26 October 2023

The Manager
Market Announcements Office
Australian Securities Exchange

Dear Manager,

CHAIRMAN'S ADDRESS AND MANAGING DIRECTOR'S ADDRESS TO WESFARMERS ANNUAL GENERAL MEETING THURSDAY 26 OCTOBER 2023, 1:00PM PERTH TIME

In accordance with Listing Rule 3.13.3, attached is a copy of the Chairman's Address and Managing Director's Address to be delivered today at the 2023 Annual General Meeting.

Yours faithfully,

V. Robinson

Vicki Robinson
Executive General Manager
Company Secretariat

This announcement was authorised to be given to the ASX by the Wesfarmers Company Secretary.

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CHAIRMAN'S ADDRESS

Good afternoon everyone and welcome to this meeting. I'm Michael Chaney, Chairman of Wesfarmers.

I'm advised that we have a quorum present and I now officially open the 42nd annual general meeting for Wesfarmers Limited.

Can I start by thanking Dr Richard Walley for his Welcome to Country on behalf of the Noongar people, the traditional owners of this part of Australia from which I am joining you today, and I pay my respects to their Elders, past and present.

And thank you to everyone who has joined today's meeting in person, online and listening by phone.

We are pleased again this year to be hosting a hybrid annual general meeting for Wesfarmers from Perth, with our entire Board, executive leadership team and hundreds of our shareholders in this room; and other shareholders able to participate online.

I am joining you today from the Perth Convention and Exhibition Centre. On stage with me are our Managing Director, Rob Scott and our Company Secretary, Vicki Robinson.

Also joining us are the Board of Directors. There are three of us standing for re-election today, Sir Bill English, Alan Cransberg and myself. You'll be hearing from each of us later in the meeting when we'll seek your support for our re-election.

But, first, I invite all of my director colleagues to stand while I introduce them. First, Vanessa Wallace, our longest standing director who joined the Board in 2010 and will retire at next year's AGM. Next to Vanessa is Jennifer Westacott, a Board member since 2013. Next to Jennifer is Sir Bill English, who joined the Board in 2018 and is standing for re-election today. Next to Bill is Mike Roche, who joined the Board in 2019 and is the Chairman of the Remuneration Committee. Alongside Mike is Sharon Warburton, the Chair of the Audit and Risk Committee and a member of the Board since 2019. Next to Sharon is Anil Sabharwal, who joined the Board in 2021. Alongside Anil is Alison Watkins, who joined the Board in 2021. Finally next to Alison is Alan Cransberg, who also joined the Board during 2021 and is standing for re-election today.

Also with us at today's meeting, seated at the front, are the Group's senior executives, including the managing directors of our divisions. I welcome them on your behalf and thank them for their efforts and the efforts of their teams throughout the year.

As you would have seen coming into the meeting, all our businesses are well represented here today and I know how pleased they all are to have been able to demonstrate some of their products and services outside before the meeting.

So, if you have any particular matters you wish to raise that go into the detail of their operations, please make contact with them after the formal meeting. All will be outside and available to talk with you.

We also have in attendance Wesfarmers' audit partners from EY, Trevor Hammond and Jemma Newton, who are available to answer any questions on the audit and related matters.

And lastly, I extend a special welcome to all of our current team members and also to all of the former directors, executives and team members who have joined us here today.

And now onto some procedural matters. Many of our shareholders have taken the opportunity to submit their voting instructions and questions through the online voting platform, and we thank them for doing so in advance of this meeting.

As outlined in our Notice of Meeting, shareholders and proxyholders may vote and submit questions during this meeting either in person or using the Lumi AGM online platform.

We have also provided shareholders and others who may not be able to attend in person or participate online with the opportunity to listen to the AGM by telephone. Please note that shareholders and proxyholders joining the meeting by telephone will not have the ability to vote or ask questions.

All resolutions will be decided on a poll. To provide ample opportunity for shareholders and proxyholders, including those participating in this meeting online, to submit their votes, I now open the poll on all resolutions. I will provide a reminder to submit any outstanding votes later in the meeting before the poll is closed.

Sebastian Erna from Computershare will act as the Returning Officer for the purposes of conducting and determining the results of the poll on each resolution, and the results will be announced through the ASX company announcements platform later today and will also be available on the Wesfarmers website. EY, the company's auditor, will act as scrutineer.

We will now play a short video outlining further procedural matters.

I hope you found the video helpful.

Please submit your votes any time from now until I close the poll at the end of the formal items of business.

Are there any questions about the poll procedure?

Consistent with the approach taken at our previous AGMs, we will respond to questions relating to a particular item of business during discussion on that item, unless these questions have already been addressed through earlier remarks.

I will also answer general questions at the end of the meeting while voting results are being counted.

In the interests of all participants, please ensure that your questions are relevant to the resolution being considered and are also relevant to all shareholders.

Written questions submitted online either before or during the meeting which are to be put to the meeting will be read to us by an external moderator, Ruth Callaghan.

A number of shareholders submitted questions in advance of the meeting. Several of the questions received cover the same topics, so, in those cases individual questions have been amalgamated into a single question which, we are confident, will address the issues raised. This may also be done for written questions submitted during the meeting.

We will also address a number of the key themes raised in my address and in Rob's address. Transcripts of those addresses are available on our website and the ASX company announcements platform.

A recording of the meeting will be made available on the Wesfarmers website after the meeting.

As you would be aware from the Notice of Meeting, there are four items of business to be discussed when we move into the formal proceedings; but before that, I'll make some general observations about the last 12 months and the business environment and then Rob Scott will provide us with some reflections on current trading and on the outlook for the Group.

I'm pleased to report that, despite some external challenges, this year the Wesfarmers Group overall produced its highest operating profit since the demerger of Coles.

I'm sure the challenges are well known to you. Recent interest rate rises have flowed through to higher bank lending rates, including on home mortgages. This has seen Australian households needing to manage their budgets more carefully and value becoming more important to customers.

Fortunately, the Group is well-positioned with respect to its mix of businesses and the overall result highlighted the value of being a conglomerate: as sales growth slowed in some of our businesses, others compensated with strong results, particularly our Kmart and Chemicals, Energy and Fertilisers businesses.

Further progress was made to advance the digital and e-commerce capabilities of our divisions, with the successful launch of OnePass, our membership program. For some years, management of our retail businesses had been focused on building strong omni-channel capabilities, and that investment is now supporting the strong omni-channel offerings of the Group's businesses.

Details of the financial results for 2023 are in our annual report and I do not propose to repeat all of that here, but in summary, the Group's net profit from continuing operations was a record $2.5 billion, up 4.8 per cent on the prior year.

Our fully-franked ordinary dividends rose 6.1 per cent to $1.91 per share.

While the annual financial performance and healthy dividends are important, the main focus of the Board and management is on long term returns – as has been the case since our public listing in 1984.

As a listed company, we've always been clear on our central purpose; namely, providing a satisfactory return to shareholders. That is why, after all, people buy shares in Wesfarmers.

Our financial focus has been core to the company's success, with an investment in Wesfarmers providing a return more than 18 times greater than the ASX All Ordinaries Index since 1984.

That financial focus has ensured that we remained highly disciplined through a range of economic conditions and minimised the danger of empire building or paying too much for an asset, that we might have liked to own.

For a modern corporation, financial success requires more than a singular focus on investment returns. It requires a determination to look after the interests of all our stakeholders - our team members, suppliers, customers, our communities and the environment. It requires a company to be seen as a good corporate citizen - to be recognised as an ethical, principled organisation that acts with integrity and can be relied upon to do the right thing by its stakeholders.

If we don't do that, good people won't want to work for us, customers won't buy our products, other companies won't invite us into joint ventures or owners won't sell their businesses to us.

It's because our businesses have been so focused on stakeholders that they've developed such strong reputations and produced outstanding long-term shareholder returns. The two go hand-in-hand.

Recently, there has been some criticism of Wesfarmers' support for the referendum to enshrine an Indigenous Voice in Australia's constitution. Well, that support should have come as no surprise to anyone who has followed the company over the years or who understands our ethos.

Wesfarmers produced its first Reconciliation Action Plan in 2009 and, in 2022, completed its eighth - at the highest 'Elevate' level.

We employ nearly 4,000 Indigenous team members and have many thousands of Indigenous customers and suppliers. In our last two annual reports, we noted our support for an Indigenous Voice in the Constitution, evidencing our commitment to these Indigenous stakeholders.

We received a number of questions about this prior to today's meeting and we will have the opportunity to deal with those more fully in question time, but in the meantime, let me say that the Board and management were proud to stand up and be counted on that matter, which we saw as important not only to Indigenous people, but to Australians generally. We see our support of this and many other matters as being very much aligned to the interests of the company and, with that, shareholders.

We respect the result of the referendum. The fact that it was not successful does not diminish our determination to do what we can to support reconciliation and a closing of the gap.

Of course, actions the board and management take to enhance the interests of the company - and thus the long-term interests of the shareholders - are fundamental to our success, but they are not the whole picture. Wesfarmers' interests are also influenced by matters outside our control, like geopolitics, exchange rates, interest rates and the decisions of governments.

In this year's annual report, I outlined our concerns about the Federal Government's proposed changes to Australia's industrial relations laws. If anything, those concerns have been heightened over the ensuing months.

The lengthy industrial relations 'Closing Loopholes' Bill recently tabled by the government fundamentally re-writes Australia's employment landscape, introducing complexity, uncertainty and cost, at the wrong time for our economy.

We are very concerned by many aspects of the Bill. One example is the proposed change to casual employment, introducing a new ambiguous definition, and making it harder for businesses like ours to offer casual work, which has always been core to Australia's employment landscape.

As a large employer of casual team members, we know casual work suits people who need flexibility, and that those team members value the higher hourly rates.

Wesfarmers employs around 50,000 casuals across its businesses and when we ask them, the overwhelming majority choose to remain as casuals.

Regrettably, the government's proposal would most impact young people still in education, working parents with caring responsibilities, team members with a disability, those easing into retirement, and people doing it tough, for whom casual hours are a secondary source of income.

As others have noted, the proposed changes will result in fewer jobs and lower wages for Australian workers. The administrative burden on employers of implementing and keeping up with the changes would inevitably lead to a reduction in job opportunities - casual and permanent - as businesses take steps to mitigate risks that would arise from these changes.

Like many other organisations, we've sought to highlight our concerns to the government – including the uncertainty, complexity and cost which will impact employers, and ultimately deprive team members of flexibility and higher pay rates.

As proposed, the Bill needs a very substantial re-work and we urge the government to engage business and employer groups, to understand its unintended consequences and adverse impact on national prosperity.

The independent and highly regarded Productivity Commission constantly reminds us that improvements to national productivity lie at the heart of Australia's future prosperity. Without that, the economy will languish or go backwards, fewer jobs will be created and governments will be constrained in providing the services we have all come to expect. Similarly, Wesfarmers' future prosperity also relies on us realising further productivity improvements.

As I expressed in the annual report, our hope would be that, when contemplating any major changes, governments would engage deeply with all stakeholders, including businesses, to assess the wider effects and unintended consequences of their proposals; and also to consider them through a productivity lens.

In the meantime, we take decisions on matters that are within our control, two of which are maintaining a strong balance sheet and making sure we have a strong Board and management team. I believe shareholders can be confident about both those matters.

In closing, I pay tribute to our outstanding Wesfarmers management team, led so capably by our Managing Director, Rob Scott, and to every one of our 120,000 team members. In what has again been a challenging year, they have given their all to the achievement of the company's success.

On this occasion, I would particularly like to acknowledge the contribution of our Company Secretary, Vicki Robinson, who retires after this meeting today. Vicki has been with the company for over 20 years, predominantly as a lawyer in our legal team and in recent years in her current role. She has done a superb job and she retires with our sincere gratitude and thanks.

I would also like to welcome Sheldon Renkema, who will be taking over from Vicki as our new Company Secretary. Sheldon has been with the company for over 16 years, mainly in our legal team and more recently as head of business development in our Chemicals, Energy and Fertilisers business.

We think that with our strong portfolio of diversified, growing businesses, our strong balance sheet and our dedicated team, Wesfarmers' future looks bright.

I now invite Rob to deliver his Managing Director's address.

MANAGING DIRECTOR'S ADDRESS

Thank you, Chairman, and thank you Richard for your welcome to Noongar Country.

As our Chairman said, it was pleasing to again report a strong set of results for the year, demonstrating the strength of our operating model and quality of the Group's portfolio.

The earnings growth delivered by our divisions in 2023 is also a testament to the efforts of our team members in Australia, New Zealand and across Asia.

Wesfarmers has emerged stronger from the disruptions of the COVID period. In what was the first year since 2019 without trading restrictions, our businesses benefitted from more normal operating conditions.

Recent developments such as rising interest rates and elevated inflation, together with changes in economic conditions, necessitated various operational responses during 2023. These conditions have continued into the 2024 financial year, and in many ways, we see this as an environment that plays to Wesfarmers' strengths.

As the cost of capital increases, businesses that have genuine competitive advantages and are executing well will shine. This environment also benefits companies with strong balance sheets and allows disciplined allocators of capital such as Wesfarmers to take advantage of investment opportunities within our existing businesses and externally.

Our Chairman spoke to the Group's financial performance in his address, and you can find further details in our annual report.

Today I'll focus on key operational and strategic highlights for the year and provide an update on recent trading and areas of future focus.

Portfolio strength and positioning

At our Strategy Briefing Day in May this year and our recent full-year results, I spoke about how the Group's portfolio of high-quality businesses provide a mix of both resilience and growth characteristics, and why this gives us confidence as we look to the future.

This year, our retail businesses benefitted from their strong value credentials on everyday products, at a time when households and businesses are focused on balancing their budgets.

We know that our commitment to low prices helps these businesses to be successful – delivering a win for customers and for shareholders.

Bunnings, Kmart and Officeworks achieved earnings growth while retaining their price positioning, and once again, demonstrated their capacity to grow, by meeting changing customer needs and by expanding into new categories and ranges.

Recent developments that highlight the growth opportunities for our retail businesses include the successful launch of Bunnings' pets range, continued growth in business-to-business offerings at Bunnings and Officeworks, and global distribution opportunities for Kmart's 'home grown' Anko range.

We are also benefitting from proactive investment in productivity and efficiency initiatives, including projects to modernise our supply chain, digitise our operating processes and increase the use of artificial intelligence and predictive analytics.

As customer expectations and the retail sector continue to evolve, our businesses are supported by their strong omni-channel capabilities.

Last month, we added new benefits to our OnePass membership program.

With OnePass, members receive free delivery on eligible items, earn five times Flybuys points when shopping instore, and have access to express click-and-collect and to 365-day change-of-mind returns, all for $4 per month.

If you're not already a OnePass member, I encourage you to visit the friendly team outside – they'd be happy to help you sign up for a free trial.

It was also a pleasing year for our industrial businesses, which play critical roles supporting some of Australia's key export industries, with strategic domestic manufacturing assets in chemicals and fertilisers. Their reliability and focus on operational efficiency and safety helped to deliver another strong financial performance.

Maintaining our focus on the long-term

As always, the Group has also maintained its focus on long-term value creation. This means investing for the future, with a disciplined approach to capital allocation.

Having established new platforms for growth, attention is now firmly on execution, in lithium and health – both sectors that will benefit from strong demand in the decade ahead.

It's just over four years since we acquired our interest in the Mt Holland lithium project. Our joint venture business, Covalent Lithium, has now completed construction and commenced commissioning of the mine and concentrator.

During the last month we have produced the first spodumene concentrate and the focus of commissioning is now on increasing product recovery rates, paving the way for first sales in the second half of this financial year.

At Kwinana, construction of the lithium refinery to convert spodumene concentrate into a higher value product is also progressing, with first hydroxide sales expected in the first half of calendar year 2025.

As the global lithium market develops, we expect to see further volatility in pricing. Our high-quality resource and low cost structure provides us confidence that Covalent Lithium will deliver satisfactory returns to shareholders under a range of scenarios, and can provide additional value through incremental expansion opportunities.

During the year, our Health division marked its first anniversary under Wesfarmers' ownership and the transformation plan for Health is well underway. We've made investments in supply chain and technology, improved operational processes, and made key leadership appointments. There is still much work required to realise the potential of this investment and to deliver financial improvements over the next few years.

You may have seen that Wesfarmers Health has completed the acquisition of digital health business InstantScripts, Australia's largest telehealth provider, and is progressing a proposal to acquire the medical aesthetics business, SILK Laser Australia.

As always, we continue to evaluate a number of investment opportunities within and adjacent to our divisions. WesCEF has several expansion projects under evaluation that are expected to generate attractive returns while also supporting global decarbonisation and the energy transition.

Our team

I'd like to turn now to our team and people.

As a large employer, with around 120,000 team members, Wesfarmers has long recognised the benefits of maintaining a diverse workforce, and our Leadership Team, Board and overall workforce remain in gender balance.

The Group also remains at Indigenous employment parity, and increasingly, we are turning our focus to supporting the career progression of Indigenous leaders.

You'll recall that last year, our eighth Reconciliation Action Plan was awarded the highest 'Elevate' status, and set more ambitious targets for our Group.

For Wesfarmers, we continue to focus on education, employment, career progression, health, and developing Indigenous businesses, Indigenous arts and culture, and community.

The national discussion over recent months has highlighted consensus around a common goal, which is to do better as a nation, and deliver practical measures that address the entrenched disadvantage we see facing many Indigenous Australians across the country. It is now important that we don't lose sight of this goal.

We are proud of the progress we have made, but recognise there is much more to do. As one of the largest employers of Indigenous Australians, with businesses that are deeply connected with most communities, we will not shy away from our leadership role in closing the gap.

Recent trading

Turning to recent trading across the Group.

As noted at our full-year results, elevated inflation and higher interest rates continue to impact demand in parts of the Australian economy. Households with high levels of mortgage debt relative to income are feeling the greatest pressure.

In this environment, the strong value credentials and core everyday offer of our retail businesses position them well to meet changing customer demand, acquire new customers and profitably grow market share.

Cost of doing business pressures remain elevated, driven by inflation, labour market constraints and wage costs, higher energy prices and a lower Australian dollar. To manage these pressures, Wesfarmers' larger businesses are continuing to leverage their scale and sourcing capabilities, and all businesses maintain their focus on proactive investments in productivity and efficiency measures.

Australia is also not immune to risks to the global economy and geopolitical disputes which can have unexpected implications for markets and costs to businesses.

Trading performance for the first 16 weeks of the 2024 financial year has generally continued in line with the update we provided at the full-year results in August.

Bunnings' sales growth remains in line with the second half of the 2023 financial year, with growth in both consumer and commercial segments.

While consumers continue to demonstrate a degree of caution in making big-ticket purchases, demand for products that support necessary repair and maintenance and smaller scale projects remains robust, and Bunnings has seen increased foot traffic to stores through the year-to-date.

Strong financial results have continued in Kmart Group, as the division benefits from the market-leading value credentials of its Anko products, which are resonating with an increasingly wide cross-section of households.

With many customers remaining focused on how to manage ongoing cost-of-living pressures, Kmart is well positioned to extend its low-price leadership and profitably grow its share of customer spending.

Officeworks' sales for the year-to-date are broadly in line with the prior corresponding period. The costs of doing business have increased through the year-to-date and Officeworks maintains its focus on delivering productivity and efficiency benefits to mitigate these pressures.

Operating losses in Catch have continued to improve over the year-to-date, as the business makes progress on changes to its range and cost structure to support a more profitable proposition.

Turning to our industrial businesses, and as discussed, this financial year we expect to see first earnings and cashflows generated from the lithium business.

In the Chemicals, Energy and Fertilisers division, strong operating results have continued, but earnings are expected to be significantly lower this year due to a lower global ammonia price and higher West Australian gas costs.

The Industrial and Safety division has recorded solid revenue growth for the year-to-date, but with earnings impacted by ongoing margin and cost pressures.

In the Health division, sales growth in Priceline has been supported by continued demand for health and beauty products, but sales have moderated in the Wholesale and Clear Skincare businesses. The divisions' earnings have been impacted by accelerated investment in transformation activities, PBS changes, and integration costs associated with acquisitions.

Closing comments

In closing, I want to thank you for the privilege of leading Wesfarmers.

While overall economic conditions will continue to present both opportunities and challenges, I'm confident that Wesfarmers is well positioned for the current environment and for the long term.

I'm pleased with how the portfolio is positioned, providing us with a great platform for value creation, through a balance of resilience and growth.

And our balance sheet is strong, providing flexibility to invest in our existing businesses and to pursue transactions that create value for shareholders over the long term.

I want to give a special thanks to our team members across the Group and also recognise our Group Leadership Team for the commitment they show to our corporate objective, together with their teams and businesses.

And thank you to our Board, for their continued advice and support.

I now hand back to you, Chairman.

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