

2017 Half-year Results Briefing Presentation

To be held on Wednesday, 15 February 2017



Wesfarmers

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Group Performance Overview

Richard Goyder
Managing Director
Wesfarmers Limited



Financial overview

Half-year ended 31 December 2016	Reported	Variance to pcg
Operating revenue	\$34,917m	4.3%
Earnings before interest & tax	\$2,429m	15.1%
Net profit after tax	\$1,577m	13.2%
Earnings per share (cps)	140.1	12.8%
Operating cash flow per share (wanos, incl. res shares) (cps)	234.9	9.8%
Return on equity ¹ (R12)	10.2%	20 bps
Interim dividend per share (cps)	103	13.2%

¹ Excludes post-tax non-cash impairments of \$1,844m relating to Target & Curragh recorded in the 2016 financial year.

- Strong earnings growth for the half, with the results reflecting the benefits of the Group's conglomerate structure
- Total retail earnings broadly in line with the prior corresponding period, with very strong results for Bunnings Australia & New Zealand (BANZ), Kmart & Officeworks
- Industrials division reported significantly higher earnings, primarily driven by Resources
- Cash flow management a highlight; balance sheet further strengthened
- Interim dividend of \$1.03 per share, an increase of 13.2%

Group performance summary






Half-year ended 31 December (\$m)	2016	2015	var %
Revenue	34,917	33,462	4.3
EBITDA	3,064	2,749	11.5
EBIT	2,429	2,110	15.1
Net profit after tax	1,577	1,393	13.2
Operating cash flow	2,648	2,404	10.1
Net capital expenditure	400	675	(40.7)
Free cash flow	2,231	1,665	34.0
Earnings per share (cps)	140.1	124.2	12.8
Operating cash flow per share (wanos, incl. res shares) (cps)	234.9	213.9	9.8
Interim ordinary dividend (cps)	103	91	13.2
Net financial debt ¹	5,360	5,261	1.9
Return on equity ² (R12, %)	10.2	10.0	20 bps
Interest cover ³ (R12, times)	18.9	19.3	(2.1)
Fixed charges cover ³ (R12, times)	2.7	3.0	(10.0)

¹ Interest bearing liabilities less cash at bank & on deposit, net of cross currency interest rate swaps & interest rate swap contracts.

² 2016 excludes post-tax non-cash impairments of \$1,844m relating to Target & Curragh recorded in the 2016 financial year.

³ 2016 excludes pre-tax non-cash impairments of \$2,116m relating to Target & Curragh recorded in the 2016 financial year.

Divisional earnings

EBIT (\$m) Half-year ended 31 December	2016	2015	var %	var \$m	% of EBIT
Coles	920	945	(2.6)	(25)	 37%
Home Improvement	722	701	3.0	21	
Bunnings Australia & NZ	770	701	9.8	69	 29%
Bunnings UK & Ireland	(48)	-	<i>n.m.</i>	<i>n.m.</i>	
Department Stores	387	393	(1.5)	(6)	
Target ¹	16	74	(78.4)	(58)	 16%
Kmart	371	319	16.3	52	
Officeworks	62	59	5.1	3	 3%
Industrials	377	22	<i>n.m.</i>	355	
WesCEF ²	187	104	79.8	83	 15%
Industrial & Safety ³	52	36	44.4	16	
Resources	138	(118)	<i>n.m.</i>	256	

¹ 2016 includes a provision of \$13m recognised for restructuring costs associated with the planned relocation of Target's store support office. 2015 includes rebate income of \$21m recognised contrary to Group policy which was reversed in the second half of 2016, having no effect on the 2016 full-year results.

² 2016 includes a profit on sale of land of \$22m. 2015 includes \$30m of one-off restructuring costs associated with the decision to cease PVC manufacturing.

³ 2015 includes \$5m of restructuring costs associated with the 'Fit for Growth' transformation.

Divisional return on capital (RoC)

Rolling 12 months to 31 December	2016			2015	
	EBIT (\$m)	Cap Emp (\$m)	RoC (%)	RoC (%)	Variance (ppt)
Coles	1,836	16,594	11.1	11.2	(0.1)
Home Improvement¹	1,235	4,018	30.7	35.8	(5.1)
Bunnings Australia & NZ	1,282	3,291	39.0	35.8	3.2
Bunnings UK & Ireland	n.a.	n.a.	n.a.	n.a.	n.a.
Department Stores	269	2,937	9.2	14.8	(5.6)
Target ²	(253)	1,680	(15.1)	3.8	(18.9)
Kmart	522	1,257	41.5	36.6	4.9
Officeworks	137	987	13.9	12.5	1.4
Industrials	403	3,747	10.8	4.5	6.3
WesCEF ³	377	1,500	25.1	15.7	9.4
Industrial & Safety ⁴	80	1,358	5.9	4.2	1.7
Resources	(54)	888	(6.1)	(7.0)	0.9

¹ 2016 includes earnings & capital employed from Bunnings UK & Ireland. Bunnings UK & Ireland will be separately disclosed in the full-year results ended 30 June 2017 when the business will have 12 months of trading data under Wesfarmers ownership.

² 2016 includes a provision of \$13m recognised for restructuring costs associated with the planned relocation of Target's store support office & \$145m in restructuring costs & provisions.

³ 2016 includes a profit on sale of land of \$22m. 2015 includes \$30m of one-off restructuring costs associated with the decision to cease PVC manufacturing.

⁴ 2015 includes \$5m of restructuring costs associated with the 'Fit for Growth' transformation.

Group Balance Sheet & Cash Flow

Terry Bowen

Finance Director
Wesfarmers Limited



Other business performance summary

Half-year ended 31 December (\$m)	Holding %	2016	2015	var %
Share of profit of associates				
BWP Trust	25	18	56	(67.9)
Other	Various	13	2	<i>n.m.</i>
Sub-total share of profit of associates		31	58	(46.6)
Interest revenue ¹		3	3	-
Other		(6)	(4)	(50.0)
Corporate overheads		(67)	(67)	-
Total Other		(39)	(10)	<i>n.m.</i>

¹ Excludes interest revenue from Coles Financial Services & Quadrant Energy loan.

Operating cash flows

- Operating cash flows increased 10.1% to \$2,648m
- Cash realisation¹ of 119.7%, up from 118.3% in the prior corresponding period
- Higher working capital inflow during the period
 - Inventory management initiatives across retail businesses
- Industrials movement due to higher receivables, primarily driven by higher coal prices

Half-year ended 31 December (\$m)	2016	2015
Cash movement inflow/(outflow)		
Receivables & prepayments	(110)	(13)
Inventory	(617)	(1,066)
Payables	1,136	1,345
Total	409	266
Working capital cash movement		
Retail	634	348
Industrials & Other	(225)	(82)
Total	409	266

¹ Operating cash flows as a percentage of net profit after tax, before depreciation & amortisation, & NTIs.

Capital expenditure

- Gross capital expenditure declined \$135m to \$924m
 - Fewer store openings in Home Improvement
 - Reduced investment in Target
- Proceeds from property disposals increased \$140m to \$524m
 - Sale of Coles' interest in a number of joint venture properties to ISPT
 - Sale of land by WesCEF
- Net capital expenditure reduced 40.7% to \$400m
- Free cash flows of \$2,231m, 34.0% higher than prior year due to higher operating cash flows & lower net capital expenditure
- FY17 net capital expenditure of \$1.1b to \$1.3b expected, subject to net property investment

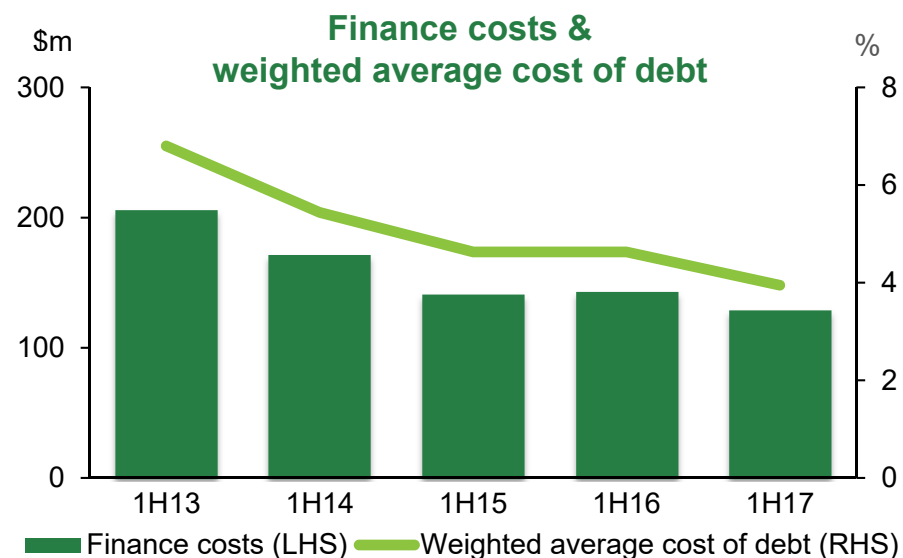
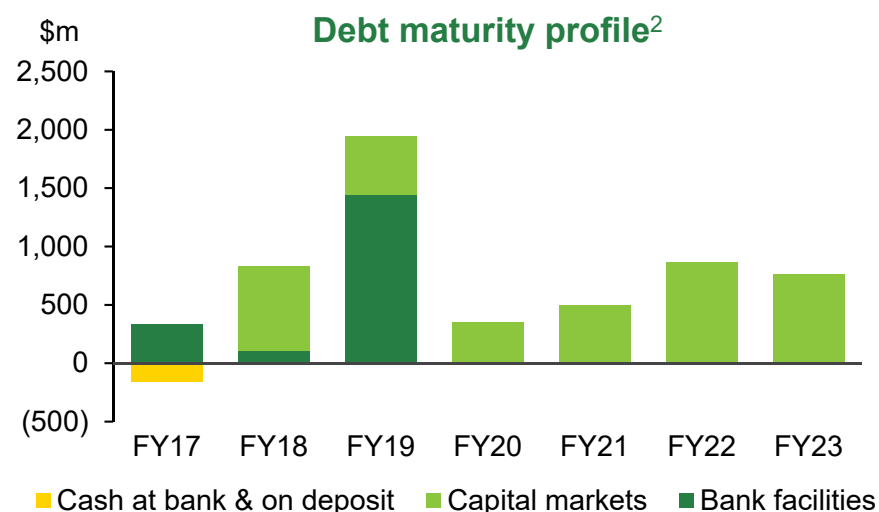
Half- year ended 31 December (\$m) ¹	2016	2015	var %
Coles	463	459	0.9
Home Improvement	228	314	(27.4)
Kmart	85	79	7.6
Target	38	66	(42.4)
Officeworks	17	22	(22.7)
WesCEF	20	21	(4.8)
Industrial & Safety	16	29	(44.8)
Resources	53	67	(20.9)
Other	4	2	n.m.
Total capital expenditure	924	1,059	(12.7)
Sale of PP&E	(524)	(384)	36.5
Net capital expenditure	400	675	(40.7)

Half- year ended 31 December (\$m) ¹	2016	2015	var %
Property	257	243	5.8
Plant & Equipment	605	774	(21.8)
Intangibles	62	42	47.6
Total capital expenditure	924	1,059	(12.7)

¹ Capital investment provided on a cash basis.

Debt management

- Net financial debt¹ of \$5,360m, in line with prior corresponding period
- \$500m of domestic medium term notes matured November 2016; repaid using existing cash balances & bank facilities
- ‘All-in’ effective borrowing cost further reduced by 68 bps to 3.95%
 - Reflects active management of debt sources & the benefit of lower interest rates
- Solid credit metrics
 - Cash interest cover³ (R12) at 18.9 times
 - Fixed charges cover³ (R12) at 2.7 times
- Strong & stable credit ratings
 - Moody’s A3 (stable outlook)
 - Standard & Poor’s A- (negative outlook)
- Sale of Coles’ credit card receivables in February 2017; proceeds will be used to repay debt



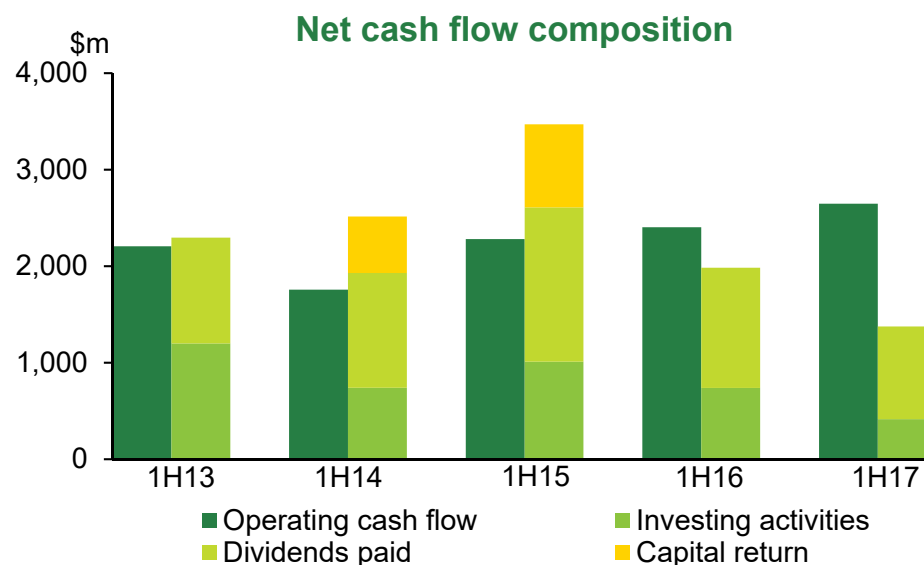
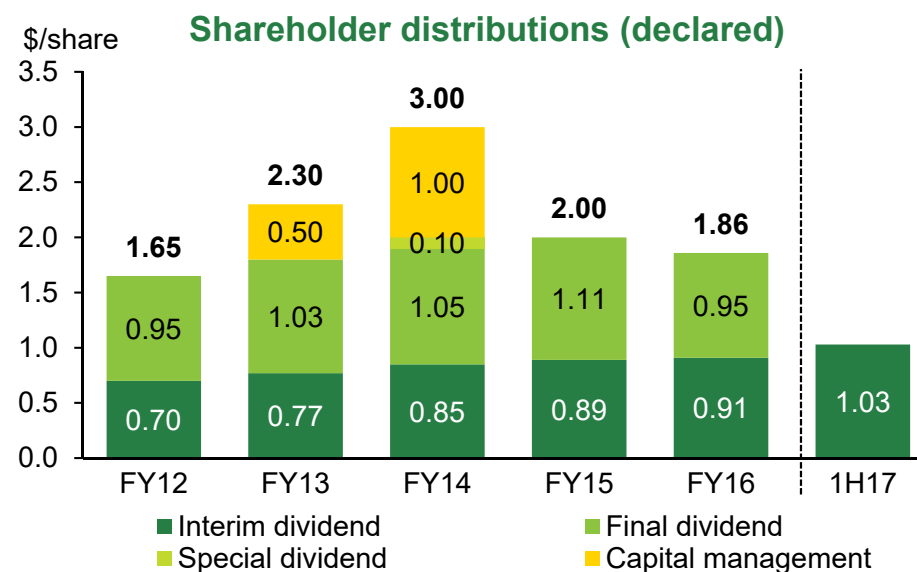
¹ Interest bearing liabilities less cash at bank & on deposit, net of cross currency interest rate swaps & interest rate swap contracts.

² As at 31 December 2016.

³ Excludes pre-tax non-cash impairments of \$2,116m relating to Target & Curragh recorded in the 2016 financial year.

Dividends

- Strong cash flow generation supporting a 13.2% increase in dividend per share
- Half-year dividend of \$1.03 per share, fully franked
 - Dividend record date 21 February 2017
 - Half-year dividend payable 28 March 2017
 - Dividend investment plan; last day for application 22 February 2017



Coles

John Durkan
Managing Director
Coles



coles

[coles.com.au](https://www.coles.com.au)

coles
express

VINTAGE CELLARS

first CHOICE liquor

BI-LO

LIQUORLAND

spirit
HOTELS

coles Financial Services

Coles performance summary

Half-year ended 31 December (\$m)		2016	2015	var %
Coles	Revenue¹	20,056	20,087	(0.2)
	EBITDA ²	1,240	1,250	(0.8)
	Depreciation & amortisation	(320)	(305)	(4.9)
	EBIT²	920	945	(2.6)
	EBIT margin ² (%)	4.6	4.7	
	RoC (R12, %)	11.1	11.2	
	Safety (R12, LTIFR)	8.4	7.6	
Food & Liquor	Revenue¹	16,878	16,496	2.3
	Headline sales growth ^{3,4} (%)	2.2	5.4	
	Comparable sales growth ^{3,4} (%)	1.3	4.3	
	Inflation/(deflation) ³	(0.9)	(1.2)	
Convenience	Revenue	3,178	3,591	(11.5)
	Total store sales growth ⁴ (%)	6.4	11.6	
	Comp. fuel volume growth ⁴ (%)	(13.3)	(3.8)	

¹ Includes property revenue for 2016 of \$10m & for 2015 of \$13m.

² Includes property EBIT for 2016 of \$56m & for 2015 of \$10m.

³ Includes hotels, excludes gaming revenue & property.

⁴ 2016 growth reflects the 27 week period 27 June 2016 to 1 January 2017 & the 27 week period 29 June 2015 to 3 January 2016. 2015 growth reflects the 27 week period 29 June 2015 to 3 January 2016 & the 27 week period 30 June 2014 to 4 January 2015.

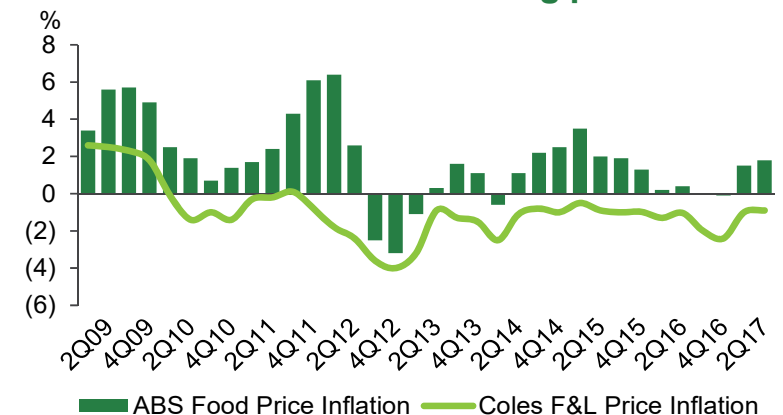
Food & Liquor summary

Maintaining our focus on the customer

- Focusing on the customer in a competitive market
 - Over seven years of lowering prices for customers
 - Continued investment in service, availability & quality
- Continued positive momentum positions the business for sustainable long-term growth
 - Key customer metrics continued to improve, underpinning comparable sales growth
- EBIT declined by 2.6%
 - Significant investment in value driving lower shelf margin
 - Simplicity benefits partially mitigated the impact of shelf margin investment on EBIT
- Cash realisation was above 100%



Track record of lowering prices



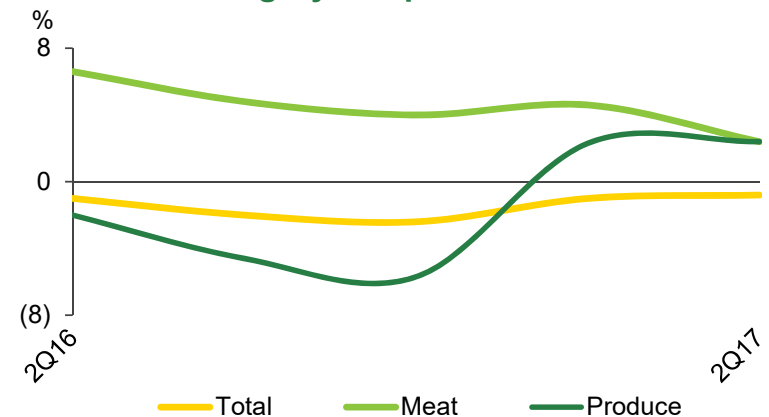
Food & Liquor summary

Shelf margin deterioration a factor

- Shelf margin lower than prior year
 - Represents gross margin excluding loss & logistics
 - Decline driven by proactive investment, including absorption of meat costs, & competition
- Continued investments in service, quality & availability
- Input cost increases in meat are a significant factor
 - Cost increases have not been fully reflected in prices
 - Meat accounts for ~20% of the shelf margin impact
- Shelf margin impact was more pronounced in 2Q17



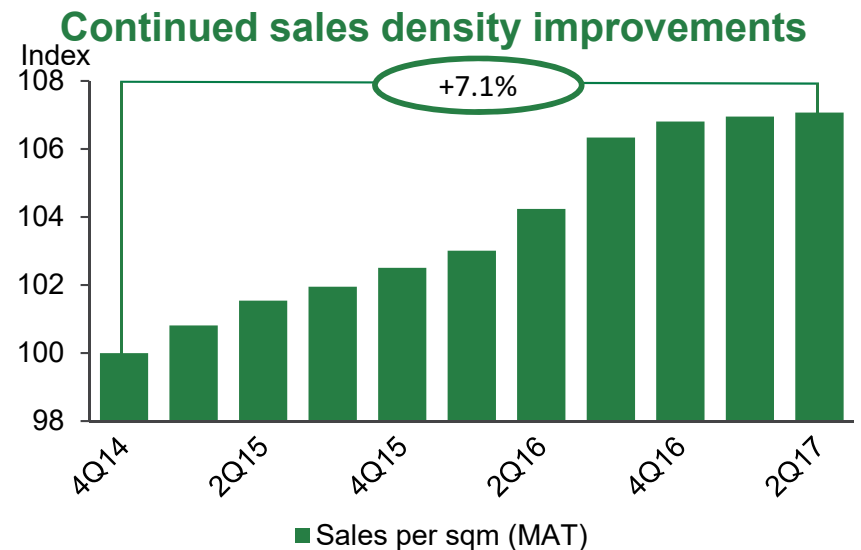
Category sell price inflation



Food & Liquor highlights

Improving our customer offer

- Maintaining a consistent customer proposition
 - Focus remains on improving the customer offer
- Key metrics continue to improve
 - Continued growth in comparable transactions, basket size & sales density
 - Improved 'Tell Coles' metrics across the period demonstrate an overall improvement in customer service, availability & quality perceptions
- Continued growth in comparable sales
 - 2Q17 comparable growth in Food of 1.0%, building on 5.3% growth in the prior period
- Maintaining a customer focus in a period of increased competition will position the business for sustainable long-term growth



Food & Liquor highlights

New services & channels

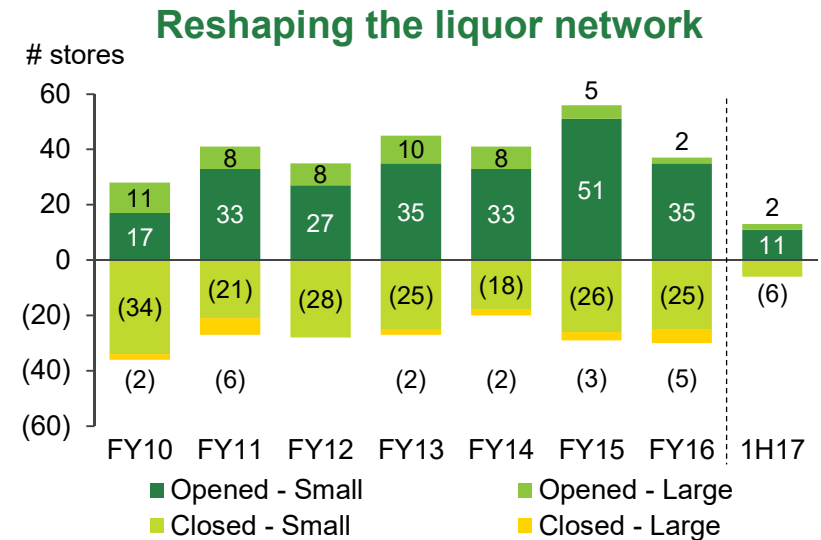
- Coles Online continues to achieve strong growth
 - Double digit transaction & sales growth
 - Cost control leading to profitable growth
- Delivering greater value through flybuys
 - Continued growth in active members
 - Partnership with Velocity Frequent Flyer to deliver more choice to customers
- Simplified portfolio through credit card distribution agreement with a global leader
 - 10-year partnership with Citi for distribution of Coles credit cards
 - Award winning credit card offer (Canstar, Mozo & Money magazine) further strengthened



Food & Liquor highlights

Progressing the Liquor transformation

- Positive momentum continues
 - Five quarters of comparable sales growth
 - Strong transaction growth remains the driver
- Increased renewal activity
 - 92 Liquorland renewals completed
 - On track to deliver 200 renewals in FY17
 - Further trials of Liquor Market
- Enhanced omni-channel offer
 - All banners now offering click & collect
 - 30 min click & collect offered in Liquorland stores
- The five year turnaround is progressing as expected

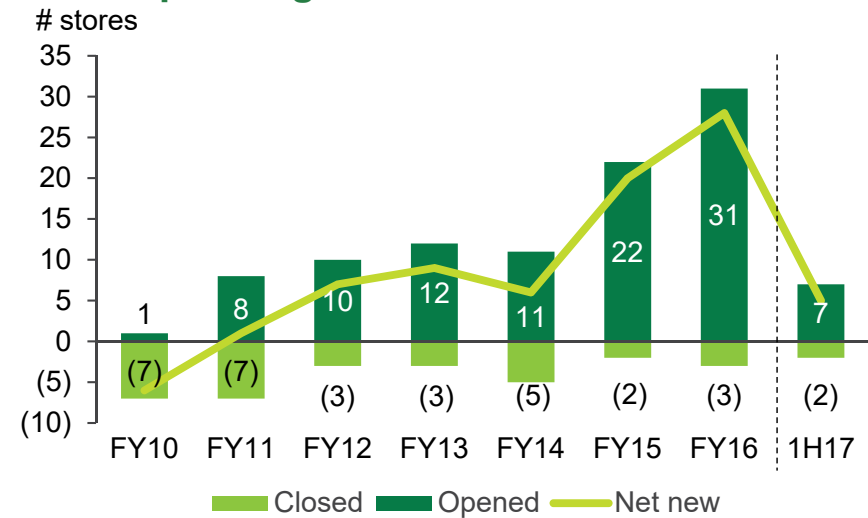


Convenience highlights

Fuelling convenience

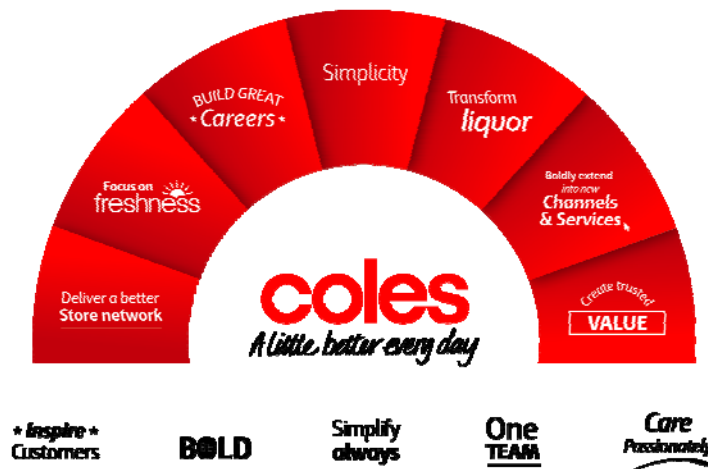
- A market-leading convenience store offer
 - Strong growth in food-to-go offer
 - Focus on Every Day value & Coles Brand offer (eighth consecutive quarter of price deflation, excluding Tobacco)
- Maintaining a competitive fuel offer
- Fuel volumes remain in decline
 - Slowing market growth
 - Competitor openings
 - Changes in commercial terms of the Alliance

Expanding the convenience network



Coles outlook

- Relative to the prior comparable period, market growth has slowed & competition has increased
- Providing a market leading customer offer will remain the focus
- Decline in Food shelf margin due to significant investment in value; expected to persist through 2H17
- Coles believes a customer-led approach will best position the business for long-term growth
- Over the long-term, simplicity benefits will fund continued investment in the customer offer
- Maintain a focus on transforming liquor & providing a market leading convenience store offer
- Invest in new growth opportunities for the long term
- Continue to remain disciplined & returns focused in our capital management



Home Improvement

Michael Schneider
Managing Director BANZ

PJ Davis
Managing Director BUKI



BUNNINGS
warehouse

BUNNINGS

BUNNINGS
TRADE

HOMEBASE

Home Improvement performance summary

Half-year ended 31 December (\$m)	2016	2015	var %
Revenue	6,995	5,500	27.2
Bunnings Australia & NZ	5,957	5,500	8.3
Bunnings UK & Ireland (\$)	1,038	n.a.	
Bunnings UK & Ireland (£)	612	n.a.	
EBITDA	833	776	7.3
Bunnings Australia & NZ ¹	853	776	9.9
Bunnings UK & Ireland (\$)	(20)	n.a.	
Bunnings UK & Ireland (£)	(12)	n.a.	
EBIT	722	701	3.0
Bunnings Australia & NZ ¹	770	701	9.8
Bunnings UK & Ireland (\$)	(48)	n.a.	
Bunnings UK & Ireland (£)	(28)	n.a.	

¹ Includes net property contribution for 2016 of \$44m & for 2015 of \$33m.

Home Improvement performance summary (continued)

Half-year ended 31 December (\$m)	2016	2015	var %
Revenue	6,995	5,500	27.2
EBITDA	833	776	7.3
Depreciation & amortisation	(111)	(75)	(48.0)
EBIT¹	722	701	3.0
EBIT margin (%)	10.3	12.7	
RoC (R12, %)	30.7	35.8	
Bunnings Australia & NZ			
- RoC (R12, %)	39.0	35.8	
- Safety (R12, AIFR)	21.0	23.0	
- Total store sales growth ² (%)	8.4	11.0	
- Store-on-store sales growth ² (%)	6.5	7.9	

¹ Includes net property contribution for 2016 of \$44m & for 2015 of \$33m.

² 2016 growth for Home Improvement represents the six month period 1 July 2016 to 31 December 2016 & 1 July 2015 to 31 December 2015. 2015 growth for Home Improvement represents the six month period 1 July 2015 to 31 December 2015 & 1 July 2014 to 31 December 2014.

Home Improvement

Michael Schneider
Managing Director BANZ

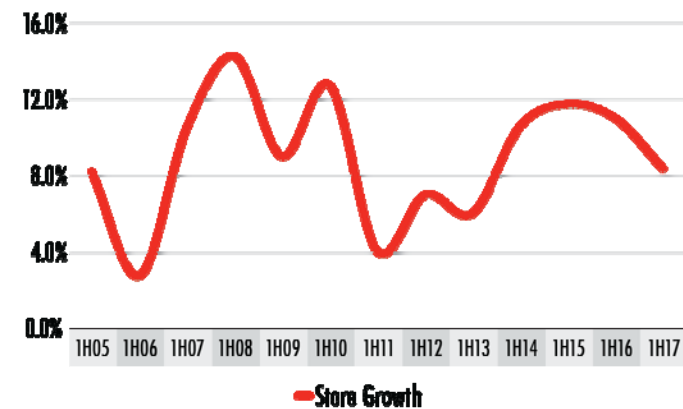


Home Improvement overview

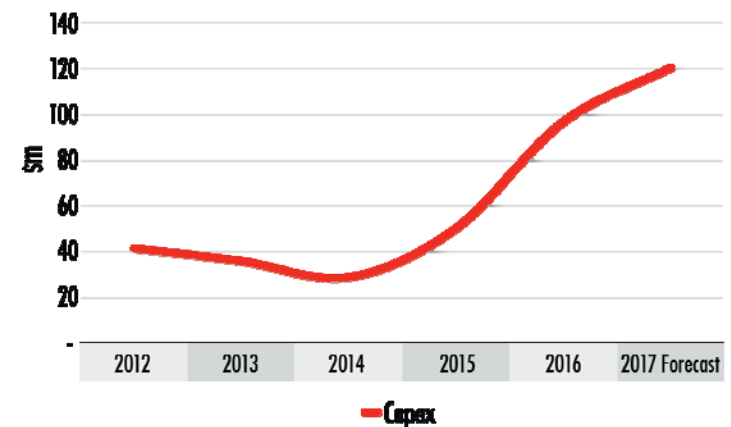
Bunnings Australia & New Zealand (BANZ)

- Revenue uplift of 8.3%
 - Total store growth of 8.4%; store-on-store growth of 6.5%
 - Broad strength of trading performance across all major regions; consumer & commercial
 - Weather & stock liquidation impacts
- EBIT increase of 9.8%
 - Disciplined cost control
 - Continued value creation
 - Favourable property disposal outcomes
- Strong capital management discipline
 - Property recycling program
 - Reduced building & fit-out costs
 - Network refresh focus
- Store closure provisions recognised due to agreement with Home Consortium for new sites

Total Store Growth – First Half



Network Refresh Capex – Full Year



Home Improvement overview

Bunnings Australia & New Zealand (BANZ)

- Good progress against strategic agenda:

Creating better experiences

- Improved customer service metrics
- More in-store activities
- Ongoing range innovation
- Even more team member training

Strengthening the core

- Continued safety focus, reduced injury frequency
- Better in-stock position, fewer gaps
- Productivity & simplicity
- Electricity & waste reductions

Driving stronger growth

- Nine new stores opened
- Further investments in customer value
- Increased & updated digital content
- Broader commercial market penetration

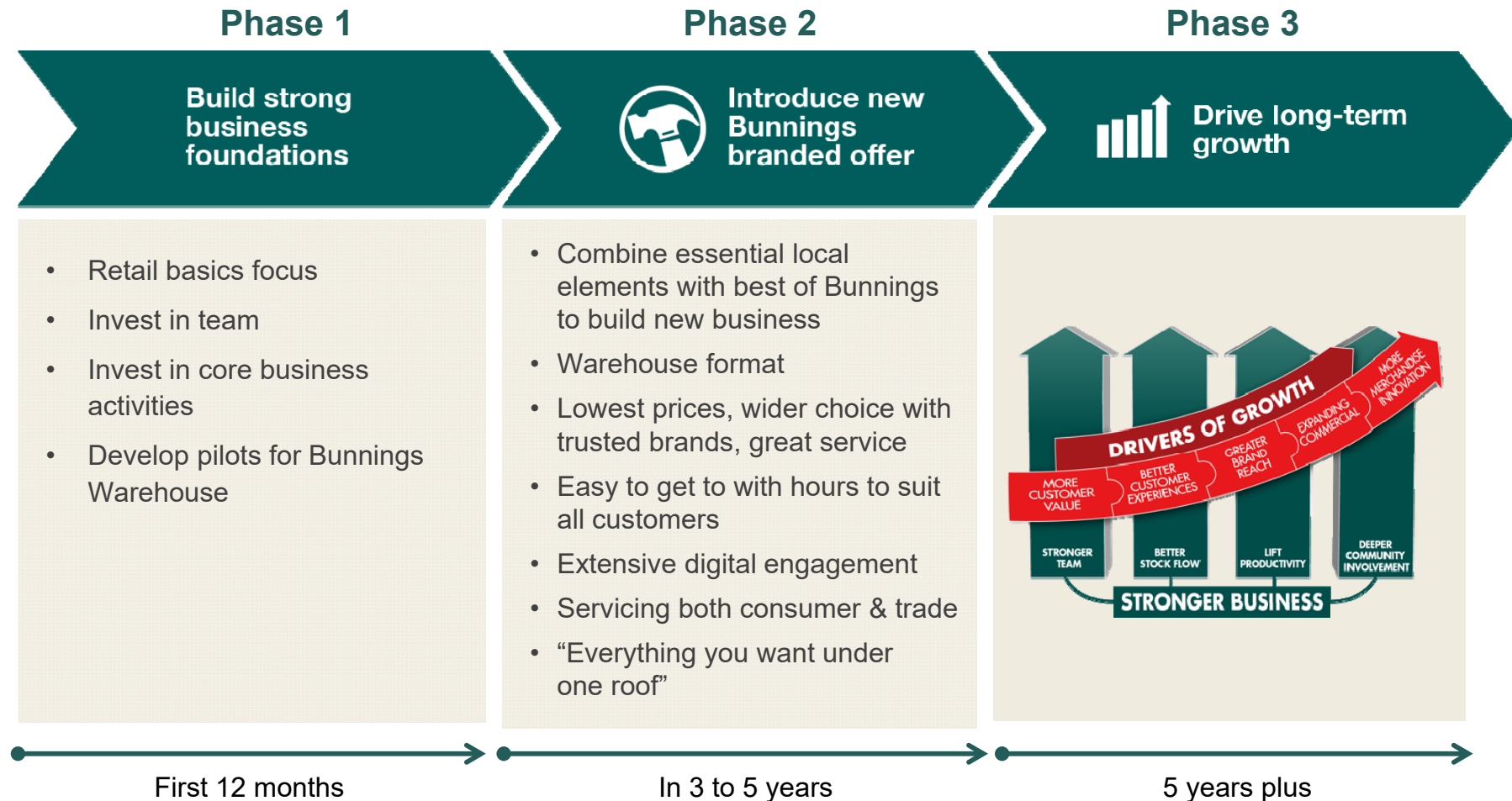


Home Improvement

PJ Davis
Managing Director BUKI



Acquisition Overview: Three Phase Investment Plan



Home Improvement overview

Bunnings United Kingdom & Ireland (BUKI)

- Solid progress on phase 1
- Revenue of £612m (\$1,038m), EBIT loss £28m (\$48m)
 - £13m (\$21m) restructure costs included; concessions & transition activity
 - Price deflation in line with expectations
 - Clearance activity largely complete

Retail basics

- Higher stock weights & wider assortments
- Move to 'Always Low Prices'
- 9.1% increase in transactions (like-for-like)
- Encouraging participation in core categories



Home Improvement overview

Bunnings United Kingdom & Ireland (BUKI)

Invest in team

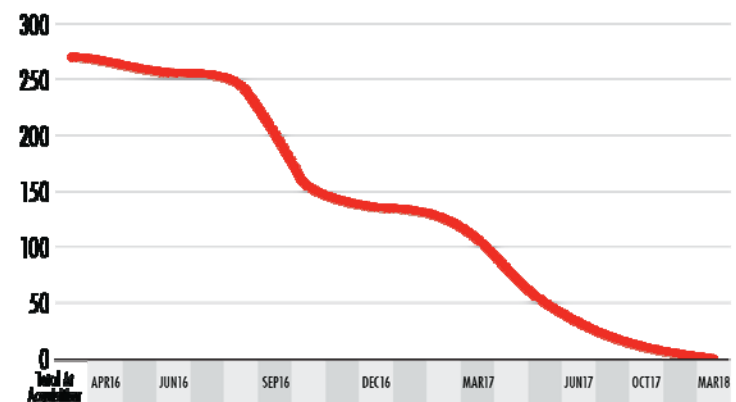
- Leadership development
- Service training for over 10,000 Team Members
- Supplier trained product knowledge

Invest in core business activities

- Separation well advanced
 - Majority of services transitioned
 - Home delivery & Information Technology remain
 - Trailing costs until August 2017
- Concession exits
 - Agreements reached with all concession holders
 - Additional space & no impediment to roll out



Total concessions in Homebase network by month



Home Improvement overview

Bunnings United Kingdom & Ireland (BUKI)

First Bunnings Warehouse pilot launched

- Strong Supplier support
- Widest range of trusted brands
- Positive customer feedback
- Expect to open four pilot stores in FY17

Successful pilots an absolute precursor to further investment



Home Improvement outlook

Bunnings Australia & NZ

- Dynamic competitive landscape
- Strong focus on long-term value creation
- Continued network reinvestment & expansion

Bunnings UK & Ireland

- Drive stronger Homebase operating performance
- Full separation & exit transitional services
- Continued focus on phase 1 activities
- Develop pilot stores

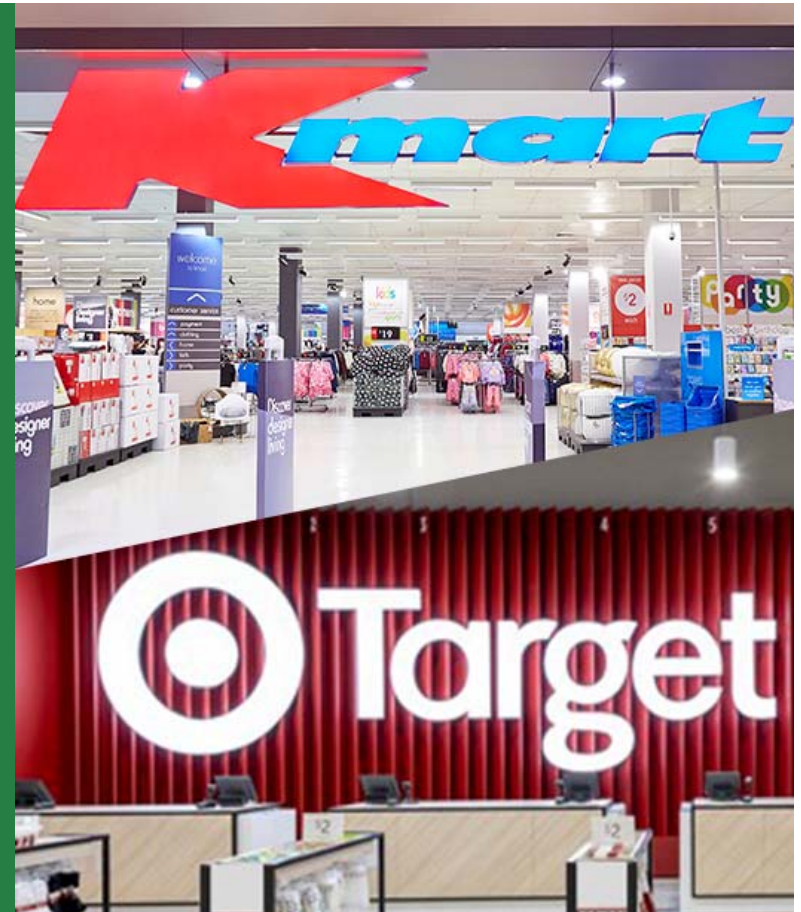


Department Stores

Guy Russo

Chief Executive Officer
Department Stores

Managing Director
Target



Department Stores performance summary

Half-year ended 31 December (\$m)		2016	2015	var %
Revenue	Target ¹	1,623	1,972	(17.7)
	Kmart	2,996	2,750	8.9
	Total	4,619	4,722	(2.2)
EBITDA	Target ¹	59	119	(50.4)
	Kmart	427	368	16.0
	Total	486	487	(0.2)
EBIT	Target ¹	16	74	(78.4)
	Kmart	371	319	16.3
	Total	387	393	(1.5)

¹ 2016 includes a provision of \$13m recognised for restructuring costs associated with the planned relocation of Target's store support office. 2015 includes rebate income of \$21m recognised contrary to Group policy which was reversed in the second half of 2016, having no effect on the 2016 full-year results.

Target

Guy Russo

Managing Director
Target



Target performance summary

Half-year ended 31 December (\$m)	2016	2015	var %
Revenue	1,623	1,972	(17.7)
EBITDA ¹	59	119	(50.4)
Depreciation & amortisation	(43)	(45)	4.4
EBIT¹	16	74	(78.4)
EBIT margin (%)	1.0	3.8	
RoC (R12, %)	(15.1)	3.8	
Safety (R12, LTIFR)	3.4	4.4	
Total sales growth ² (%)	(17.4)	1.6	
Comparable store sales growth ² (%)	(18.2)	1.4	

¹ 2016 includes a provision of \$13m recognised for restructuring costs associated with the planned relocation of Target's store support office. 2015 includes rebate income of \$21m recognised contrary to Group policy which was reversed in the second half of 2016, having no effect on the 2016 full-year results.

² 2016 growth reflects the 27 week period 26 June 2016 to 31 December 2016 & the 27 week period 28 June 2015 to 2 January 2016. 2015 growth reflects the 27 week period 28 June 2015 to 2 January 2016 & the 27 week period 29 June 2014 to 3 January 2015.

Target overview

- Further improvements in safety performance
 - 23% reduction in LTIFR
- Total sales decline of 17.4%
 - Difficult trading period, reflecting significant business transition
 - Deflation through conversion to EDLP, including Toy Sale exit
 - Buying programs & inventories reset, with lead times affecting availability of seasonal stock & fashion in womenswear & childrenswear
- Earnings include \$13m for restructuring costs following binding commitments for relocation of Target's store support office
- Lower gross profit partially offset by good progress on cost base reset
 - Accelerated supply chain streamlining & restructuring of store support centre
 - Improvements in store productivity
- Improved merchandise disciplines & planning processes delivered SKU reductions & lower inventory
- Higher cash flow generation reflecting improved working capital management & moderated capital expenditure
- Opened one store & closed three stores (two conversions to Kmart)

Target outlook

- Outlook for balance of FY17 reflects a transitional year
- Sales momentum expected to remain challenging but further improvement in merchandise disciplines expected to support trade
- Continued focus on cost base, leveraging supply chain improvements & store productivity
- 2H17 earnings expected to be materially above the prior corresponding period as restructuring costs & provisions in the prior year are not repeated

Kmart

Ian Bailey

Managing Director
Kmart



Kmart performance summary

Half-year ended 31 December (\$m)	2016	2015	var %
Revenue	2,996	2,750	8.9
EBITDA	427	368	16.0
Depreciation & amortisation	(56)	(49)	(14.3)
EBIT	371	319	16.3
EBIT margin (%)	12.4	11.6	
RoC (R12, %)	41.5	36.6	
Safety (R12, LTIFR)	6.2	6.9	
Total sales growth ¹ (%)	9.1	12.4	
Comparable store sales growth ¹ (%)	5.7	9.1	

¹ 2016 growth reflects the the 27 week period 27 June 2016 to 1 January 2017 & the 27 week period 29 June 2015 to 3 January 2016. 2015 growth reflects the 27 week period 29 June 2015 to 3 January 2016 & the 27 week period 30 June 2014 to 4 January 2015.

Kmart overview

- Further improvements in safety performance
 - 10% reduction in LTIFR
- Strong sales performance; up 9.1% on last year
 - Further investment in price drove volume growth across all categories
 - Increased customer transactions & units sold
- EBIT growth of 16.3%
 - Strong contribution from everyday ranges sold at full price
 - Improved clearance & inventory quality
 - Continued benefits from sourcing & supply chain efficiency
- RoC increased 492 bps to 41.5%
 - Effective working capital management
- Continued investment in store network
 - Opened five new Kmart stores, including two Target conversions
 - Completed 15 major Kmart store refurbishments
 - Opened five new Kmart Tyre & Auto stores & closed three



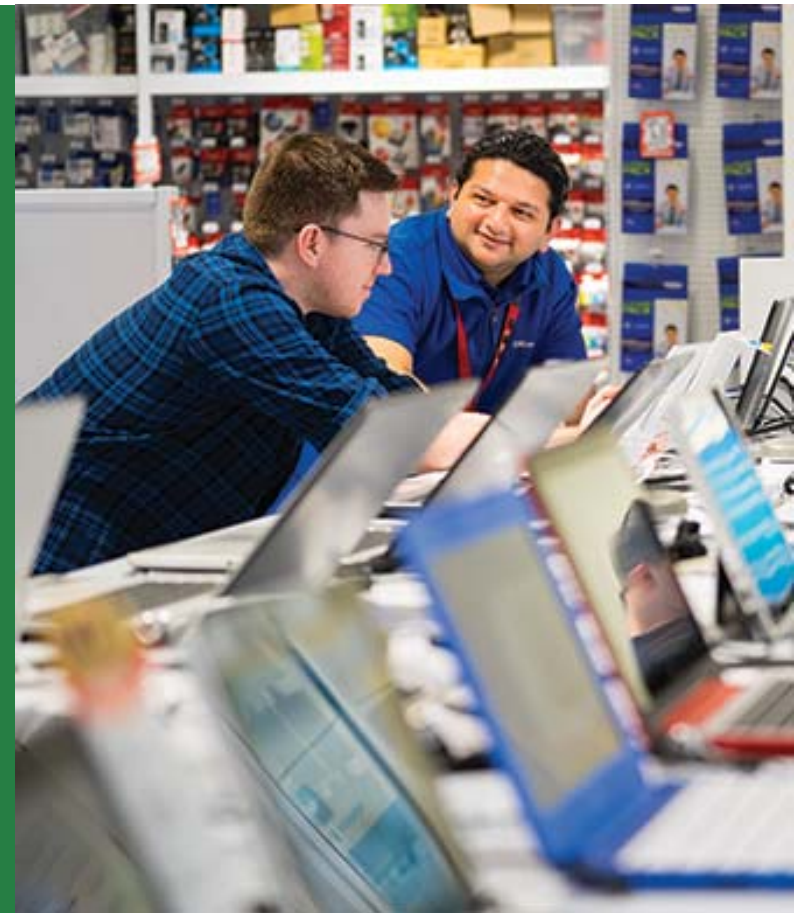
Kmart outlook

- Focus on driving sustainable growth through
 - A great place to shop that is simple to run
 - Better products at even lower prices
- Continued focus on reducing cost of doing business
- Increased emphasis on understanding our customers
- Faster stock turns
- Continued investment in the store network through new store openings & refurbishments



Officeworks

Mark Ward
Managing Director
Officeworks



Officeworks performance summary

Half-year ended 31 December (\$m)	2016	2015	var %
Revenue	927	875	5.9
EBITDA	74	70	5.7
Depreciation & amortisation	(12)	(11)	(9.1)
EBIT	62	59	5.1
EBIT margin (%)	6.7	6.7	
RoC (R12, %)	13.9	12.5	
Safety (R12, AIFR)	14.7	17.2	
Total sales growth ¹ (%)	5.8	9.1	

¹ 2016 growth for Officeworks represents the six month period 1 July 2016 to 31 December 2016 & 1 July 2015 to 31 December 2015. 2015 growth for Officeworks represents the six month period 1 July 2015 to 31 December 2015 & 1 July 2014 to 31 December 2014.

Officeworks overview

- **Pleasing headline results**

- Revenue growth of 5.9%
- EBIT growth of 5.1%, eight year 1H CAGR of 12.0%
- RoC (R12) up 136 bps to 13.9%

- **Intense focus on customer offer**

- Merchandise layout & store design changes implemented
- New & expanded product ranges
- Price investment driving customer loyalty
- Differentiated service proposition

- **Continued investment in extending 'every channel' reach**

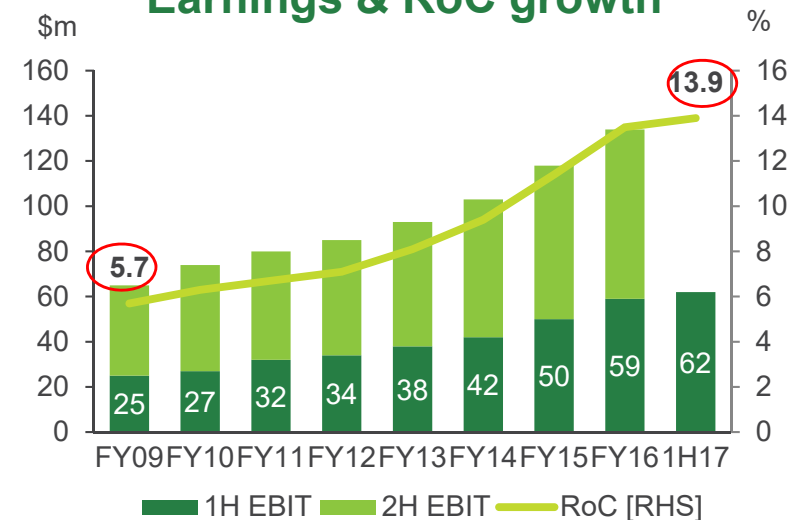
- Four new stores opened
- Improved online functionality
- Strong momentum in B2B segment

- **Effective cost control & disciplined inventory management**

Revenue growth



Earnings & RoC growth



Officeworks outlook

- Strong back-to-school trading results
- Pressure on sales & margin to continue
- Competitive landscape to continue to evolve
- Ongoing focus on strategic agenda
 - Strengthen & expand the core offer
 - Extend our 'every channel' reach
 - Embed great service in everything we do
 - Do things better
 - Improve & add more value-adding services
 - Invest in talent, diversity & team safety
 - Make a positive difference in the community



Industrials

Rob Scott
Managing Director
Industrials




Wesfarmers Chemicals,
Energy & Fertilisers


Wesfarmers
Industrial and Safety


Wesfarmers Resources

Industrials performance summary

Half-year ended 31 December (\$m)		2016	2015	var %
Revenue	Chemicals, Energy & Fertilisers ¹	695	753	(7.7)
	Industrial & Safety	884	927	(4.6)
	Resources	742	598	24.1
	Total	2,321	2,278	1.9
EBITDA	Chemicals, Energy & Fertilisers ²	225	161	39.8
	Industrial & Safety	73	57	28.1
	Resources	171	(44)	n.m.
	Total	469	174	n.m.
EBIT	Chemicals, Energy & Fertilisers ²	187	104	79.8
	Industrial & Safety	52	36	44.4
	Resources	138	(118)	n.m.
	Total	377	22	n.m.

¹ Includes interest revenue from Quadrant Energy loan notes & excludes intra-division sales.

² 2016 includes \$22m gain on sale of land. 2015 includes \$30m of costs associated with the decision to cease PVC manufacturing.

Chemicals, Energy & Fertilisers performance summary

Half-year ended 31 December (\$m)		2016	2015	var %
Revenue	Chemicals	412	469	(12.2)
	Energy ¹	182	173	5.2
	Fertilisers	101	111	(9.0)
	Total	695	753	(7.7)
EBITDA		225	161	39.8
Depreciation & amortisation		(38)	(57)	33.3
EBIT		187	104	79.8
EBIT excluding one-off items²		165	134	23.1
External sales volume ³ ('000 tonnes)	Chemicals	499	524	(4.8)
	LPG	55	74	(25.7)
	Fertilisers	234	214	9.3
RoC (R12, %)		25.1	15.7	
Safety (R12, LTIFR)		1.1	2.8	

¹ Includes interest revenue from Quadrant Energy loan notes & excludes intra-division sales.

² 2016 excludes a profit on sale of land of \$22m. 2015 excludes \$30m of one-off restructuring costs associated with the decision to cease PVC manufacturing.

³ External sales exclude ammonium nitrate volumes transferred between chemicals & fertilisers business segments.

Chemicals, Energy & Fertilisers overview

- Consistently strong focus on safety led to a significant improvement in LTIFR
- Revenue declined 7.7%
 - Cessation of PVC manufacturing in chemicals
 - Lower global fertiliser pricing
 - Lower Saudi CP pricing & lower LPG exports offset by growth in natural gas retailing
- Strong growth in underlying earnings & RoC
 - Chemicals earnings increased largely due to higher AN sales volumes, lower raw material costs & the move to a PVC import model
 - Ammonia business negatively affected by lower selling prices & unplanned shutdowns
 - Kleenheat earnings improved as a result of continued strong growth in the natural gas retailing business; partially offset by lower earnings across the LPG & LNG businesses & a lower Saudi CP
 - One-off profit of \$22m recognised from the sale of land

Industrial & Safety performance summary

Half-year ended 31 December (\$m)	2016	2015	var %
Revenue	884	927	(4.6)
EBITDA	73	57	28.1
Depreciation & amortisation	(21)	(21)	-
EBIT¹	52	36	44.4
EBIT margin (%)	5.9	3.9	
RoC (R12, %)	5.9	4.2	
Safety (R12, LTIFR)	1.0	2.2	

¹ 2015 includes \$5m of one-off restructuring costs associated with the 'Fit for Growth' transformation.

Industrial & Safety overview

- Continued focus on safety awareness programs delivering improved safety performance
- Revenue declined 4.6% due to continuing subdued investment across mining & resources sectors
- Earnings improved during the half
 - Lower operating costs achieved through the 'Fit for Growth' simplification program, completed during 1H17
 - Improved category management & pricing disciplines across Blackwoods
 - Higher earnings in Coregas with strong growth through Trade N Go & higher bulk sales
 - Workwear Group performance improved, driven by transformation activities focused on reducing cost-to-serve & improving merchandising capabilities
- Work continued to transform Blackwoods to a more customer-centric & competitive platform
 - Sales team realigned to customer segments
 - Merchandising & pricing strategies delivering margin benefits
 - Digital channels expanded through launch of BlackwoodsXpress.com.au
- Coregas expansion into the New Zealand market following acquisition of Supagas NZ in November 2016

Resources performance summary

Half-year ended 31 December (\$m)	2016	2015	var %
Revenue	742	598	24.1
Royalties ¹	(90)	(81)	(11.1)
Mining & other costs	(481)	(561)	14.3
EBITDA	171	(44)	<i>n.m.</i>
Depreciation & amortisation	(33)	(74)	55.4
EBIT	138	(118)	<i>n.m.</i>
RoC (R12, %)	(6.1)	(7.0)	
Coal production ('000 tonnes)	7,532	7,457	1.0
Safety ² (R12, LTIFR)	0.3	0.0	

¹ 2016 includes Stanwell rebate expense of \$30m & 2015 includes \$35m.

² Excluding Bengalla.

Resources overview

- LTIs remain low at Curragh – one LTI recorded in 12 months
- 24.1% increase in revenue
 - Significant increase in metallurgical & thermal coal prices during 2Q17, partially offset by impact of carryover tonnage
 - 1H17 sales mix: Hard 39%; Semi 26%; PCI 35%
 - Lower hedge book losses of \$45m (\$70m in 1H16)
- Wet weather disruptions during 1Q17 led to higher mine cash costs for the half
 - Strong production & mine cash cost recovery in 2Q17
 - Continued implementation of productivity initiatives & revised mine plan
 - Opportunistic use of contract fleet to take advantage of higher prices
- Benefit from lower depreciation & amortisation
- Stanwell obligations reduced 1H17 EBIT by \$74m
- Settlement of the Stanwell litigation resulted in rebate & litigation provision releases of \$35m
- Conditional Commonwealth approval received for the mining leases within the MDL 162 area, extending Curragh's mine life into the 2030s

Industrials outlook

Chemicals, Energy & Fertilisers

- Continued focus on strong operational & safety performance
- International commodity prices, exchange rates, seasonal & competitive factors expected to impact 2H17 earnings
 - Prevailing global ammonia prices are lower (in AUD) than at this time last year
 - Pricing lag associated with lower ammonia prices will adversely impact chemicals' selling prices & margins in 2H17
 - Cycling very strong Fertilisers earnings in 1H16
 - Newly announced & growing competition across WesCEF's markets

Industrial & Safety

- Low levels of new investment activity in traditional customer segments expected to continue
- Continue to implement performance improvement plans across Blackwoods, with a particular focus on enhancing customer service
- Workwear Group will continue to focus on turning around its underlying profitability

Industrials outlook

Resources

- Earnings heavily dependent upon export coal pricing & exchange rates, with export market conditions expected to remain highly volatile in the near-term
 - Recent spot prices trading significantly below the November 2016 peak of US\$311 per tonne
- Curragh's forecast metallurgical coal sales volume for FY17 to be in the range of 8.0mt to 8.5mt, subject to mine operating performance, shipping, weather & key infrastructure availability
 - Estimated FY17 sales mix: Hard 38%; Semi 23%; PCI 39%
- Continue to focus on improving operational productivity, cost control & capital discipline
- Locked in hedge losses of \$47m for 2H17
- Stanwell Corporation obligations expected to continue to adversely impact earnings
 - As a result of higher export prices, Stanwell export rebate obligations will increase to between \$90m to \$110m for the full-year
- Evaluation of strategic options for the Resources division remains ongoing

Outlook

Richard Goyder
Managing Director
Wesfarmers Limited



Outlook

Retail

- Generally optimistic outlook
- Strong momentum & market leading positions provide for a positive outlook for BANZ, Kmart & Officeworks
- Coles to continue to deliver strong customer proposition to support long-term growth in earnings & returns despite short-term margin pressures
- BUKI to focus on implementing pilot stores & continuing to reposition the business to drive a stronger operating performance
- Target's 2H17 earnings expected to improve as merchandising improves & restructuring costs incurred in the prior year are not repeated

Industrials

- Resources full-year result is expected to benefit from the material increases in coal prices; thermal & metallurgical coal prices are expected to remain highly volatile for the remainder of the year
- WesCEF performance subject to commodity prices, exchange rates, seasonal conditions & competitive factors
- Industrial & Safety merchandising & pricing strategies & cost savings are expected to mitigate impact of subdued market conditions

Outlook (continued)

Group

- Progressing strategic reviews of Resources & Officeworks
- Maintain a strong balance sheet & cash flow generation
- Secure growth opportunities through entrepreneurial initiatives
- Ensure sustainability through responsible long-term management

Questions





Wesfarmers