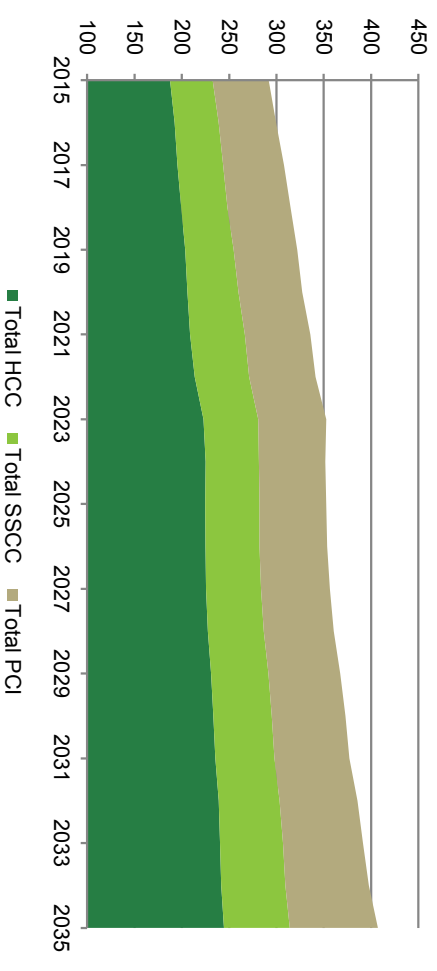
Seaborne metallurgical coal demand



Source: Wood Mackenzie Coal Market Service.

Resources

Seaborne metallurgical coal demand by coal type

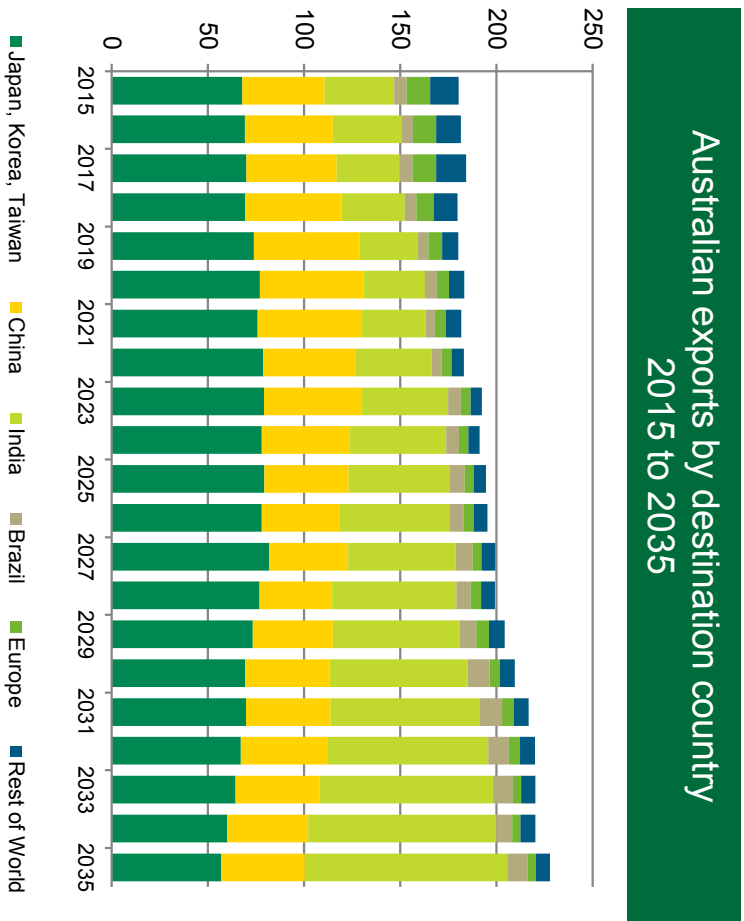


Source: Wood Mackenzie Coal Market Service.

2015 Strategy Briefing Day | 215

Metallurgical coal – Australian supply outlook to 2035

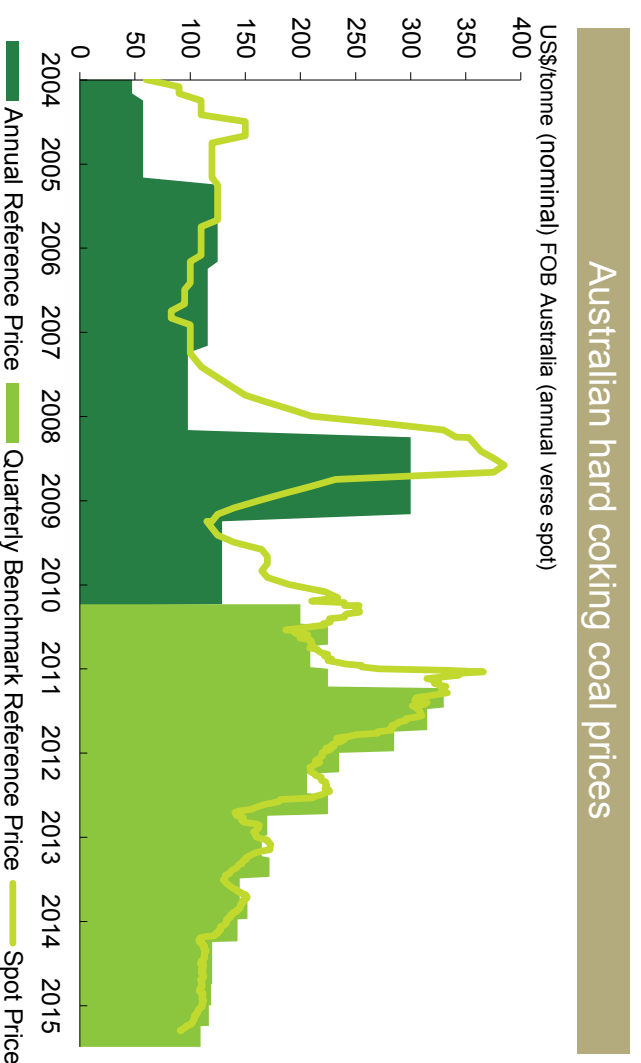
- Productivity response from suppliers continues
- Australia well placed to maintain market share in Asia
- Australian metallurgical coal exports forecast to increase by 26% by 2035



Source: Wood Mackenzie Coal Market Service.

Australian export metallurgical coal market prices – 10 year look-back

- US\$ coal benchmark prices have significantly weakened since record prices in 2011
- Price relativity between metallurgical coal & steaming coal has compressed over last 12 months
- US\$ price declines exacerbated by continued high A\$:US\$ exchange rate despite recent falls
- Metallurgical coal spot price decline continues

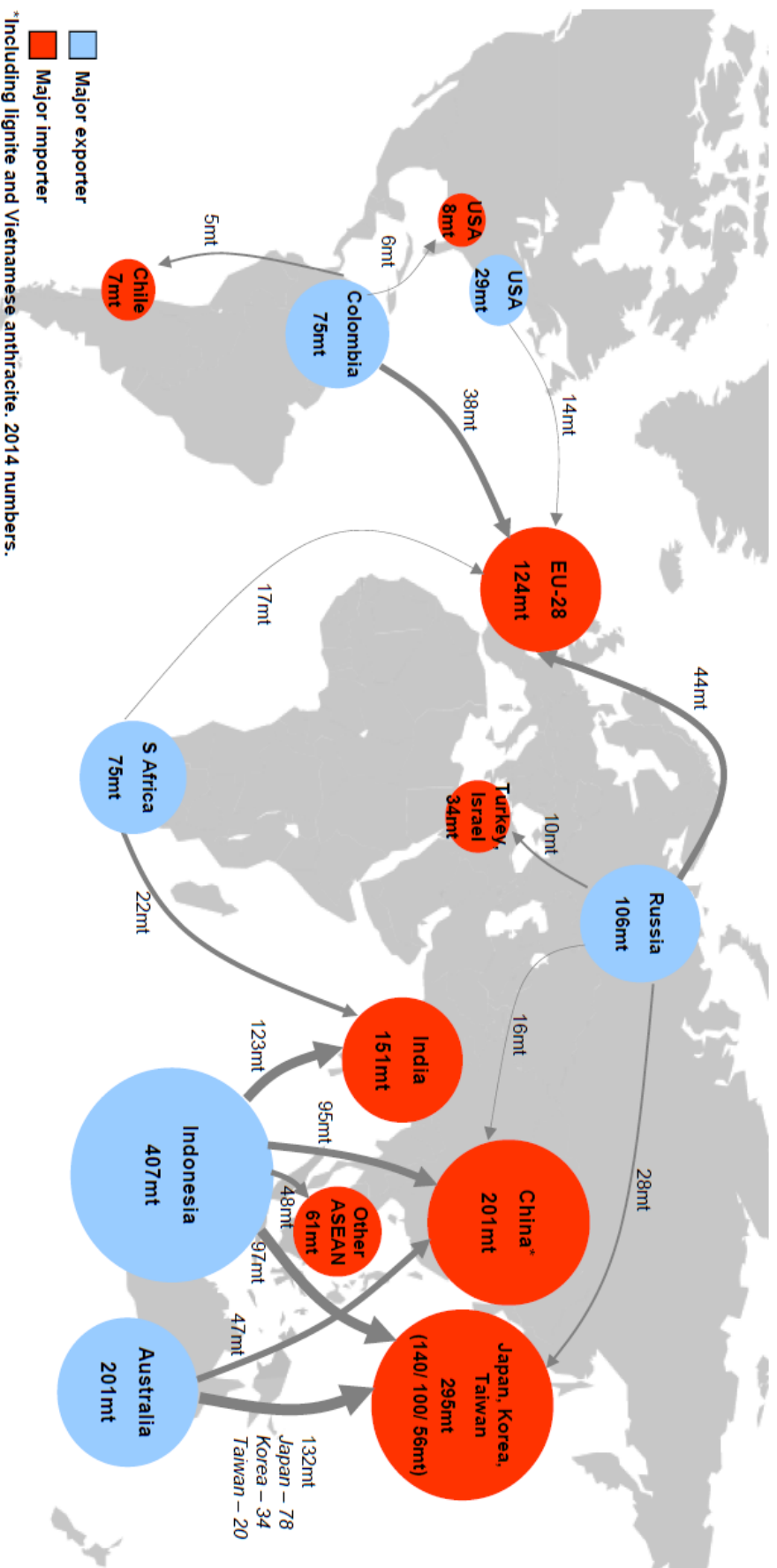


Source: Energy Publishing, Tex Report, Macquarie Research, CRU.

Resources

The steaming coal market is global, driven by demand for power

Seaborne demand forecast to grow (~1 billion tonnes per annum (btpa) in 2014 to 1.6 btpa by 2035)¹



Resources

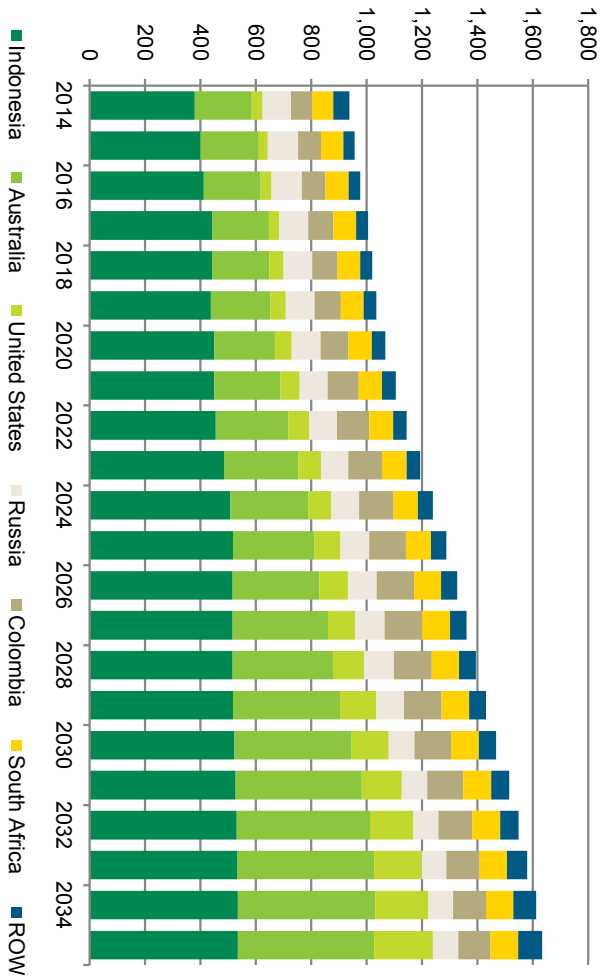
Map source: Customs data, Macquarie Research, March 2015.

¹ Source: Wood Mackenzie/Other WRL research.

Steaming coal – outlook to 2035

- Continued import demand growth anticipated from China & India
- Australian & Indonesian producers expected to compete as major suppliers

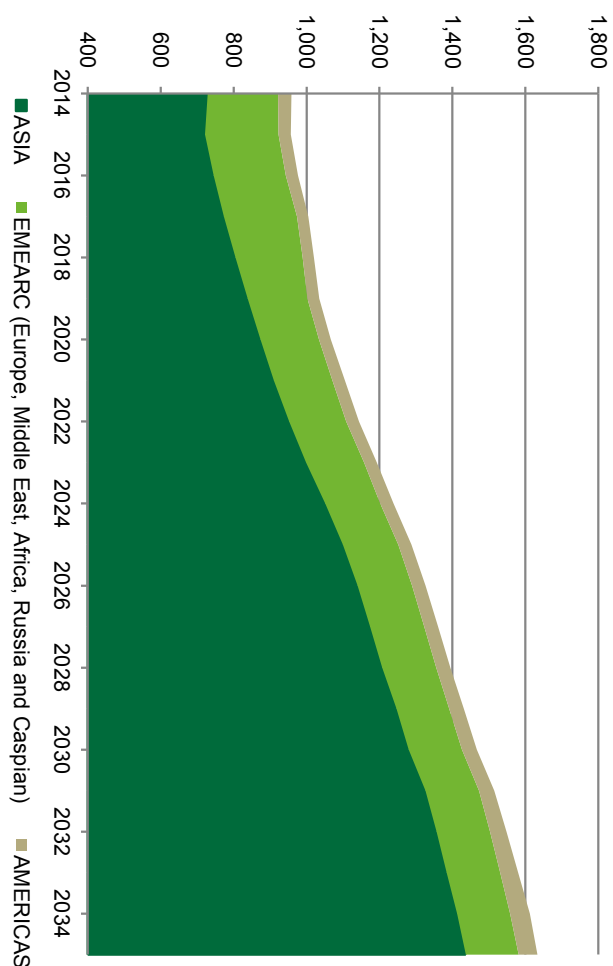
Steaming coal seaborne exports by country



Source: Wood Mackenzie Coal Market Service.

Resources

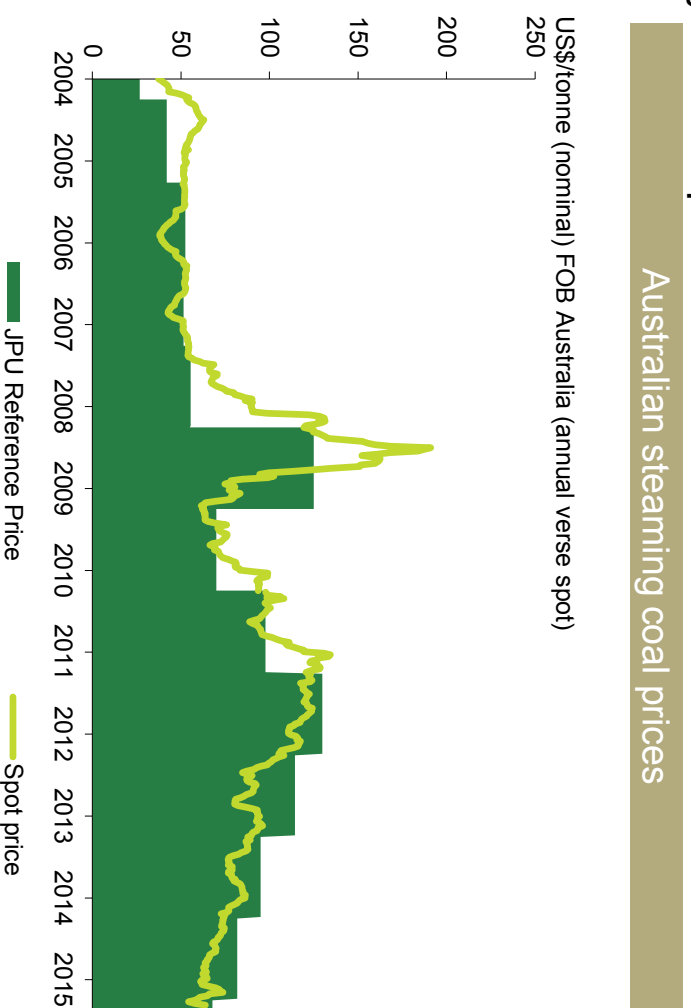
Steaming coal seaborne demand by region



Source: Wood Mackenzie Coal Market Service.

Australian export steaming coal market prices – 10 year look-back

- US\$ coal prices have significantly weakened since JPU reference price peak in 2011
- Price relativity between metallurgical coal & steaming coal has compressed
- Market shift to more indexed-based sales
- Recent volatility in index price



Source: Energy Publishing, Tex Report, Macquarie Research, CRU.

Resources

Wesfarmers Resources – FY15 outlook

- Difficult export market conditions to continue in 2H15
- Curragh's June 2015 weighted average metallurgical coal pricing down 6% from previous quarter
- Current spot prices significantly below quarterly
- Forecast Curragh metallurgical coal sales of 8.0mt – 9.0mt
- Estimated full-year sales mix (Hard 42%; Semi 31%; PCI 27%)
- Continuing strong mine cash cost focus
- Full-year Stanwell Rebate estimate of \$50 - 70 million at A\$:US\$ of 0.77 for remainder of year (0.82 full year average)
- Basis of calculation of Stanwell Rebate in legal dispute with Stanwell Corporation

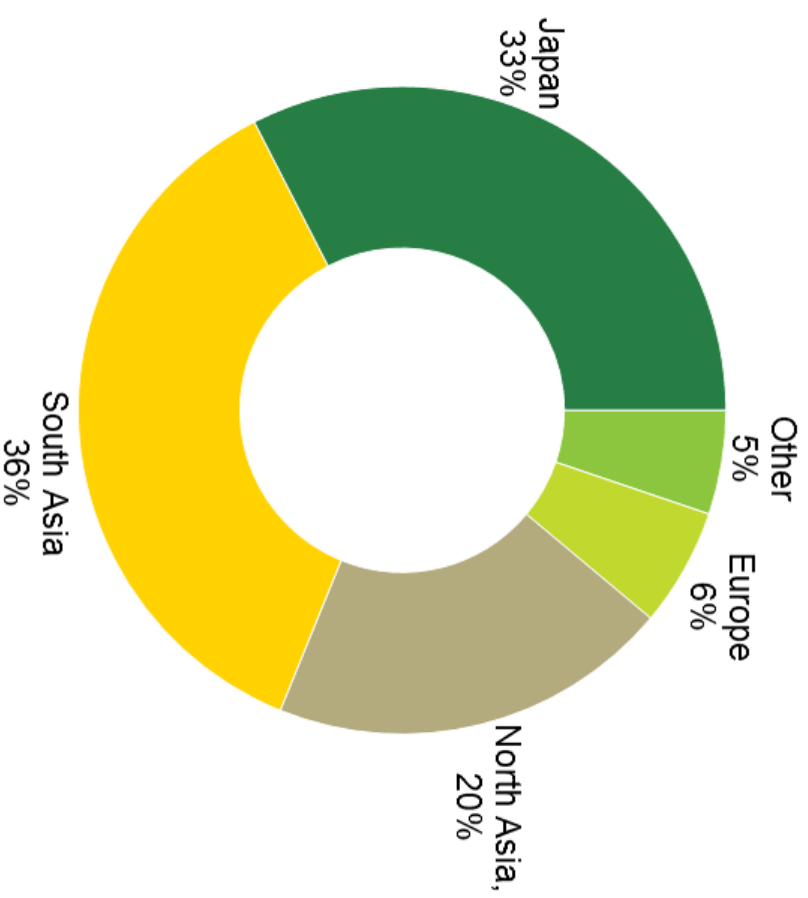
Coal production volumes to 31 March 2015

Mine	Equity/UJV Interest	Coal Type	YTD ended ('000 tonnes)	
			Mar-15	Mar-14
Curragh, QLD	100%	Metallurgical	6,757	6,404
		Steaming	2,365	2,570
Bengalla, NSW ¹	40%	Steaming	2,594	2,633
Total¹			11,716	11,607

¹ Wesfarmers attributable production.

Resources

Curragh's metallurgical coal sales by destination FY15¹



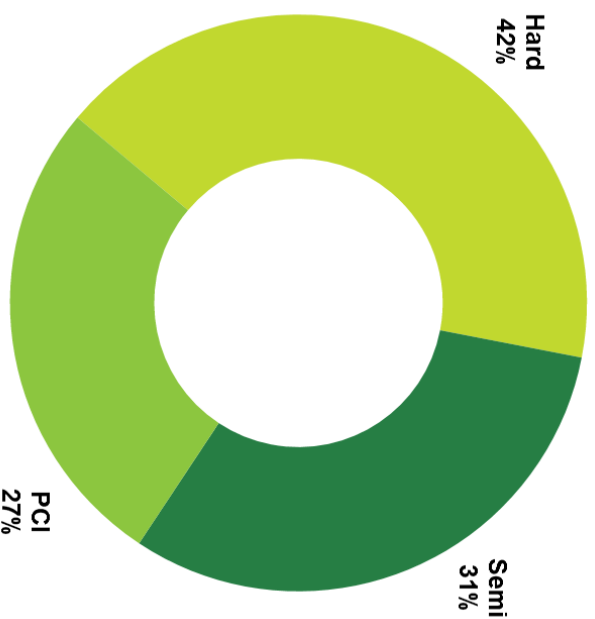
¹ Forecast for the 12 months to 30 June 2015.

Resources

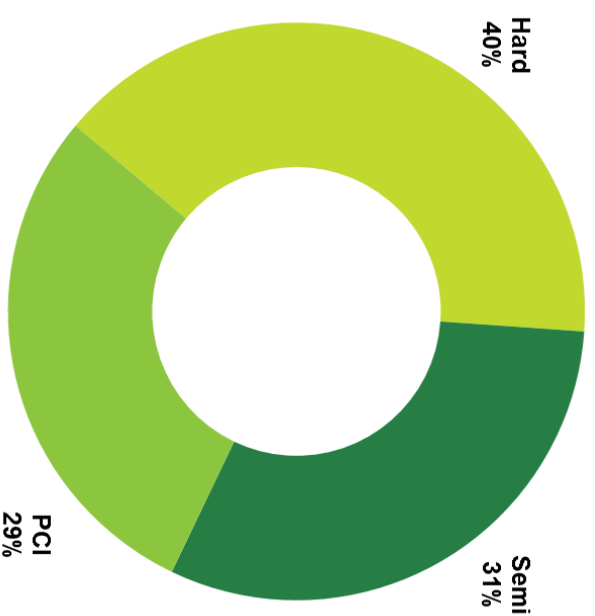
Curragh's export metallurgical sales product mix

- Product mix affected by steel mill preference for lower quality coals

FY15 forecast
8.0 – 9.0 million tonnes



FY16 outlook
8.5 – 9.5 million tonnes



FX hedging profile

CURRAGH

Year end 30 Jun	Current US\$ sold forward (US\$m)	Average A\$ / US\$ hedge rate
2016	430	0.88
2017	330	0.84
2018	174	0.79
2019	48	0.75

BENGALLA

Year end 30 Jun	Current US\$ sold forward (US\$m)	Average A\$ / US\$ hedge rate
2016	154	0.89
2017	105	0.84
2018	76	0.79
2019	24	0.75

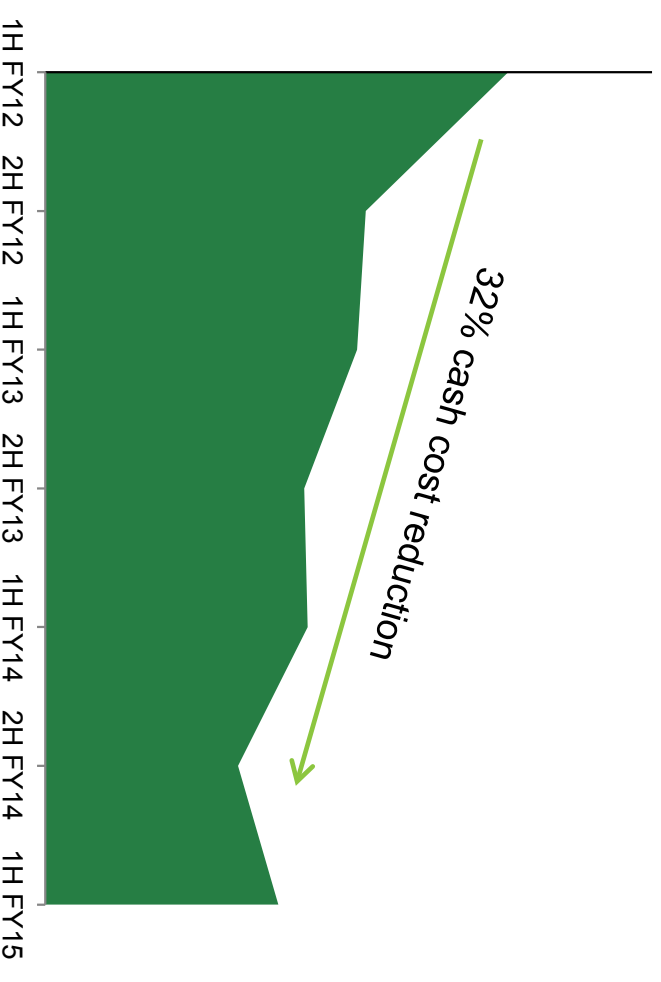
Strategy review

Strategy	Comments
PRODUCTIVITY & MINE OPTIMISATION Maximise shareholder value from reserves over time <ul style="list-style-type: none">• Cost control• Mine optimisation	Curragh <ul style="list-style-type: none">• 9.0 – 10.0mtpa export capacity• 32% cash cost reduction from 1H FY12 peak Bengalla <ul style="list-style-type: none">• Operating at 10.7mtpa ROM capacity• Further reduction in unit cash cost rate achieved Lowest cost quartile mine cost structures for both HCC (Curragh) & export steaming coal (Bengalla)
MINE EXPANSION Expand existing mines	Low cost capital expansion <ul style="list-style-type: none">- Curragh: expansion to 10mtpa export capacity (subject to market conditions)- Bengalla: expanded to 10.7mtpa ROM capacity (delivered)
PRODUCT EXTENSION & MARKET REACH	<ul style="list-style-type: none">• MDL 162 acquisition; mining lease application underway• Bengalla Development Consent Approval extends mine operations to 2039• Evaluate acquisitions that offer economies of scale or downstream benefits• Counter-cyclical timing may present opportunities
SUSTAINABILITY	<ul style="list-style-type: none">• Significant improvement in safety performance• Environmental performance• Community engagement• Bengalla's high energy coal expected to be preferred in a carbon emission constrained generation market – thermal efficiency

Productivity & mine optimisation – Curragh mine cash costs update

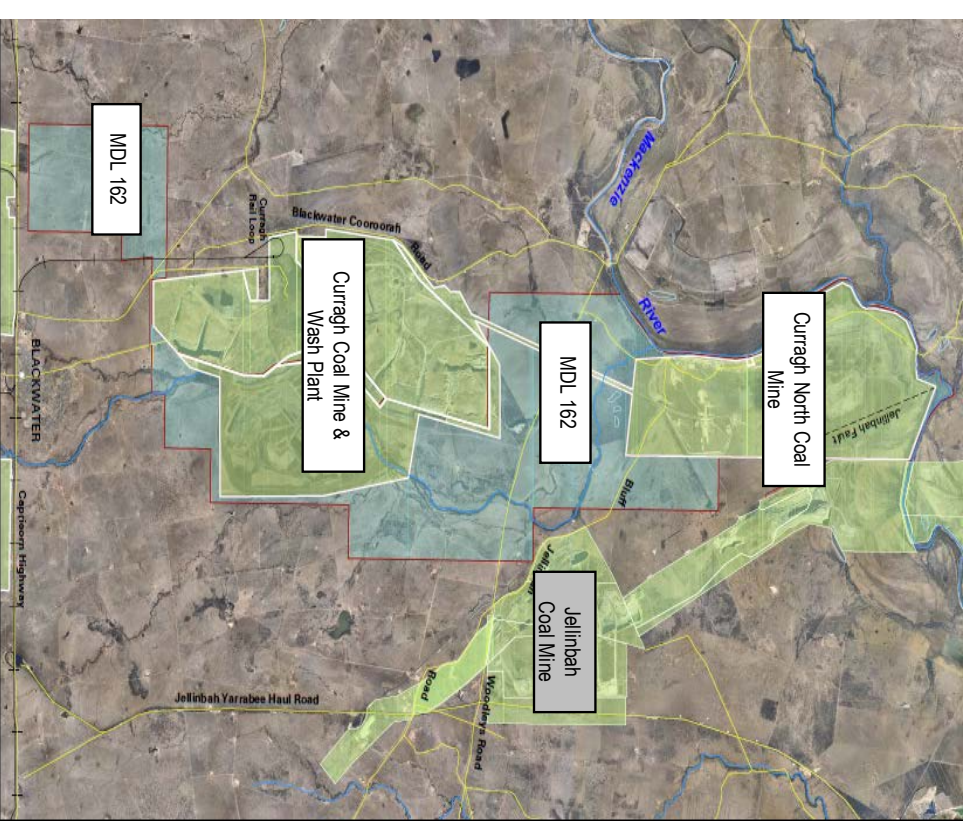
- Continued focus on cost control & productivity improvements
- ~32% cash cost reduction from 1H FY12 peak
- Cost performance sustained by:
 - Reduced contractor activity
 - Optimised mine design
 - Engagement with all mine suppliers
 - Mine productivity improvements

Mine cash costs per tonne (excl. carbon tax)



Curragh mine expansion: 'capital light' expansion to 10mtpa

- Curragh expansion to 10mtpa export capacity
 - Feasibility study compete
 - Major infrastructure in place
 - Low incremental capital cost
 - Tier 2 Stanwell Rebate to apply
 - Market development in place
 - Timing subject to market conditions
- WICET¹ Stage 1 (27mtpa) commissioning complete
 - Curragh share of capacity is 1.5mtpa
 - Above & below track rail capacity in place



¹ Wiggins Island Coal Export Terminal.

Bengalla mine expansion – ‘capital light’ expansion to 10.7 mtpa ROM

- Expansion completed in early 2015, on time & below budget
 - Low incremental capital cost
 - HME successfully commissioned & operating
 - Operating at 10.7mtpa ROM capacity
- New Development Consent
 - Granted 4 March 2015
 - Extend mine operations until 2039
 - Increased maximum production limit of 15mtpa ROM
- Further expansion potential
 - Concept Study to expand up to 15mtpa ROM
 - Joint venture approval of study Q4 FY15



Product extension & market reach – Curragh development of MDL 162

- Acquisition of MDL 162 in January 2014
 - Utilises existing Curragh infrastructure including CHP1, rail loop & mining equipment
 - Extends Curragh mine life & provides option to further optimise mine operations
 - Coal produced is not subject to Stanwell Rebate
- Feasibility study completed as part of 10mtpa expansion study
- Further exploration drilling (16 holes) completed – results to be included in 2015 JORC update
- Anticipated timeline to development
 - Mining Lease application 1H 2015
 - Grant of Mining Lease estimated Mid 2016
 - Initial coal mining from MDL 162 FY2018

¹ Coal handling & preparation plant.

Sustainability: Safety performance

- Continued implementation of safety best practice arising from benchmarking project
- Review & simplification of Curragh Safety & Health Management System
- Increased & sustained frequency of safety interactions
- 66% reduction in TRIFR over past two years
- Targeting zero harm

	R12 LTIFR		R12 TRIFR	
	30-Jun-14	31-Mar-15	30-Jun-14	31-Mar-15
As at				
Division (excluding Bengalla)	0.6	0.3	5.0	4.9

Outlook

- Export markets
 - Metallurgical coal market continues to be oversupplied
 - Difficult export market conditions expected to continue in the near term
 - Spot prices remain low, with continued low export coal prices anticipated in FY16
- FY16
 - Product mix continues to be affected by steel mill preference for lower quality coal
 - Forecast Curragh metallurgical sales of 8.5 – 9.5mtpa (HCC 40%; Semi 31%; PCI 29%)
 - Stanwell Rebate expected to be in the order of A\$65 - \$75 million assuming A\$:US\$ of 0.77
 - Continuing focus on cost minimisation & productivity improvement

Outlook (cont.)

- Near term outlook remains challenging, but strong mine fundamentals exist
 - Long-life mines with excellent infrastructure
 - Long-term rail & port access in place with strong, long-term customer relationships
- Growth
 - Low capital cost mine expansions
 - Continue to evaluate counter-cyclical opportunities

Coal reserves notes (as per slide 209)

Curragh coal reserves

The estimates of Curragh coal reserves have been carried out under the Australasian Code of Reporting of Exploration Results, Mineral Resources & Ore Reserves 2004 (Curragh South and North Mining Leases) (the "JORC Code 2004") and the Australasian Code of Reporting of Exploration Results, Mineral Resources & Ore Reserves 2012 (Mineral Development Licence 162) (the "JORC Code 2012") (collectively the "**JORC Code**") and were reported as at 30 June 2014 in the 2014 Westfarmers Limited Annual Report issued on 9 September 2014 and available at <http://www.asx.com.au> or www.westfarmers.com.au. Estimates of coal reserves comprise 244 million tonnes of proved coal reserves and 40 million tonnes of probable coal reserves. Figures are rounded to the nearest million tonnes. The Curragh coal reserves information was compiled by, is based on, and fairly represents information and supporting documentation prepared by Mr Barry Saunders (Member AusIMM), Mr Johan Ballot (Member AusIMM) and Mr Ken Hill (Member AusIMM) who have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity they are undertaking to qualify as a Competent Person as defined by the JORC Code. Mr Ballot, Mr Saunders and Mr Hill have consented to the inclusion in the report of the matters based upon their information in the form and context in which they appear. Mr Ballot is an employee of Westfarmers Curragh Pty Ltd. Mr Saunders is an employee of QGESS Pty Ltd. Mr Hill is an employee of Xenith Consulting Pty Ltd

Bengalla coal reserves

On 28 November 2014, Rio Tinto announced that it had increased its assessment of total ROM coal reserves for the Bengalla mine to 271 million tonnes (100% basis) comprising 165 million tonnes of proved coal reserves and 106 million tonnes of probable coal reserves (as at 31 October 2014).

The information in Rio Tinto's announcement of 28 November 2014 which is cross referenced in this statement that relates to coal reserves is based on, and fairly represents, information compiled by Mr Andrew Prentice and Mr Richard Ruddock. Mr Prentice is a Competent Person who is a member of the Australasian Institute of Mining and Metallurgy and is employed by Rio Tinto Coal Australia Pty Ltd. Mr Prentice has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code. Mr Prentice consents to the inclusion in this statement of the matters based on his information in the form and context in which it appears. Mr Ruddock is a Competent Person who is a member of the Australasian Institute of Mining and Metallurgy and is employed by Rio Tinto Coal Australia Pty Ltd. Mr Ruddock has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code. Mr Ruddock consents to the inclusion in this statement of the matters based on his information in the form and context in which it appears.

For full details see Rio Tinto's announcement on the ASX website <http://www.asx.com.au/asx>

Questions

Stewart Butel
Managing Director



Industrial & Safety

Olivier Chretien

Managing Director



WIS charter

Security of Supply

The trusted provider of industrial & safety products & services

Service & Value

Enabling customers to seamlessly & cost-efficiently run, maintain & grow their business

Ethical standards

Living by the strongest values, safety & sustainability standards

Shareholder value

Delivering satisfactory returns to shareholders

Execution through four business streams



¹ Maintenance, Repair & Operations – includes safety.

Strong competitive positions & expanding addressable markets

Markets					
	MRO	Services	Gas	Workwear wholesale ¹	Uniforms
Australia	#1	<ul style="list-style-type: none"> On-site Training Testing/tagging Consulting 	#3 (consolidated market)	# 1	#1
New Zealand	#1	<ul style="list-style-type: none"> Training Consulting (2015 entry) 		# 1	#1
International	<ul style="list-style-type: none"> Indonesia PNG/Pacific, Africa (export) 	<ul style="list-style-type: none"> Indonesia (consulting) 	<ul style="list-style-type: none"> PNG (export) 		<ul style="list-style-type: none"> UK, UAE Select global customers

¹ Includes Defence & Emergency services.

Meeting evolving customer needs

Broad range of products

Solutions & services

High growth in end-markets

Cost-down agenda

Site-based purchasing

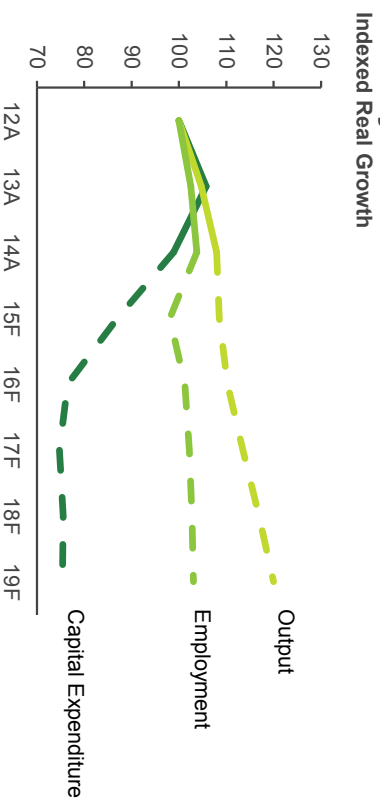
Centralised & consolidated procurement

Quality & safety driving premium brands preference

Private label alternatives in more commoditised ranges

in the context of a challenging market

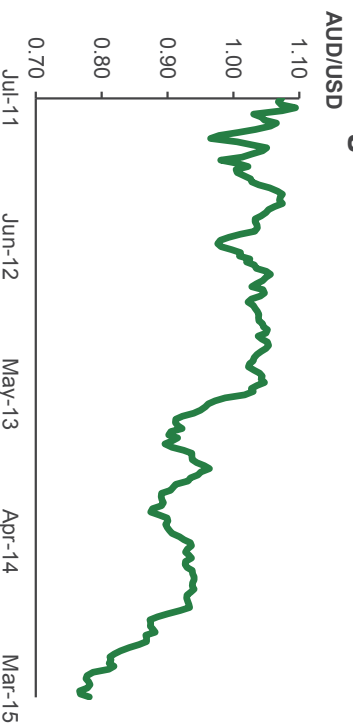
Activity Drivers¹



Lower customer activity

- Large customers' cost-down agenda
- Sharp contraction in capital investment
- Reducing employment levels & turnover
 - direct impact on workwear & PPE² sales

Exchange Rate



Sharp currency decline

- Material net impact in 2H15
- Increased cost of goods only partially & gradually passed through to customer base

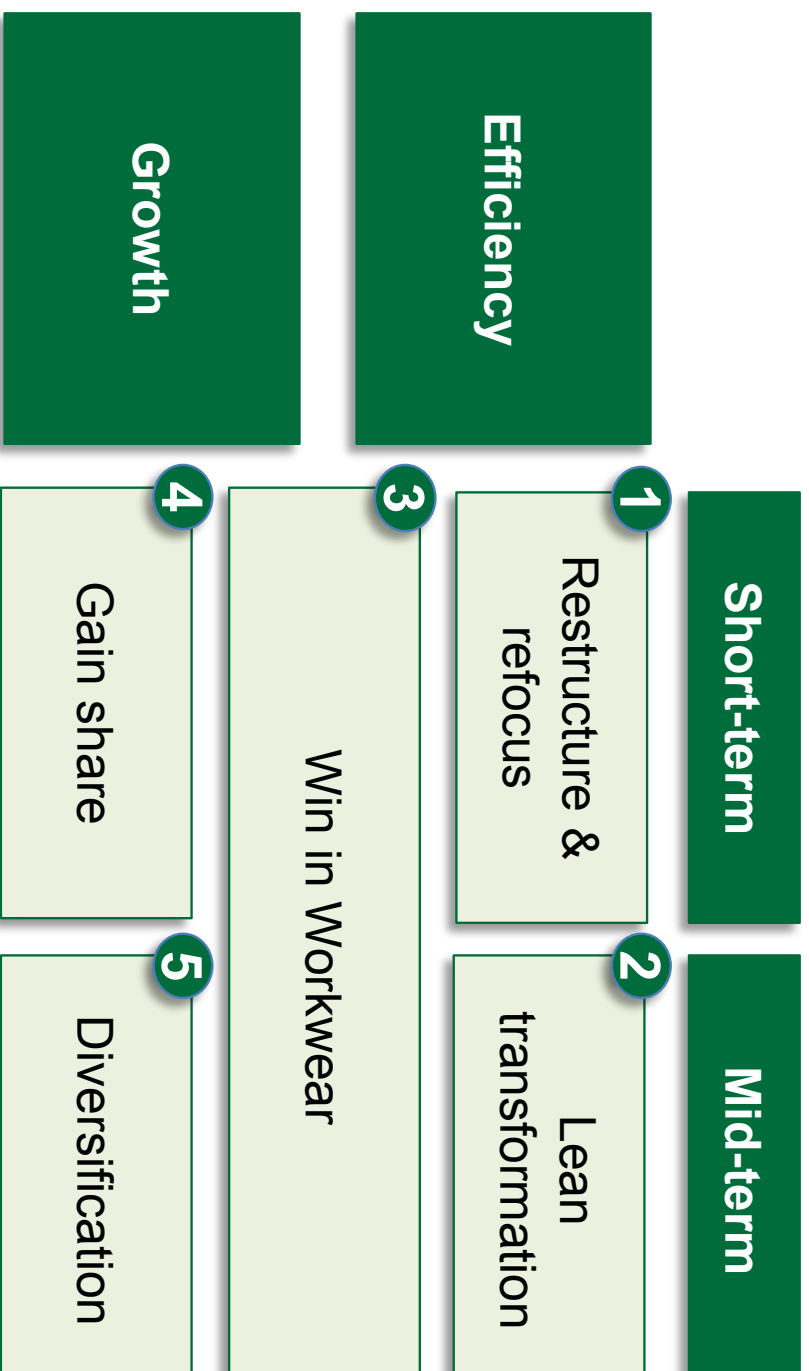
¹ Activity drivers represent end customer activity levels weighted by WIS industry exposure.

² Personal Protective Equipment.

Source: Deloitte Access Economics (March 2015), Oanda, Internal estimates.

Industrial & Safety

Strategic agenda – efficiency & growth



1

Efficiency (short-term) – restructure & refocus

Restructure organisation & reshape portfolio

- Network rationalisation & workforce efficiency¹ (28 closures, 11% FTE²)
- Specialists restructuring – Workwear Group, Bullivants, Protector Alsafe, Greencap, Packaging House, hose factory exit (New Zealand)

Sourcing excellence

- Implemented partnership program with key suppliers (wave 2 underway)
- Merged global sourcing teams in China

Simplification & optimisation

- Stock turn improvement through improved sales & operational planning
- Capex reduction – reprioritised & de-scoped investments
- Waste minimisation – cease non-value adding activities

¹ Over the last two years; excludes acquisitions.

² Full time equivalent.

Efficiency (mid-term) – lean transformation

Supply chain

- Sales & Operations Planning, Distribution Centre efficiency
- Warehouse technology
- Supply chain optimisation

Customer service & sales force

- Customer service centralisation (virtual) – telephony roll-out
- Sales force effectiveness

Process redesign

- Upgraded New Zealand, Coregas & Bullivants ERPs¹
- Protector Alsafé & Blackwoods new ERP implementation (2016/17)
- Lean implementation in Workwear Group

¹ Enterprise Resource Planning.

Efficiency (mid-term) – warehouse technology

- Automated warehouse facility in Greystanes (NSW)
 - “Goods to Person” (GTP)
- Approximately 80% SKUs¹ held in GTP
 - Handling ~60% of pick activity for the region
- Improved productivity, service levels & inventory management
- Recognised with Australian Supply Chain & Logistics award

¹ Stock Keeping Units.

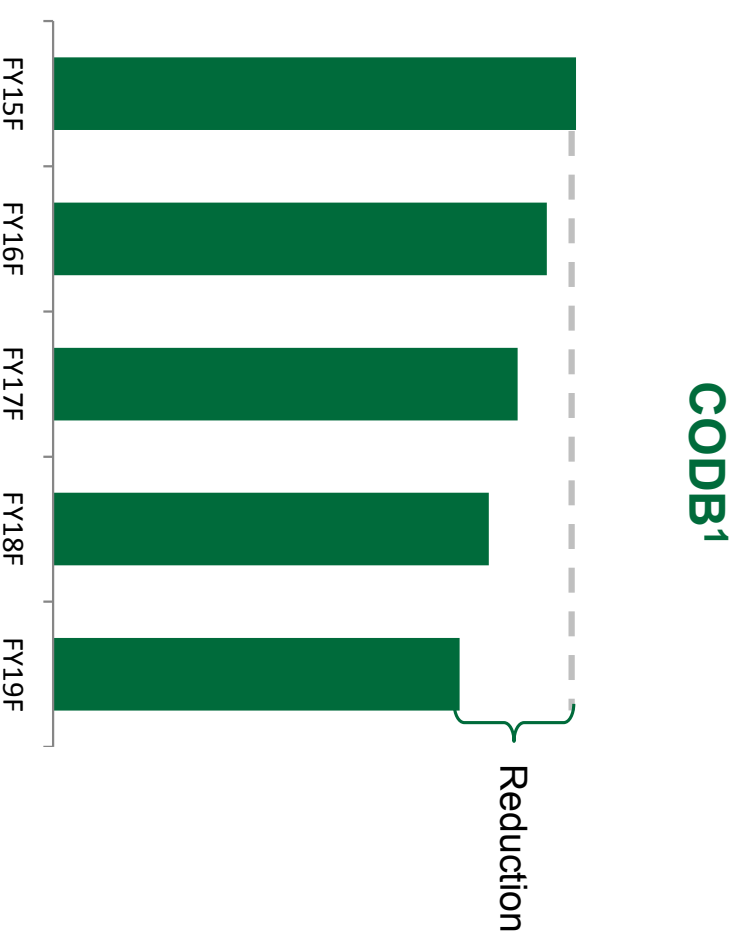
Industrial & Safety



2

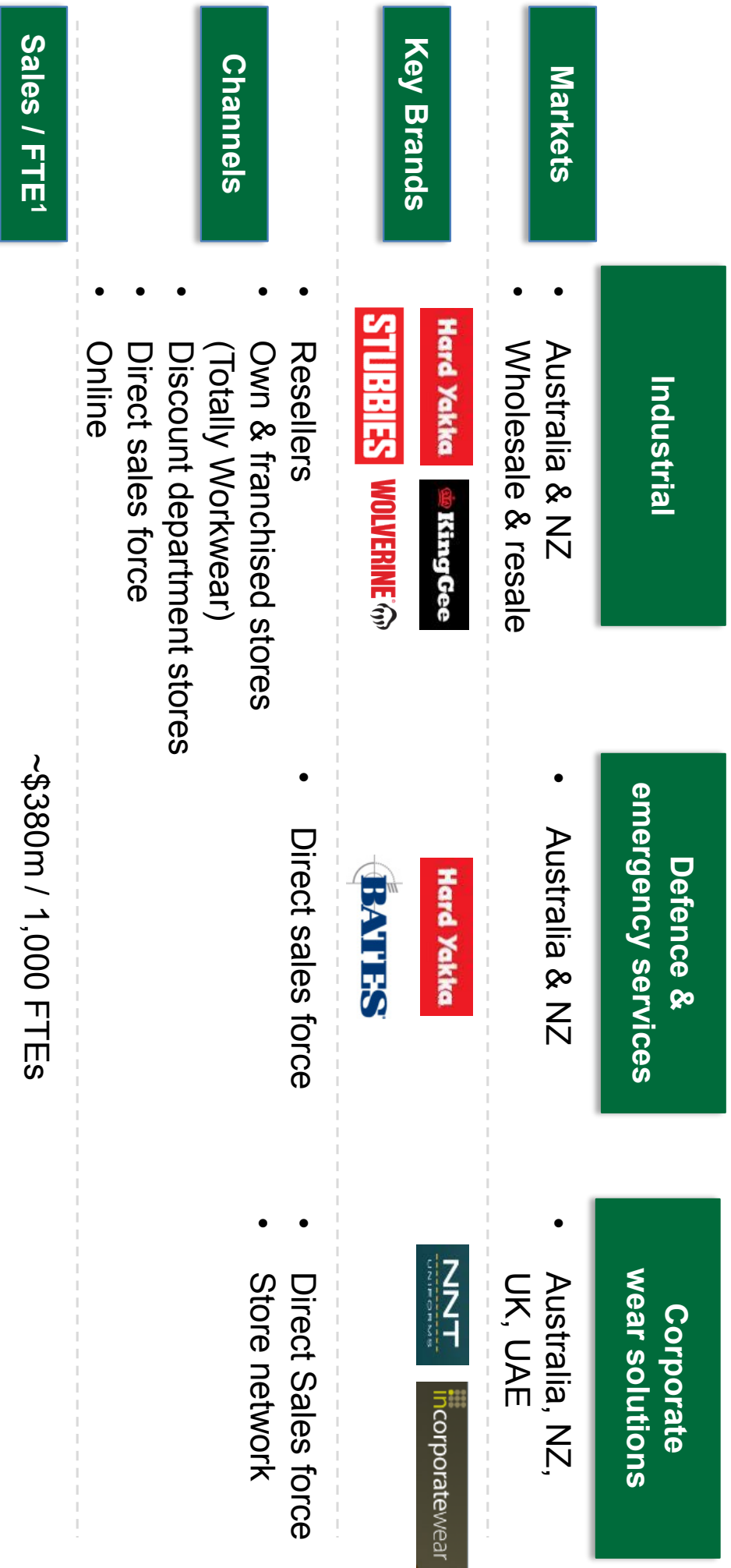
Efficiency (mid-term) – resetting the cost base

- Material reduction in CODB¹ expected:
 - After reinvestment in customer service
 - Build more competitive long-term platform
 - Offset margin pressures
 - Deliver greater economies of scale
- Delivered through combination of:
 - Reshaping portfolio & restructure
 - Technology & lean transformation
 - Waste minimisation



¹ Cost of Doing Business defined as ratio of operating expenses to sales.
² Subject to forecast pricing & growth assumptions.

3 Workwear Group – business overview



¹ FY14 Sales / FTEs.

Industrial & Safety

Acquisition completed 1 December 2014 (\$180m)

3 Workwear Group – acquisition rationale

Market leading Workwear position

Gain share through:

- Leading brand portfolio with iconic brands complementing 'MIS' private labels
- Integrated clothing offer with improved value-add services

New growth platforms

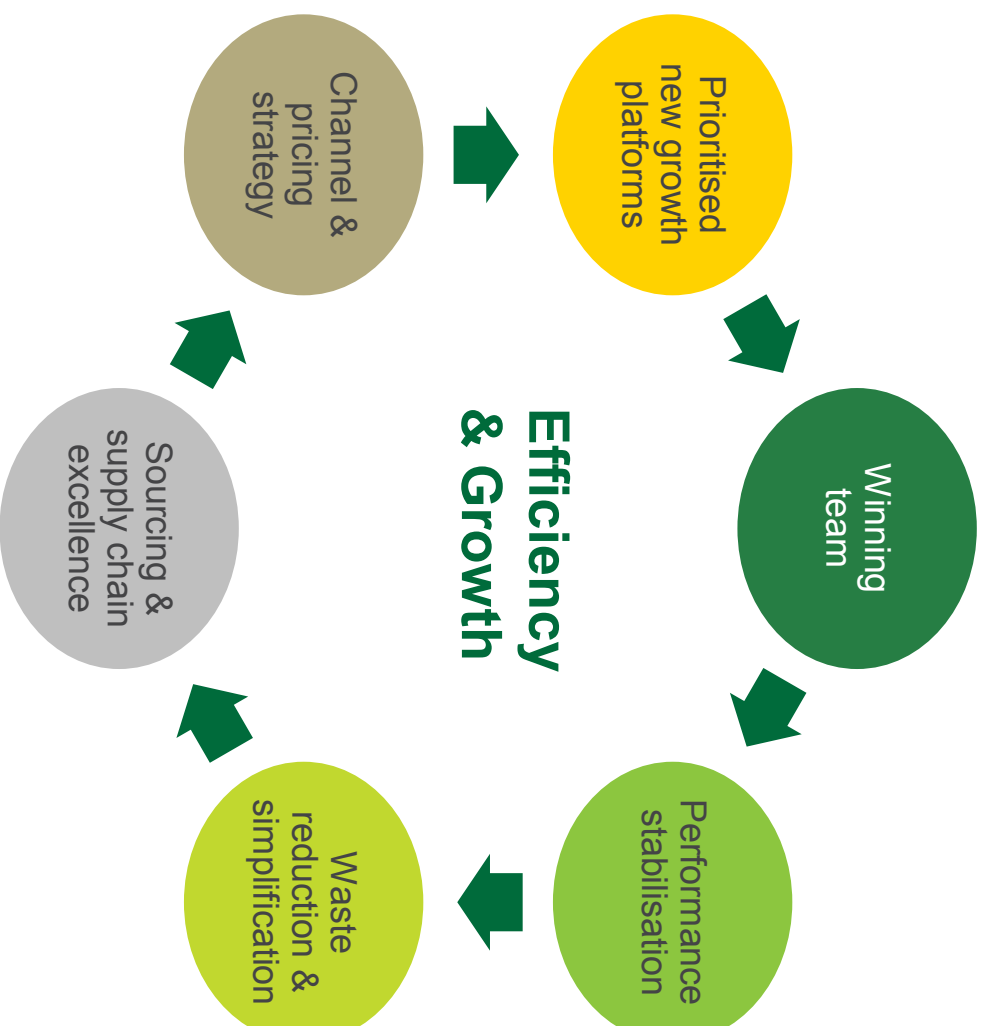
- Expand into new customer segments in industrial & corporate wear
 - e.g. banking, retail, hospitality, health, transport, emergency services
- International platform & pipeline of future opportunities

Synergies

- Customer relationships, sourcing & distribution channels, working capital

Performance turnaround benefits

- Re-engage workforce & stabilise business processes
- Sourcing, supply chain & customer service improvement opportunities
- Reinvest in iconic brands' marketing & product innovation



Workwear Group – progress to date

Completed to date	Work in progress
<ul style="list-style-type: none"> • Restructured senior leadership team & set key business stabilisation priorities • Re-engaged workforce, reduced turnover • China & NZ merged with WIS teams <ul style="list-style-type: none"> – Scale in global sourcing & NZ wholesale/ manufacturing • Reinvested in enabling platforms <ul style="list-style-type: none"> – HR, HSE, commercial & finance – Ethical sourcing review • Inventory review • Whole of business strategies in place for customer retention & pipeline capture 	<ul style="list-style-type: none"> • Core brands review <ul style="list-style-type: none"> – Range rationalisation – Pricing review – Brand portfolio & channel strategy – Reinvestment in product innovation • Supply chain & customer service improvement initiatives underway • Shift from transactional to strategic sourcing relationships <ul style="list-style-type: none"> – Supply base consolidation • Lean process simplification roll-out • Footscray (VIC) defence manufacturing under review

3 Workwear Group – key apparel brands

Growth
through
product
innovation



Differentiated
brand offer of
strength &
durability

Global
corporate
wear
solutions



Positioned to
target value
segments

4

Growth (short-term) – gain share

Share of spend

- Securing key accounts (ANZ) through ongoing investment in value
 - Leveraging & growing own brands
- Multiple channels to maximise reach

Range extensions

- Product innovation (e.g. fire retardant)
- Investing in category management & leveraging strategic suppliers

Solutions

- Expanding onsite services, OH&S training¹ & consulting services
- Implementing integrated supply solutions with select customers

Share opportunities: WIS only captures ~10-15% share across its key markets

¹ Includes NSCA acquisition (August 2014).

4 Growth (short-term) – Blackwoods building on unique value proposition

How we do it	What we do	
Make it easy		
Make it smart	 	
Make it relevant		
Make it happen		
Smarter ways to work. Blackwoods		

Industrial & Safety

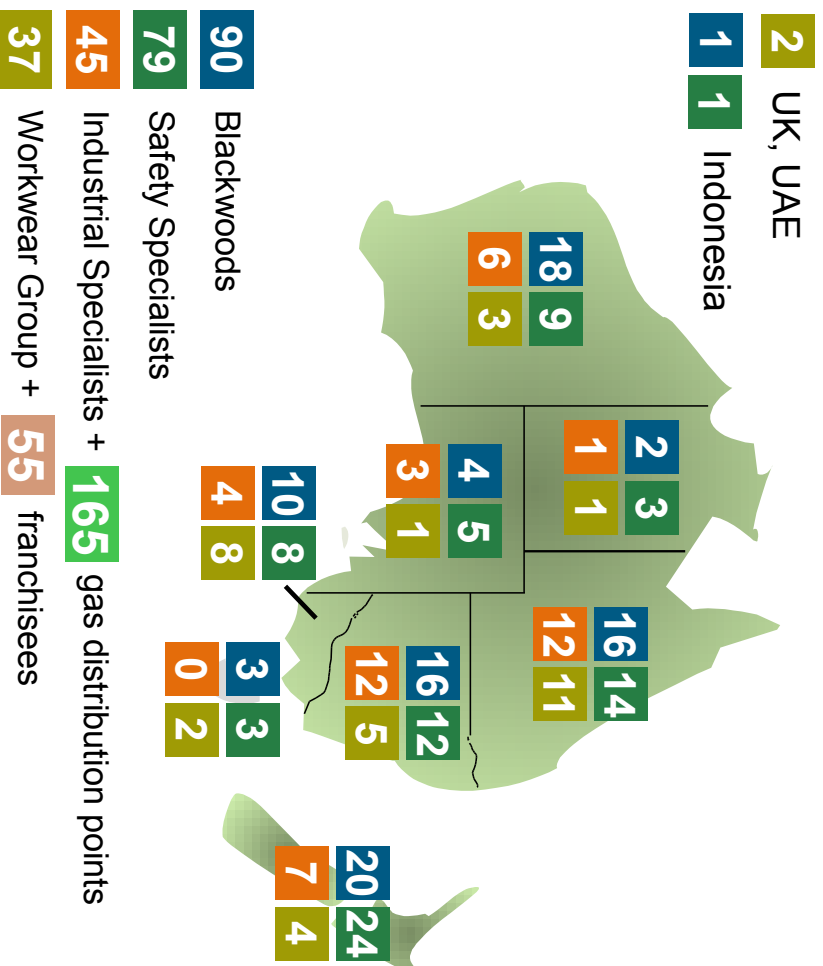
¹ Three month rolling average.

What it means

- Customer centric service
- Delivery promise in full & on time
- Multichannel
- 80 product specialists & site facilitators
- Vendor management & product innovation
- Tailored solutions for large & small
- Convenience & simplicity, multi-channel
- Broadest range over 32 product categories
- 260,000 SKUs available
- Competitive pricing

4 Growth (short-term) – multiple channels to maximise reach

471 Network Locations¹



¹ As at 31 December 2014.

Industrial & Safety

Other Channels



- Salesforce / Consultants
>1,100 FTEs



- Customer Service
>800 FTEs



- ~1/4 eBusiness sales
- 2.5M order lines per annum

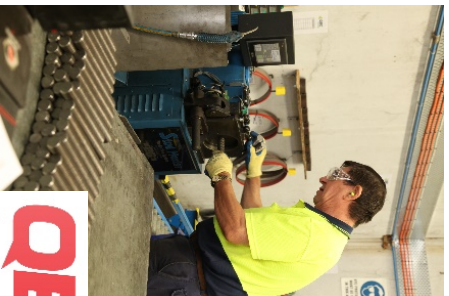
4 Growth (short-term) – own & exclusive ranges

Tools Hardware Welding & abrasives



JBS
PROVEN INDUSTRIAL PERFORMANCE

Fasteners



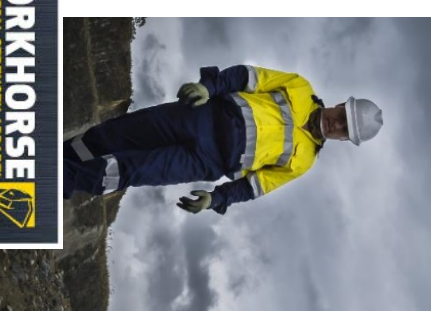
QBC
Focused on Fasteners

¹ Personal Protective Equipment.
Industrial & Safety



PPE¹

Apparel



WORKHORSE
INDUSTRIAL STRENGTH APPAREL

Footwear



WOLVERINE

5 Growth (mid-term) – diversification

Under-penetrated segments

- SME segment (<5% market share)
 - Blackwoods, Safety, Workwear store networks (ANZ) & omni-channel
 - Tools, workwear, PPE, welding & gas focus

Higher growth sectors

- Increase penetration e.g. service industries, construction

Geographies & channels

- Geographic & channel expansion in gas
- Multichannel expansion in workwear & uniforms
- Further international expansion, including UK

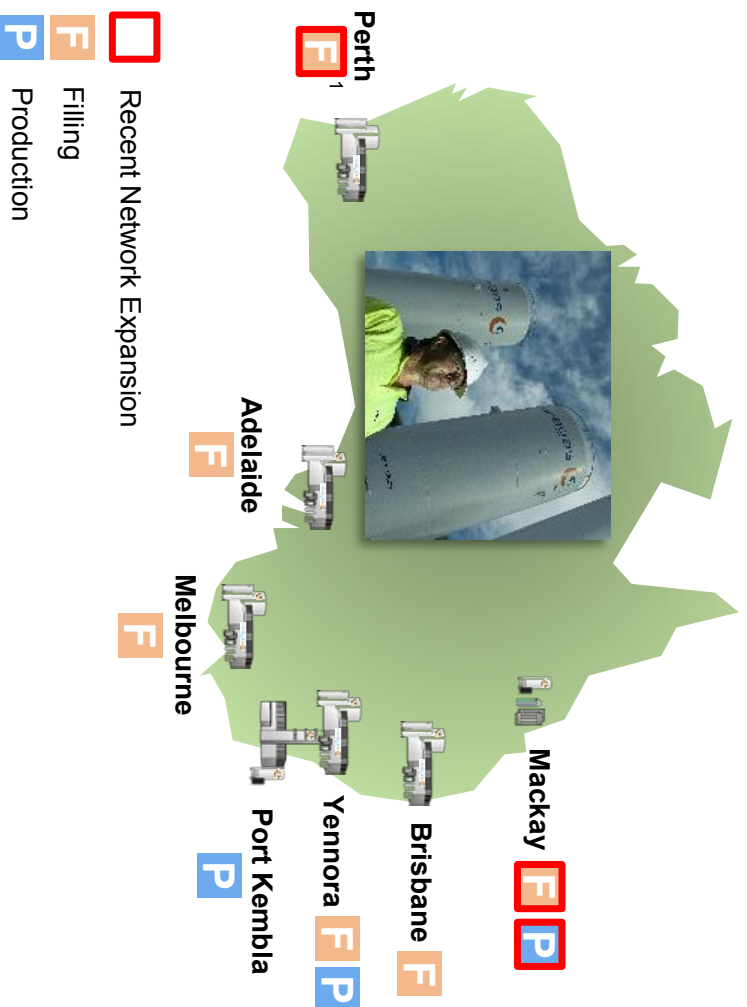
Scope of services

- Growth in safety & risk consulting services

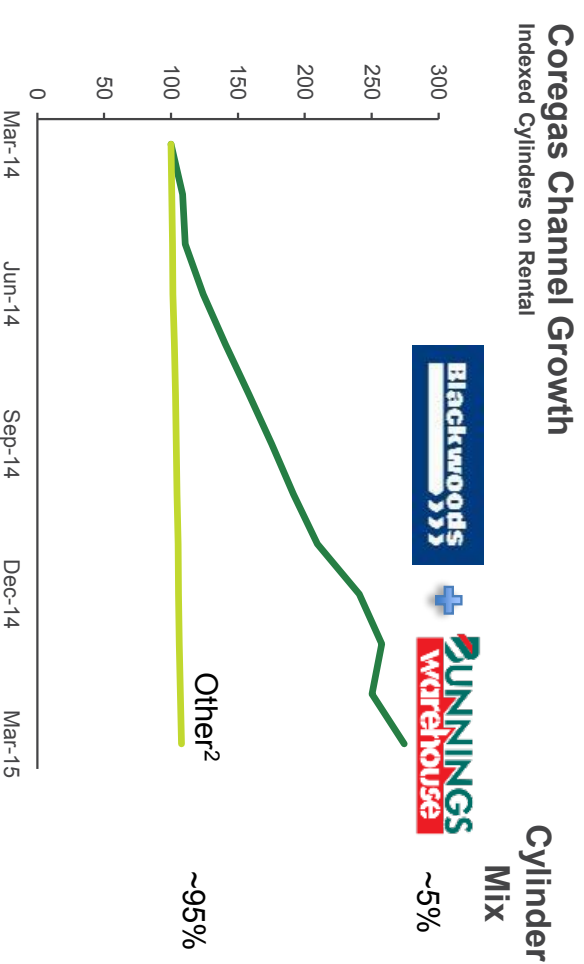
Also exploring acquisition opportunities to accelerate diversification

5 Growth (mid-term) – Coregas network & channels

Primary Locations



Distribution Channels



¹ Permanent Perth facility is under construction.

² Other channels include CG network locations, directly-serviced customers & depots & distributors.
Industrial & Safety

Outlook

Challenging market conditions in Australia

- Weak customer activity & margin pressure expected to continue in 2015/16
- Stable to moderate growth in New Zealand

Focus on gaining share while reducing cost to serve

- Win/retain volume through investment in value & home brands
- Cost base reduction through business restructuring (\$15-20m of one-off restructuring costs in 2H15, notably Workwear)

Long-term outlook remains positive

- Expanding addressable markets & sources of growth (e.g. Workwear, SMEs)
- Pursuing acquisitions to consolidate positions & accelerate diversification

FY15 earnings outlook

- FY15 earnings of circa \$70m (post one-off restructuring costs) reflecting challenging market conditions, investment in value & restructuring to re-align the business for long-term sustainability

Questions

Olivier Chretien

Managing Director





Westfarmers