

30 October 2014

The Manager  
Company Announcements Office  
Australian Securities Exchange

Dear Sir,

**2015 FIRST QUARTER RETAIL SALES RESULTS**

Please find attached an announcement regarding the 2015 first quarter retail sales results.

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

Yours faithfully,



LINDA KENYON  
COMPANY SECRETARY



# NEWS

30 October 2014

## 2015 FIRST QUARTER RETAIL SALES RESULTS

| First Quarter Sales (\$m)                           | 2015         | 2014         | Variance (%) |
|---|--------------|--------------|--------------|
| Food & Liquor <sup>1,2</sup>                        | 7,303        | 6,901        | 5.8          |
| Convenience <sup>1,3</sup>                          | 1,946        | 1,991        | (2.3)        |
| <b>Total Coles</b>                                  | <b>9,249</b> | <b>8,892</b> | <b>4.0</b>   |
| Home Improvement <sup>4,5</sup>                     | 2,218        | 1,999        | 11.0         |
| Office Supplies <sup>4</sup>                        | 403          | 373          | 8.0          |
| <b>Total Home Improvement &amp; Office Supplies</b> | <b>2,621</b> | <b>2,372</b> | <b>10.5</b>  |
| <b>Kmart<sup>1</sup></b>                            | <b>998</b>   | <b>970</b>   | <b>2.9</b>   |
| <b>Target<sup>6</sup></b>                           | <b>753</b>   | <b>789</b>   | <b>(4.6)</b> |

Refer to appendix three for footnotes.

Wesfarmers Limited today announced its retail sales results for the first quarter of the 2015 financial year.

Managing Director, Richard Goyder, said that the sales results were generally pleasing, supported by strong growth at Coles, Bunnings and Officeworks.

“During the quarter our retail portfolio continued to invest productivity improvements into lower pricing, enhance merchandise offers and customer service, as well as improve its store networks,” Mr Goyder said.

“Coles’ headline food and liquor sales growth increased to 5.8 per cent during the quarter, with improvements recorded in all key metrics including customer transactions, basket size and fresh participation.

“Bunnings’ total sales growth of 11.0 per cent built on the strong growth achieved in prior periods, reflecting further value creation and enhanced customer experiences, and the contribution of recent store network expansions.

“Officeworks’ sales growth of 8.0 per cent reflected the sound execution of its ‘every channel’ strategy with sales growth recorded in stores and online.

“Kmart recorded total sales growth of 2.9 per cent for the quarter, supported by good performances of Kids and Home categories.

“Target’s total sales declined 4.6 per cent during the quarter reflecting the transition to a ‘first price, right price’ strategy.

“Our retail divisions remain focussed on delivering increased value to our customers and preparations for the Christmas trading period are well progressed.”

## COLES

### Food and Liquor

Headline food and liquor sales for the first quarter<sup>1</sup> were \$7.3 billion, up 5.8 per cent on the previous corresponding period.

Coles recorded comparable food and liquor store sales growth of 4.3 per cent in the quarter<sup>1</sup>. Excluding liquor, comparable food store sales increased 5.0 per cent.

Food and liquor price deflation eased to 0.5 per cent for the quarter<sup>1</sup>, supported by ongoing investment in value which was partially offset by tobacco excise increases and fresh produce inflation as a result of cooler weather and tougher growing conditions.

Coles Managing Director, John Durkan, said that the comparable sales growth achieved during the quarter was pleasing, driven by further value investments resulting in continued improvements in sales density, transactions, basket size and fresh participation.

“Coles understands that Australian families are facing higher costs of living and we have continued to invest in better value, including launching ‘Down Down Frozen’ across more than 100 product lines. We have also provided increasingly targeted offers to customers through flybuys,” Mr Durkan said.

“Coles is focused on being ‘a little better every day’ and we believe that Australians deserve world-class quality, service and product choice, with strong supplier relationships a key enabler of this focus. During the quarter, both Murray Goulburn and Norco commenced supplying Coles branded milk under long-term arrangements.

“Our community contributions also increased during the quarter, and we are proud to have raised \$2.8 million as part of Daffodil Day and to have reached our Red Kite fundraising target of \$10 million.”

Coles continued to improve its store network during the quarter through the opening of high quality space and the continued renewal of the fleet. Coles opened four larger supermarkets and closed one smaller supermarket during the quarter, taking the total number of supermarkets to 765. A further 22 stores were refurbished during the quarter, taking the total number of supermarkets in the renewal format to 444, which represents 58 per cent of the network.

While Liquor continued to underperform food in the quarter, transformation activities commenced during the quarter. These activities included key leadership changes, a store support centre restructure and the development of detailed plans to accelerate store closures and reset the range.

Coles opened 16 new liquor stores, the majority of which were stores co-located with Coles supermarkets, and closed nine stores during the period, resulting in a total of 838 liquor stores. One hotel was opened during the quarter, taking the total number of hotels to 91.

### Convenience

Total Coles Express sales, including fuel, for the quarter<sup>1</sup> were \$1.9 billion, a decrease of 2.3 per cent on the previous corresponding period.

Headline fuel volumes declined 3.0 per cent during the quarter<sup>1</sup> and comparable fuel volumes declined 4.6 per cent, with lower fuel prices during the quarter more than offset by reduced fuel discounts following the December 2013 undertaking to the Australian Competition and Consumer Commission.

Convenience store sales, excluding fuel sales, grew by 11.1 per cent for the quarter. Comparable store sales grew 8.3 per cent as a result of improved ranges, more effective promotions and the effect of tobacco excise increases.

Coles Express opened four new sites and closed one during the quarter, bringing the total store network to 645 sites.

Refer to appendix three for footnotes.

## HOME IMPROVEMENT AND OFFICE SUPPLIES

### Home Improvement

Total sales for the quarter<sup>4</sup> of \$2.2 billion were 11.0 per cent above the previous corresponding period. Total store sales for the quarter<sup>4</sup> grew 10.9 per cent, while store-on-store growth was 8.2 per cent.

Sales growth was achieved in all key trading regions, across all product categories and in both consumer and commercial areas.

Home Improvement and Office Supplies Managing Director, John Gillam, said the solid trading momentum stemmed from good contributions from all growth drivers in Bunnings' strategic agenda.

"In particular, we have focussed on creating more value and investing to further enhance experiences for both consumer and commercial customers. Pleasing outcomes are evident and this focus continues," Mr Gillam said.

During the quarter, four Bunnings Warehouses, one smaller format store and one trade centre were opened. As at the end of the quarter, a further 20 stores were under construction. The timing of new store openings during the financial year is expected to be evenly weighted across the period.

### Office Supplies

Total sales for the quarter<sup>4</sup> were \$403 million, up 8.0 per cent on the previous corresponding period. Customers continued to respond favourably to Officeworks' 'every channel' strategy, with strong sales growth achieved in both stores and online.

Mr Gillam said the result was very pleasing and continued to build on the positive results achieved during the past 24 months.

"The business is continuing to drive its 'every channel' strategy, providing customers with a unique and brand consistent experience in every channel to market – anywhere, anyhow, anytime. Officeworks also continues to expand its presence in the business-to-business market," Mr Gillam said.

During the first quarter, two Officeworks stores were opened.

Refer to appendix three for footnotes.

## DEPARTMENT STORES RETAILING

### Kmart

Total sales of \$998 million for the quarter<sup>1</sup> were 2.9 per cent above the previous corresponding period, with comparable<sup>7</sup> store sales increasing 0.9 per cent. Growth during the quarter was affected by the continued decline in Entertainment categories, with comparable store sales<sup>7</sup>, excluding Entertainment categories, increasing 1.8 per cent.

Kmart Managing Director, Guy Russo, said the sales performance during the quarter was driven by good growth in core ranges of Kids and Home, together with pleasing results from seasonal and sporting apparel ranges.

"We remain committed to delivering everyday items at the lowest prices and making Kmart irresistible for everyone," Mr Russo said.

During the quarter, Kmart completed seven store refurbishments and opened four new stores.

Kmart Tyre and Auto opened four stores and closed two stores during the quarter.

### Target

Total sales of \$753 million for the quarter<sup>6</sup> were 4.6 per cent below the previous corresponding period, with comparable<sup>7</sup> store sales decreasing 2.3 per cent.

Target Managing Director, Stuart Machin, said that the sales performance in the quarter continued to reflect the transformation underway with price deflation outpacing volume growth as the business transitions from high-low pricing to 'first price, right price'.

"During the quarter, we delivered better value to customers through lower prices across our range. Growth in units sold was, however, offset by price deflation," Mr Machin said.

"We continued to implement the significant changes required to transform the business and, although there remains much to do, better ranges are expected to be delivered for summer through improved fashion, style and quality at lower prices."

During the quarter, Target opened one new store, one replacement store and closed three stores.

Refer to appendix three for footnotes.

### For further information:

#### Media

Cathy Bolt  
Media and External Affairs Manager  
+61 8 9327 4423 or +61 417 813 804

#### Investors

Mark Scatena  
General Manager, Investor Relations and Planning  
+61 8 9327 4416 or +61 439 979 398

## APPENDIX ONE

### 2015 FIRST QUARTER RETAIL SALES RESULTS – KEY METRICS

| Key Metrics (%)  | First Quarter<br>2015 | Fourth Quarter<br>2014 | Third Quarter<br>2014 | Second Quarter<br>2014 | First Quarter<br>2014 |
|--|-----------------------|------------------------|-----------------------|------------------------|-----------------------|
| <b>COLES<sup>1</sup></b>                                     |                       |                        |                       |                        |                       |
| <b>Food &amp; Liquor<sup>2</sup></b>                         |                       |                        |                       |                        |                       |
| Comparable store sales growth (Food) <sup>8</sup>            | 5.0                   | 4.5                    | 3.9                   | 4.3                    | 4.0                   |
| Comparable store sales growth (Food & Liquor) <sup>8</sup>   | 4.3                   | 4.1                    | 3.5                   | 3.8                    | 3.4                   |
| Price inflation/(deflation)                                  | (0.5)                 | (1.0)                  | (0.8)                 | (1.1)                  | (2.5)                 |
| <b>Convenience</b>   |                       |                        |                       |                        |                       |
| Total fuel volume growth                                     | (3.0)                 | (6.2)                  | (6.5)                 | (0.1)                  | (1.1)                 |
| Comparable fuel volume growth                                | (4.6)                 | (7.1)                  | (6.8)                 | 0.1                    | (1.6)                 |
| Total convenience store sales growth (excl. fuel sales)      | 11.1                  | 9.1                    | 9.1                   | 3.7                    | 1.3                   |
| Comparable convenience store sales growth (excl. fuel sales) | 8.3                   | 7.5                    | 8.0                   | 3.9                    | 1.6                   |
| <b>HOME IMPROVEMENT<sup>4,5</sup></b>                        |                       |                        |                       |                        |                       |
| Total store sales growth                                     | 10.9                  | 13.5                   | 12.2                  | 10.8                   | 10.4                  |
| Store-on-store sales growth                                  | 8.2                   | 10.3                   | 9.1                   | 7.3                    | 7.1                   |
| <b>OFFICE SUPPLIES<sup>4</sup></b>                           |                       |                        |                       |                        |                       |
| Total sales growth   | 8.0                   | 2.7                    | 6.7                   | 6.0                    | 3.0                   |
| <b>KMART<sup>1</sup></b>                                     |                       |                        |                       |                        |                       |
| Comparable store sales growth <sup>7,9,10</sup>              | 0.9                   | 1.5                    | 1.9                   | 1.6                    | (1.2)                 |
| <b>TARGET<sup>6</sup></b>                                    |                       |                        |                       |                        |                       |
| Comparable store sales growth <sup>7,10</sup>                | (2.3)                 | (4.2)                  | (4.7)                 | (3.3)                  | (5.2)                 |

Refer to appendix three for footnotes.

## APPENDIX TWO

### WESFARMERS RETAIL OPERATIONS - STORE NETWORK

FINANCIAL YEAR 2015, YEAR TO DATE

|                                     | Open at<br>1 Jul 2014 | Opened    | Closed     | Re-branded | Open at<br>30 Sep 2014 |
|-------------------------------------|-----------------------|-----------|------------|------------|------------------------|
| <b>COLES</b>                        |                       |           |            |            |                        |
| <b>Supermarkets</b>                 |                       |           |            |            |                        |
| Coles                               | 745                   | 4         | (1)        | 2          | 750                    |
| Bi-Lo                               | 17                    | -         | -          | (2)        | 15                     |
| <b>Total Supermarkets</b>           | <b>762</b>            | <b>4</b>  | <b>(1)</b> | <b>-</b>   | <b>765</b>             |
| <b>Liquor</b>                       |                       |           |            |            |                        |
| 1st Choice                          | 98                    | 1         | -          | -          | 99                     |
| Vintage Cellars                     | 77                    | 2         | (1)        | -          | 78                     |
| Liquorland                          | 656                   | 13        | (8)        | -          | 661                    |
| Hotels                              | 90                    | 1         | -          | -          | 91                     |
| <b>Total Liquor</b>                 | <b>921</b>            | <b>17</b> | <b>(9)</b> | <b>-</b>   | <b>929</b>             |
| <b>Convenience</b>                  | <b>642</b>            | <b>4</b>  | <b>(1)</b> | <b>-</b>   | <b>645</b>             |
| <b>Selling Area (m<sup>2</sup>)</b> |                       |           |            |            |                        |
| Supermarkets                        | 1,692,642             | n.a.      | n.a.       | n.a.       | 1,704,916              |
| Liquor (excluding hotels)           | 205,179               | n.a.      | n.a.       | n.a.       | 206,849                |
| <b>HOME IMPROVEMENT</b>             |                       |           |            |            |                        |
| Bunnings Warehouse                  | 223                   | 4         | (1)        | -          | 226                    |
| Bunnings smaller formats            | 64                    | 1         | (1)        | -          | 64                     |
| Bunnings Trade Centres              | 33                    | 1         | (1)        | -          | 33                     |
| <b>OFFICE SUPPLIES</b>              |                       |           |            |            |                        |
| Officeworks                         | 151                   | 2         | -          | -          | 153                    |
| Harris Technology                   | 1                     | -         | -          | -          | 1                      |
| <b>KMART</b>                        |                       |           |            |            |                        |
| Kmart                               | 192                   | 4         | -          | -          | 196                    |
| Kmart Tyre & Auto                   | 243                   | 4         | (2)        | -          | 245                    |
| <b>TARGET</b>                       |                       |           |            |            |                        |
| Large                               | 180                   | 1         | (1)        | -          | 180                    |
| Small                               | 128                   | 1         | (3)        | -          | 126                    |

## APPENDIX THREE

### FOOTNOTES

1. Financial Year 2015 for the 13 week period 30 June 2014 to 28 September 2014 and Financial Year 2014 for the 13 week period 1 July 2013 to 29 September 2013
2. Includes hotels, excludes gaming revenue and property income
3. Includes fuel sales
4. Financial Year 2015 and Financial Year 2014 for the three month period 1 July to 30 September
5. Includes consumer and commercial sales, excludes property income
6. Financial Year 2015 for the 13 week period 29 June 2014 to 27 September 2014 and Financial Year 2014 for the 13 week period 30 June 2013 to 28 September 2013
7. Comparable store sales include layby sales. Layby sales are excluded from total sales under Australian Accounting Standards
8. Third quarter 2014 figures presented after adjusting for the inclusion of New Year's Eve in the previous corresponding period and the earlier timing of Easter in the 2013 financial year. Without the adjustments, comparable food and liquor store sales and comparable food store sales for third quarter 2014 increased 3.0 per cent and 3.5 per cent respectively.
9. The removal of Christmas layby and the Toy Sale event affected sales in first quarter 2014 and, excluding this impact, comparable store sales for the quarter increased 2.0 per cent
10. Third quarter 2014 figures presented after adjusting for the effect of the earlier timing of Easter in the 2013 financial year. Without the adjustment, comparable store sales at Kmart increased 0.7 per cent and at Target decreased 5.9 per cent