# SHAREHOLDER QUICK GUIDE

## 2017 FULL-YEAR RESULTS

# GROUP PERFORMANCE SUMMARY

**We are pleased to provide shareholders with a summary of Wesfarmers Limited's results for the full-year ended 30 June 2017. For more detail we encourage you to read the relevant announcements lodged with the ASX on 17 August 2017.**

**Michael Chaney AO**
Chairman

**Richard Goyder AO**
Managing Director

*17 August 2017*

See page 3 for footnotes.

The Group reported a net profit after tax (NPAT) of $2,873 million for the full-year ended 30 June 2017, an increase of $2,466 million on the prior year, which included $1,946 million of significant items[1]. Excluding those significant items, NPAT increased 22.1 per cent, while earnings per share increased 21.6 per cent[1] to a record $2.55 per share. Return on equity (R12) increased to 12.4 per cent from 9.6 per cent[1].

It was pleasing to report a record level of earnings and operating cash flows, and a strong increase in return on equity. The results achieved demonstrated the strength of the Group's conglomerate structure, as well as its focus on cash generation and capital efficiency.

Given the record earnings and strong cash flow performance, the directors declared a fully-franked final ordinary dividend of $1.20 per share, bringing the full-year ordinary dividend to $2.23 per share, 19.9 per cent above the prior year.

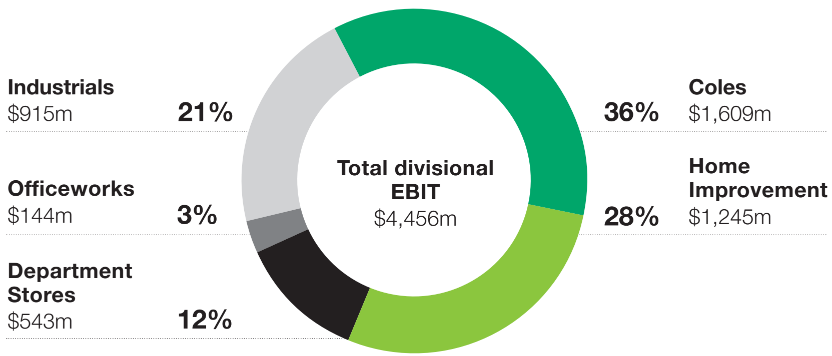
## Retail

Retail earnings were above the prior year, supported by continued strong momentum in Bunnings Australia and New Zealand (BANZ), Kmart and Officeworks.

In a very competitive environment, Coles' earnings decreased 13.5 per cent, with revenue broadly in line with the prior year. The Food and Liquor business invested in value, service, and better quality and availability in Fresh to deliver continued growth in sales, building on the strong growth achieved in the prior year. The business expects its customer-led strategy will provide a platform for sustainable growth in earnings and return on capital over the long term.

BANZ had another very successful year, with strong growth in earnings, reflecting its established market position and broad strategic agenda to deliver sustainable long-term value. The results included one-off store closure provisions, relating to the agreement with Home Consortium for new Bunnings stores, and non-cash writedowns relating to future network changes and in-store display assets. Bunnings United Kingdom and Ireland (BUKI) undertook significant activity to progress the acquisition agenda, however the volume and pace of repositioning Homebase affected store execution and consequently trading performance.

### EARNINGS BEFORE INTEREST AND TAX BREAKDOWN




The first four Bunnings pilot stores were opened, and early indications are that the format is resonating well with customers.

Kmart's earnings increased 17.7 per cent, with improvements in merchandising and the store network, as well as investments in lowering prices, continuing to resonate well with customers. While there remains considerable work to complete its transformation, Target increased underlying earnings by $53 million to $3 million (excluding $145 million in restructuring costs in the prior year and $13 million in store support office relocation costs this year). The increase in earnings and strong cash flow results were delivered through good cost control and improved inventory management.

Officeworks continued to grow its earnings and improve its return on capital through the successful execution of its 'every channel' strategy.

## Industrials

A strong recovery in the Industrials division reflected higher earnings across all three business units. Earnings growth was driven in particular by higher coal prices and increased coal production in Curragh delivered through a continued focus on productivity, a revised mine plan and the opportunistic use of contractor fleet.

The solid result for Chemicals, Energy and Fertilisers (WesCEF) was driven by strong performances from the Chemicals and Energy businesses. Fertiliser earnings were lower due to poorer seasonal conditions. The Industrial and Safety business achieved solid earnings growth through improved category management and pricing disciplines, and cost savings through the 'Fit for Growth' program.

## Cash flow

Capital management was again a highlight, with operating cash flows increasing $861 million to $4,226 million, driven by higher earnings and a favourable working capital movement, with the cash realisation ratio increasing to 102.1 per cent.

Gross capital expenditure of $1,681 million was $218 million lower, reflecting fewer retail store openings and refurbishments, and lower capital expenditure in the Industrials division. Proceeds from disposals of $653 million were $90 million higher than the prior year. The resulting net capital expenditure of $1,028 million was 23.1 per cent lower than the prior year.

Higher operating cash flows, lower net capital expenditure and the proceeds from the sale of Coles' credit card receivables resulted in very strong free cash flows of $4,173 million, further strengthening of the Group's balance sheet.

### FINAL DIVIDEND PER SHARE

**$1.20**

**up 26.3 per cent**

## Outlook

The Group remains generally optimistic in its outlook.

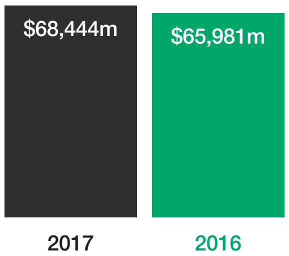
In a very competitive environment, sales and margin pressures in Coles are expected to persist. Coles will focus on plans to further enhance the quality of its fresh offer, and improve merchandising and availability, while continuing to drive operational efficiencies. The outlook for BANZ is particularly positive given current trading momentum and the business's established market position. In BUKI, trading at Homebase is anticipated to remain challenging as customers continue to adjust to the new offer and disruption continues as the business progressively transitions to Bunnings. Kmart will continue to drive growth by delivering better products at lower prices and investing in its store network, while Target will progress its transformation plan. Officeworks will continue its 'every channel' strategy.

Chemicals' earnings will be affected by an anticipated oversupply in the Western Australian explosive-grade ammonium nitrate market. Sales momentum in Energy is expected to remain solid despite increased competition in natural gas retailing. Following its strategic reset, Industrial and Safety is well positioned to grow across different market sectors and drive additional efficiencies. The Resources business will remain focused on strong operational productivity and cost control in an environment where higher obligations to Stanwell are expected to affect FY2018 and coal prices are expected to remain volatile.

It was pleasing to report a record level of earnings and operating cash flows and a strong increase in return on equity, demonstrating the strength of the Group's conglomerate structure and focus on cash generation and capital efficiency.

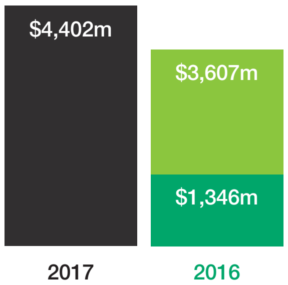
**REVENUE**

**$68,444M**
**up 3.7 per cent**



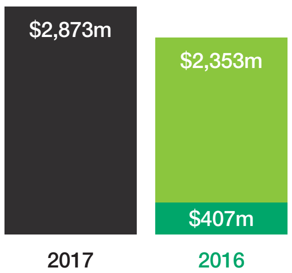

**EARNINGS BEFORE INTEREST AND TAX**

**$4,402M**
**up $3,056m**
(Excluding significant items[1] up 22.0 per cent)



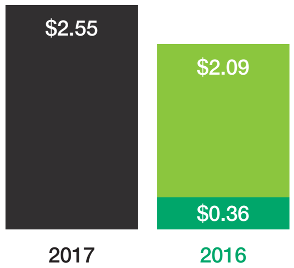

**NET PROFIT AFTER TAX**

**$2,873M**
**up $2,466m**
(Excluding significant items[1] up 22.1 per cent)



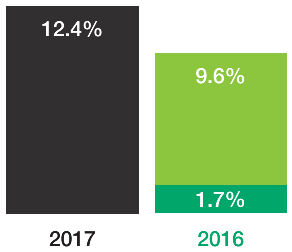

**EARNINGS PER SHARE**

**$2.55**
**up $2.19**
(Excluding significant items[1] up 21.6 per cent)




**RETURN ON EQUITY (R12)**

**12.4%**
**up 10.7 ppts**
(Excluding significant items[1] up 2.8 ppts)




● Excluding significant items.

● Reported.

[1] 2016 excludes the following pre-tax (post-tax) significant items: $1,266 million ($1,249 million) non-cash impairment of Target; $850 million ($595 million) non-cash impairment of Curragh; and $145 million ($102 million) of restructuring costs and provisions to reset Target.

## COLES

### Financial performance

- FY2017 characterised by accelerated investment in the customer offer in a highly competitive environment
- Strategic focus on each element of the customer offer including price, range, service, quality, availability and online
- Headline food and liquor sales of 2.0 per cent and comparable sales up 1.0 per cent
- Food and liquor deflation of 0.8 per cent
- Double-digit transaction growth in Coles Online
- Positive comparable sales growth in Liquor, with 200 Liquorland renewals in FY2017
- Coles Express comparable store sales up 1.7 per cent
- Comparable fuel volumes down 16.0 per cent; continued focus on providing a competitive fuel offer while dealing with changes in commercial terms with Coles' alliance partner

### Outlook

- Operating environment expected to remain highly competitive
- FY2018 earnings expected to be affected by annualisation of 2H FY2017 investment in the customer offer and the cycling of non-recurring events
- Non-recurring events include the sale of Coles' interest in a number of JV properties to ISPT and the sale of Coles' credit card receivables to Citi in the FY2017
- Customer-led strategy is expected to provide a platform for long-term sustainable growth
- Liquor transformation to progress through simplifying ranges, supply chain and store operations and an improved customer offer
- Coles Express remains committed to network growth and will seek to continue to grow shop sales through a compelling and unique offer

## HOME IMPROVEMENT

### Bunnings Australia and New Zealand

#### Financial performance

- Total store sales growth of 8.9 per cent and store-on-store sales up 7.3 per cent
- Sales growth across consumer and commercial markets, all major trading regions and product categories
- Earnings growth supported by disciplined cost control and property divestments, partially offset by higher store closure provisions
- Disciplined capital expenditure approach supported further investment in store upgrades and category refresh works

#### Outlook

- Continued focus on driving growth, creating better experiences for customers and the wider community, and strengthening the core of the business
- Greater branch reach including further expansion of the digital ecosystem, new stores and reinvesting in the existing network
- Positive trading momentum expected to continue

### Bunnings United Kingdom and Ireland

#### Financial performance

- Revenue for the first financial year of ownership of £1.2 billion ($2.1 billion) and loss before interest and tax of £54 million ($89 million)
- Trading affected as Homebase commenced repositioning to core home improvement and garden offer
- Four Bunnings pilots opened with encouraging early performance

#### Outlook

- Focus on strengthening leadership and talent across the business
- 15 to 20 Bunnings pilot stores expected by 31 December 2017, subject to relevant approvals
- Performance will continue to be affected by non-operating costs and disruption from new store openings until sufficient scale is achieved
- Historical poor performance of Homebase expected to continue in the short term, with customers continuing to adjust to the new offer

## DEPARTMENT STORES

### Kmart

#### Financial performance

- Total sales growth of 7.9 per cent; comparable sales up 4.2 per cent
- Strong sales growth supported by increased transactions and units sold
- Ongoing price investment continues to resonate with customers
- Earnings growth driven by improved inventory management and enhanced productivity in stores and supply chain
- Opened 11 new stores and completed 33 store refurbishments

#### Outlook

- Continue to deliver sustainable growth through strategic pillars of:
  - a great place to shop that is simple to run
  - better products at even lower prices
- Increased focus on enhancing customer shopping experience
- Continued investment in price
- Plans to open 10 stores and complete 35 store refurbishments in FY2018

### Target

#### Financial performance

- FY2017 a transitional year, reflecting actions taken to transform the business
- Earnings increase driven by improved margins through better quality sales and cost base reduction
- Sales affected by removal of loss making products and exit of unprofitable events, lower prices, reduced promotional activity and reset of merchandise disciplines
- Higher cash flow generation supported by lower levels of working capital and moderated capital expenditure

#### Outlook

- FY2018 will continue to reflect the significant transition underway
- Continued focus on fashionable home, kidswear and womenswear offers
- Continued focus on quality of sales, reduced end-to-end costs, improving working capital management and cash generation and relocating the store support office

## REVENUE

**COLES**

$39,217M
down 0.1 per cent

| | |
|---|---|
| 2017 | $39,217m |
| 2016 | $39,242m |


**HOME IMPROVEMENT**

$13,586M
up 17.4 per cent

| | |
|---|---|
| 2017 | $13,586m |
| 2016 | $11,571m |


**BUNNINGS AUSTRALIA AND NEW ZEALAND**

$11,514M
up 8.9 per cent

| | |
|---|---|
| 2017 | $11,514m |
| 2016 | $10,575m |


**KMART**

$5,578M
up 7.5 per cent

| | |
|---|---|
| 2017 | $5,578m |
| 2016 | $5,190m |


**TARGET**

$2,950M
down 14.6 per cent

| | |
|---|---|
| 2017 | $2,950m |
| 2016 | $3,456m |


## EARNINGS BEFORE INTEREST AND TAX

**COLES**

$1,609M
down 13.5 per cent

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|---|---|
| 2017 | $1,609m |
| 2016 | $1,860m |


**HOME IMPROVEMENT**

$1,245M
up 2.6 per cent

| | |
|---|---|
| 2017 | $1,245m |
| 2016 | $1,214m |


**BUNNINGS AUSTRALIA AND NEW ZEALAND**

$1,334M
up 10.0 per cent

| | |
|---|---|
| 2017 | $1,334m |
| 2016 | $1,213m |


**KMART**

$553M
up 17.7 per cent

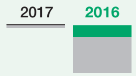
| | |
|---|---|
| 2017 | $553m |
| 2016 | $470m |


**TARGET**

($10M)
up $185 million

| | |
|---|---|
| 2017 | ($10m) |
| 2016 | ($195m) |

restructuring costs and provisions




## RETURN ON CAPITAL (R12)

**COLES**

9.7%
down 1.5 ppts

| | |
|---|---|
| 2017 | 9.7% |
| 2016 | 11.2% |


**HOME IMPROVEMENT**

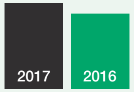
30.3%
down 3.4 ppts

| | |
|---|---|
| 2017 | 30.3% |
| 2016 | 33.7% |


**BUNNINGS AUSTRALIA AND NEW ZEALAND**

41.8%
up 5.2 ppts

| | |
|---|---|
| 2017 | 41.8% |
| 2016 | 36.6% |




**KMART**

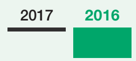
43.7%
up 6.0 ppts

| | |
|---|---|
| 2017 | 43.7% |
| 2016 | 37.7% |


**TARGET**

(1.0%)
up 7.2 ppts

| | |
|---|---|
| 2017 | (1.0%) |
| 2016 | (8.2%) |



## OFFICEWORKS

### Financial performance

- 'Every channel' strategy continues to produce strong sales growth in stores and online
- Growth in sales and earnings driven by store layout and design improvements, new and expanded product ranges, ongoing enhancements to the online offer and a relentless focus on providing great customer service
- Strong momentum maintained in the business-to-business customer segment

### Outlook

- Strengthening and expanding the customer offer
- Extending 'every channel' reach even further
- Enhancing productivity and efficiency
- Investing in talent, diversity and safety of the team
- Making a positive difference in the community
- Competitive intensity is expected to remain high as the landscape evolves; Officeworks is well placed to continue to drive growth

## INDUSTRIALS

Earnings grew to $915 million with higher earnings across all three business units, driven in particular by higher coal prices and increased coal production in the Resources business.

### Chemicals, Energy and Fertilisers

#### Financial performance

- Underlying earnings up 4.3 per cent, excluding a one-off profit on sale of land and share of revaluation gains in Quadrant Energy this year, and costs of closing PVC manufacturing in the prior year
- Chemicals' earnings higher due to lower ammonia input pricing in 1H FY2017 and cessation of PVC manufacturing
- Kleenheat's earnings increased across all segments with strong growth in natural gas retailing
- Fertiliser earnings declined from an above-average season in FY2016

### Industrial and Safety

#### Financial performance

- Earnings up 17.3 per cent, excluding $35 million restructuring costs in the prior year
- Higher Blackwoods earnings from improved category management and supplier relationships and stronger pricing disciplines
- Higher Workwear Group earnings as a result of 'Fit for Growth' cost savings
- Coregas continued to grow through 'Trade N Go' and New Zealand expansion

### Resources

#### Financial performance

- Significant increase in revenue (up 73.2 per cent) and earnings (up $715 million)
- Result driven by a significant increase in export coal prices and higher sales volumes

### Outlook

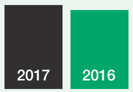
- WesCEF will continue to focus on strong operational performance and developing new business opportunities
- Chemicals' earnings will be affected by an anticipated oversupply in the WA explosive-grade ammonium nitrate market, although good work undertaken to secure new contracts
- Farmers' sentiment less positive than previous year due to dry conditions in WA
- Overall WesCEF outlook remains subject to international commodity prices, exchange rates, competitive factors and seasonal outcomes
- The reset of Blackwoods and Workwear Group, together with initiatives to improve core capabilities, expected to mitigate competitive pressures and provide a platform for growth
- Coal prices expected to remain volatile in the near term
- Implementation of an index-linked quarterly price mechanism for hard coking coal underway
- Curragh's metallurgical sales volumes forecast to be 8.5 to 9.0 million tonnes, subject to mine operating performance, weather and key infrastructure availability
- Wesfarmers continues to review strategic options for the Resources business

### OFFICEWORKS

**REVENUE**

**$1,964M**
up 6.1 per cent

| | |
|---|---|
| 2017 | $1,964m |
| 2016 | $1,851m |




**EARNINGS BEFORE INTEREST AND TAX**

**$144M**
up 7.5 per cent

| | |
|---|---|
| 2017 | $144m |
| 2016 | $134m |


**RETURN ON CAPITAL (R12)**

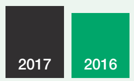
**14.7%**
up 1.2 ppts

| | |
|---|---|
| 2017 | 14.7% |
| 2016 | 13.5% |


### INDUSTRIALS

**$5,161M**
up 10.5 per cent

| | |
|---|---|
| 2017 | $5,161m |
| 2016 | $4,672m |

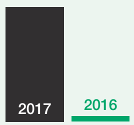



**$915M**
up $868 million

| | |
|---|---|
| 2017 | $915m |
| 2016 | $47m |


**27.0%**
up 25.9 ppts

| | |
|---|---|
| 2017 | 27.0% |
| 2016 | 1.1% |




### CHEMICALS, ENERGY AND FERTILISERS

**$1,639M**
down 9.9 per cent

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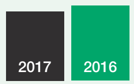
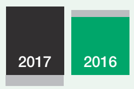
|---|---|
| 2017 | $1,639m |
| 2016 | $1,820m |




**$395M**
up 34.4 per cent

| | |
|---|---|
| 2017 | $395m |
| 2016 | $294m |

● one-off gains and restructuring costs



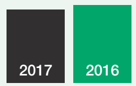

**27.4%**
up 8.5 ppts

| | |
|---|---|
| 2017 | 27.4% |
| 2016 | 18.9% |


### INDUSTRIAL AND SAFETY

**$1,776M**
down 3.7 per cent

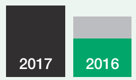
| | |
|---|---|
| 2017 | $1,776m |
| 2016 | $1,844m |




**$115M**
up 82.5 per cent

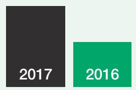
| | |
|---|---|
| 2017 | $115m |
| 2016 | $63m |

● restructuring costs and provisions




**8.4%**
up 3.7 ppts

| | |
|---|---|
| 2017 | 8.4% |
| 2016 | 4.7% |



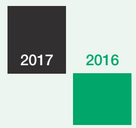

### RESOURCES

**$1,746M**
up 73.2 per cent

| | |
|---|---|
| 2017 | $1,746m |
| 2016 | $1,008m |


**$405M**
up $715 million

| | |
|---|---|
| 2017 | $405m |
| 2016 | ($310m) |




**69.0%**

| | |
|---|---|
| 2017 | 69.0% |
| 2016 | (22.9%) |

## Key dates

| | |
|---|---|
| **2017 Full-year results announcement and briefing** | 17 August 2017 |
| **2017 Final dividend** | |
| **– Ex-dividend date** | 22 August 2017 |
| **– Record date** | 5:00pm WST 23 August 2017 |
| **– Last date for receipt of election notice for DIP** | 5:00pm WST 24 August 2017 |
| **– Payment date and DIP allocation date** | 28 September 2017 |
| ***2018 first quarter retail sales update** | 25 October 2017 |
| ***Annual General Meeting** | 16 November 2017 |

* Dates are subject to change should circumstances require. All changes will be advised to the ASX.

## Share registry

Shareholders seeking information about their shareholdings or who wish to manage their shareholdings should contact our share registry, Computershare Investor Services Pty Limited. The registry can assist with queries such as share transfers, dividend payments, the Dividend Investment Plan, and changes of name, address or bank details.

**Computershare Investor Services Pty Limited**

Shareholder information line:
1300 558 062 (in Australia)
or (+61 3) 9415 4631

**www.investorcentre.com/wes**

## Dividend Investment Plan (DIP)

The DIP provides a convenient way for shareholders to invest their dividends in new fully paid shares in Wesfarmers, without paying brokerage or other costs. At each dividend payment date, dividends on shares nominated to be subject of the Plan are automatically invested in Wesfarmers ordinary shares.

## Wesfarmers Investor Centre

The Investor Centre is a dedicated online resource for keeping shareholders informed about our performance. For information such as current and historical share prices, company announcements, reports and presentations, dividend and capital management information and key financial dates, visit **http://www.wesfarmers.com.au/investor-centre**. You can also link to our share registry where you can manage your shareholding.

## GO ELECTRONIC

**Shareholders are encouraged to elect to receive electronic communications. It's quicker, it reduces costs and it's better for the environment.**

Notifications of dividends and payments, Notices of Meetings, Annual Reports, Shareholder Reviews and/or ASX announcements can all be delivered instantly to your email inbox. To receive some or all shareholder communications electronically, contact our share registry, Computershare Investor Services Pty Limited.

**Wesfarmers Limited**

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Email: info@wesfarmers.com.au

## Wesfarmers brands

### COLES

coles, coles.com.au, coles express, Vintage Cellars, first choice liquor, BI-LO, Liquorland, spirit hotels, coles Financial Services

### HOME IMPROVEMENT

Bunnings warehouse, Bunnings, Bunnings Trade, Homebase

### DEPARTMENT STORES

Kmart, Kmart Tyre & Auto Service, Target

### OFFICEWORKS

Officeworks

### INDUSTRIALS

Wesfarmers Resources, Curragh, Bengalla

Wesfarmers Chemicals, Energy & Fertilisers, CSBP, Australian Vinyls, AGA, QNP, EVOL LNG, Kleenheat, Modwood, Quadrant Energy

Wesfarmers Industrial and Safety, Blackwoods, NZ Safety Blackwoods, Workwear Group, coregas, Greencap

### OTHER BUSINESSES

bwp TRUST, Gresham, Wespine

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