



13 March 2017

The Manager
Company Announcements Office
Australia Securities Exchange

Dear Sir,

BUNNINGS UK & IRELAND INVESTOR TOUR PRESENTATION

Following is a presentation to be given at an investor briefing on the Bunnings UK & Ireland business to be held on Monday, 13 March 2017 at 11:00am GMT / 7:00pm AWST.

This briefing will be webcast and accessible via our website at www.wesfarmers.com.au.

Yours faithfully,

A handwritten signature in black ink, appearing to be "L J Kenyon".

L J KENYON
COMPANY SECRETARY

Bunnings UK & Ireland Investor Tour

13 March 2017



Agenda

11:00am – 11:15am

Register & welcome

11:15am – 12:15pm

Presentation, Q&A

PJ Davis

12:15pm – 12:50pm

Lunch

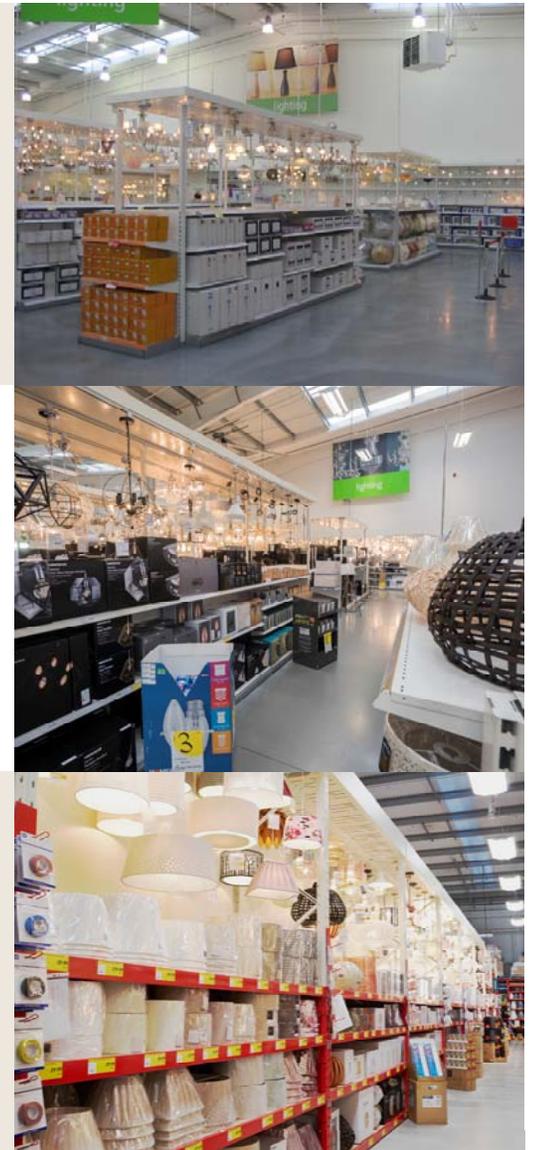
12:50pm – 3:50pm

Site visits

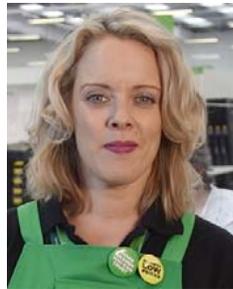
1. Introduction

2. Acquisition recap

3. Phase 1



BUKI leadership team



BUKI Advisory Board

John Gillam

Archie Norman

Matt Tyson

Michael Mire

Bunnings Group Council

John Gillam
Chairman

PJ Davis
BUKI Managing Director

Mike Schneider
BANZ Managing Director

Justin Williams
BANZ CFO

Rodney Boys
BUKI Finance Director

Clive Duncan
BANZ COO

Jacqui Coombes
BNZ General Manager

1. Introduction



2. Acquisition recap



3. Phase 1



LONG-TERM VALUE CREATION



1. A winning offer to customers



2. An engaged, focused & committed team



3. Business behaviour that builds trust



4. Sustainable returns

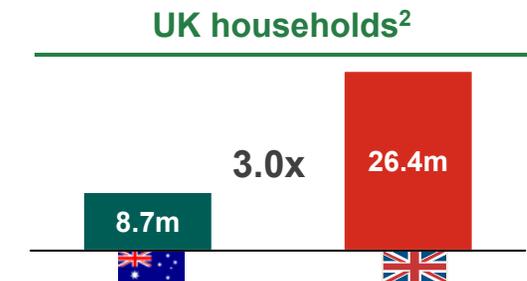
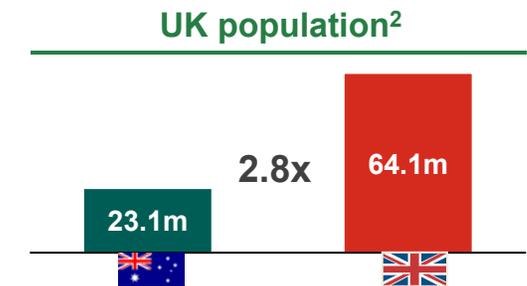
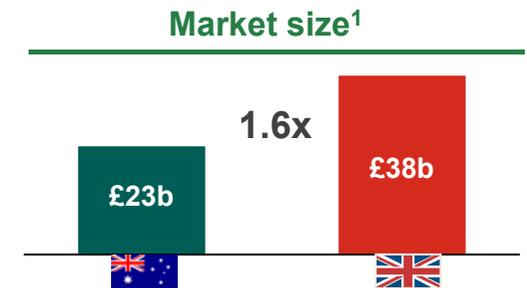
UK home improvement & garden market

Market overview

- Market size estimated to be £38 billion¹ (consumer & trade)
- Highly fragmented with top two players having < 15% market share competing across a variety of formats
- UK market forecast to grow at a similar rate to Australia
- Brexit uncertainty, HI&G fundamentals remain strong

Housing fundamentals

- Similar home ownership rates (60% UK, 62% Australia)
- Smaller & older dwellings
 - 56% of England's housing stock is over 50 years old³
- Higher wear & tear due to size & climate
 - Higher refresh & replacement activity & weighting of spend in key categories (kitchens, bath, flooring & garden)⁴
- New household formation ~1.5 times that of Australia²



Sources: (1) Bunnings estimates based on industry analysis; (2) 2013 population, housing formation, occupied household estimates & gross disposable income sourced from Office for National Statistics (UK) & Australian Bureau of Statistics; (3) English Housing Survey Headline Report 2013-14; (4) HIA "Renovations out of the block" June 2014

Fragmented market creates opportunity

Discounters & non-specialists growing strongly



- Discounters entering home improvement & garden market
- Space vacated by DIY

'DIY'



- Homebase announced plans to close 80 stores (October 2014)
- B&Q announced plans to close 60 stores (March 2015)

Trade & specialists growing



- Product & format innovation
- Network expansion
- Growth of online specialists

Addressable market wider than home improvement & garden

Wide range of products with everyday use in repairs, refits, maintenance, construction, business....



toilets in every building



light fittings everywhere

Attractive market entry opportunity



LOWEST PRICES

Everyday Lowest Prices

Premium pricing
High-low promotional activity
Known to be overpriced



WIDEST RANGE

Widest range
World leading brands
Consumer & trade
Strong availability

Range authority in paint & garden
Home brand focus
Home furnishing consumer
Low in-stock position
Narrow demographic focus



BEST SERVICE

Best service
Convenience & accessibility

Low service intensity
Condensed trading hours
Strong garden experts

Acquisition timeline

Phase 1

Build strong business foundations

- Retail basics focus
- Invest in team
- Invest in core business activities
- Develop pilots for Bunnings Warehouse

First 12 months

Phase 2



Introduce new Bunnings branded offer

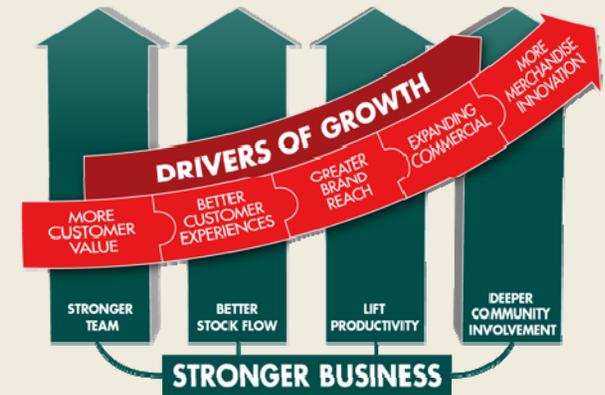
- Combine essential local elements with best of Bunnings to build new business
- Warehouse format
- Lowest prices, wider choice with trusted brands, great service
- Easy to get to with hours to suit all customers
- Extensive digital engagement
- Servicing both consumer & trade
- “Everything you want under one roof”

In 3 to 5 years

Phase 3



Drive long-term growth



5 years plus

1. Introduction

2. Acquisition recap

3. Phase 1



Inside phase 1

Build strong business foundations

1. Retail basics focus ...
 - Higher stock weights
 - Wider assortments
2. Invest in team
3. Invest in core business activities
4. Develop pilots for Bunnings Warehouse

Drive stronger operating performance in Homebase

HOMEBASE
Always low prices



Combining the best of British & the best of Bunnings

BUNNINGS
warehouse

Successful pilots an absolute precursor to further investment

First 12 months to March 2017 >>>

Inside phase 1 – retail basics

- Significant disruption across all areas of the business
- Widened product choice & increased stock depth
 - Stock investment of ~£130 million
- Repositioned Homebase: Always Low Prices
 - Rapidly moved to end high-low discounting
 - Move to core home improvement & garden
 - Opportunity to improve consistency of store execution
 - Kitchen & bath sales affected as we reposition
- Focus on core customer
 - Ceased install & in-home service
 - Building trust
- Invested in stores for team & customers
 - LED lighting, trolleys, baskets



Before: Empty racking



12 months on: wide range
& in stock

Inside phase 1 – leading brands widely available

Build strong business foundations

HOMEBASE

HOMEBASE
Always low prices

BUNNINGS
warehouse










































































































Inside phase 1 – invest in team

- First steps of cultural change are well progressed
 - Safety focus
 - Engagement & retention
 - Genuine respect & care, building trust
 - Building high performance culture
- Over 67,000 hours training (5 hours on avg. per team member)
- National Living Wage 18+ years UK & Ireland
- Supplier product knowledge & accredited training programs
- Majority of store management completed key leadership programs
- Strategic retailing program for 130 senior team
- Study tours to Australia, Europe & America



Supplier accredited training

Inside phase 1 – invest in core business activities

- Exited all non-core products
 - Soft furnishings & indoor furniture
- Solid progress on move to core ranges of home improvement & garden
- Investing in store network
 - Securing tenure on priority sites
 - Commenced clearing store maintenance backlog
- Removal of Nectar & third party discount cards
- Working to rebuild systems, processes & supply chain



Exited non-core ranges

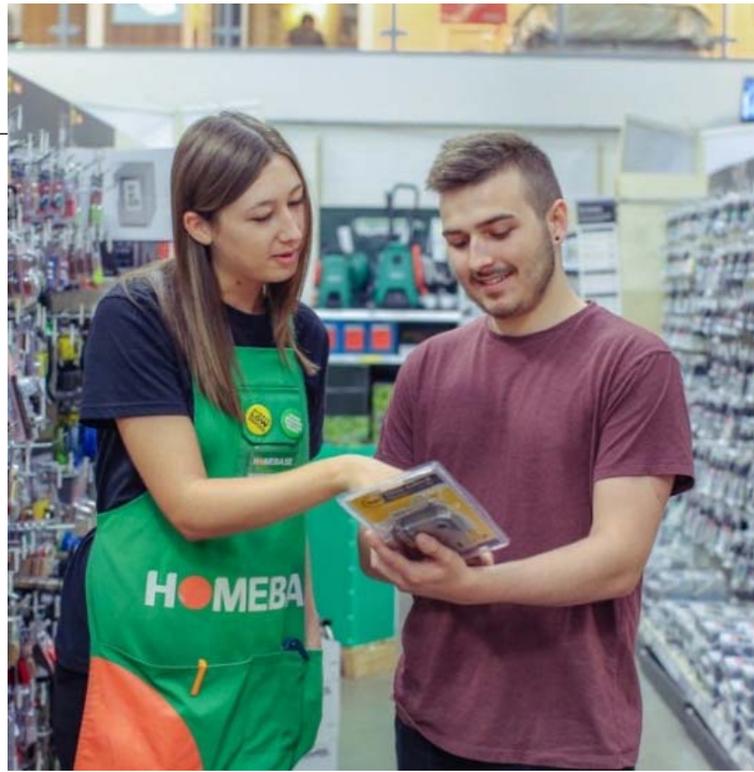
Inside phase 1 – separation

- Separation well advanced
 - Created new functions for property, legal & compliance, HR, global sourcing & tax
 - Relocated 500+ Store Support Centre team
 - Good progress on standalone solutions for Home Delivery, Contact Centre & Information Technology
 - Trailing transitional costs until August 2017
- Concession exits
 - Agreements reached with all concession holders
 - Removals to continue across 2017/18
 - Focus on negating effects of disruption while recovering trading space

Total concessions in Homebase network by month



Ex-concession space, Homebase Milton Keynes



Bunnings Warehouse pilots

Bunnings Warehouse pilot opened in St Albans

- Store stripped, mezzanine removed
- New lighting & floor finish
- Built Bunnings-style landscape canopy
- Reconfigured entrance & goods inward

Three more pilots in FY17

- Strong supplier support
- Widest range of trusted brands
- Positive customer feedback
- Pleasing community engagement

Successful pilots an absolute precursor to further investment



Digital engagement

Taking first steps towards Bunnings UK & Ireland digital eco-system

- “Research online, purchase offline”
 - Product & project knowledge
 - How-to
 - Inspiration
 - Engagement
- Long-term process to build deeper customer involvement & engagement
 - Pre & post-shop + services
 - Online + in-home + on-site + in-store
- BUKI to build transactional website & supporting infrastructure



Summary

PJ Davis



Continue to progress acquisition agenda

Phase 1

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First 12 months

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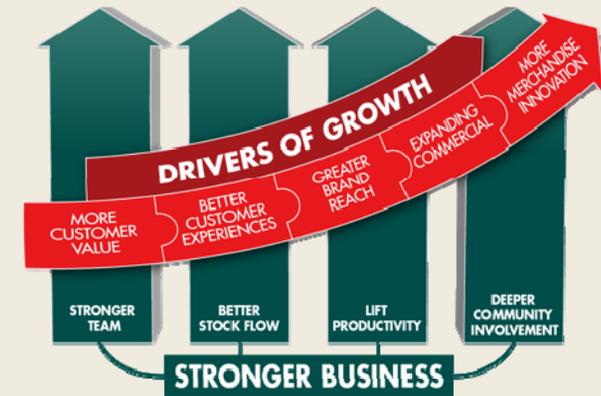
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Questions

PJ Davis





Wesfarmers