



7 June 2018

The Manager
Company Announcements Office
Australian Securities Exchange

Dear Manager,

PRESENTATION TO BE GIVEN AT STRATEGY BRIEFING DAY – SYDNEY

Following is a presentation that is to be given today at a Strategy Briefing Day in Sydney which is scheduled to commence at 6:30am AWST / 8:30am AEST.

The 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 "LJ Kenyon".

LJ KENYON
COMPANY SECRETARY



2018 Strategy Briefing Day

Thursday, 7 June 2018



Agenda

Time	Topic	Presenter
8.00 – 8.30am	Registration	
8.30 – 9.40am	Introduction & Group Overview	Rob Scott & Anthony Gianotti
9.40 – 10.40am	Bunnings	Michael Schneider
10.40 – 11.00am	Morning tea break	
11.00 – 12.00pm	Coles	John Durkan
12.00 – 1.00pm	Department Stores	Guy Russo & Ian Bailey
1.00 – 1.40pm	Lunch break	
1.40 – 2.10pm	Officeworks	Mark Ward
2.10 – 3.10pm	Industrials	David Baxby
3.10 – 3.15pm	Close	Rob Scott

Introduction & Group Overview

Rob Scott

Managing Director, Wesfarmers Limited



Immediate priorities & progress

Immediate priorities

1

Address areas of underperformance

2

Reposition the portfolio

3

Drive opportunities for growth

Progress

- Strategic review of BUKI resulting in agreement to divest Homebase
- Accelerating Department Store network optimisation & Target earnings improvement
- Sale of Curragh for \$700m
- Demerger of Coles expected to complete during FY19
- Business Development team strengthened
- Established Advanced Analytics Centre
- Divisional focus on long-term value creation

Completion of Bunnings UK & Ireland review

Divestment of Homebase

- Announced agreement to divest Homebase
- Transaction in the best interests of shareholders – a good outcome under difficult circumstances
- Materiality of opportunity & risks associated with turnaround not considered to justify additional capital & management attention
- New management team's turnaround plan will continue under Damian McGloughlin
- Expect to record loss on disposal of £200-230m, subject to completion & review
- Completion expected by 30 June 2018

The BUKI investment

- Many learnings from the acquisition
- Elements of management assumptions & plans too optimistic
- Poor execution post-acquisition
- Underestimated importance of local management
- Deterioration in UK retail market

Decisive action since strategic review demonstrates commitment to disciplined capital management & draws a line in the sand on a disappointing investment

The Wesfarmers Way

Objective

To provide a satisfactory return to shareholders

Value creating strategies

Strengthen existing businesses through operating excellence & satisfying customer needs

Secure growth opportunities through entrepreneurial initiatives

Renew the portfolio through value-adding transactions

Ensure sustainability through responsible long-term management

Growth enablers

Outstanding people

Commercial excellence

Empowering culture

Innovation

Social responsibility

Robust financial capacity

Core values

Integrity

Openness

Accountability

Boldness

Reinforcing disciplines & positioning for future

Wesfarmers' objective is to deliver **satisfactory returns** to shareholders over the **long term**

Divisional autonomy

Active portfolio management

Underpinned by a strong balance sheet & sustainable practices

AREAS OF FOCUS



Developing great talent & teams



Leveraging data & digital capabilities



Entrepreneurial initiative

Refining & strengthening the Wesfarmers Way

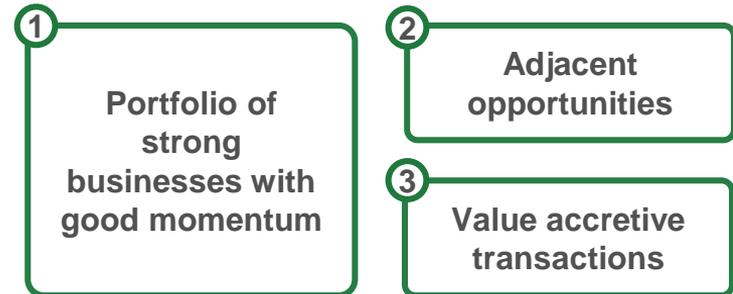
Divisional autonomy

- Proven driver of outperformance when leadership, strategy & values are aligned
- KEEPP remuneration framework promotes long-term value creation, entrepreneurial initiative & accountability
- Group leadership talent initiatives:
 - Visibility & sign-off of key roles
 - Talent development & mobility
- Divisional audit & risk committees
- Divisional boards strengthened with third parties where appropriate

Active portfolio management

- Regular portfolio review & valuations
- Strengthened Business Development capability
- Expanding networks, partnerships & relationships

Approach to capital allocation



Approach to capital allocation

Opportunities to deliver superior returns from investment in existing growth businesses while leveraging assets & capabilities in adjacent & new opportunities

1

Portfolio of strong businesses with good momentum

Opportunities to invest & drive continued growth in existing portfolio of businesses with leading positions in growing markets

Capital & resources available to support divisional strategy formation & execution



2

Adjacent opportunities

Framework & incentives to encourage entrepreneurial initiative, leveraging existing assets & competencies

Established capabilities to evaluate & execute step-out opportunities

3

Value accretive transactions

Disciplined investment in new platforms for long-term growth

Flexible transaction structures including strategic stakes, JVs & 100% ownership

Strict criteria & rigorous financial discipline applied to all investment decisions

Developing our data & digital capability

Retained stake in flybuys & Coles

- flybuys to be an ongoing partnership between Wesfarmers & Coles
- Alignment supports greater value creation
- Strengthen existing loyalty program
- Powerful ecosystem supporting new business & partnership opportunities

flybuys - a leading Australian loyalty program

+6m
active
households

+8m
active
members

+20
leading
partners

Advanced Analytics Centre

- Centre to support best-practice analytics across the Group
- General Manager & senior data scientist appointments
- Centre to be co-located with flybuys, will comprise 10-20 data scientists & data engineers to support divisional teams
- Analytics Academy development program
- Solving problems, identifying opportunities
- Expected to be earnings accretive in year 1

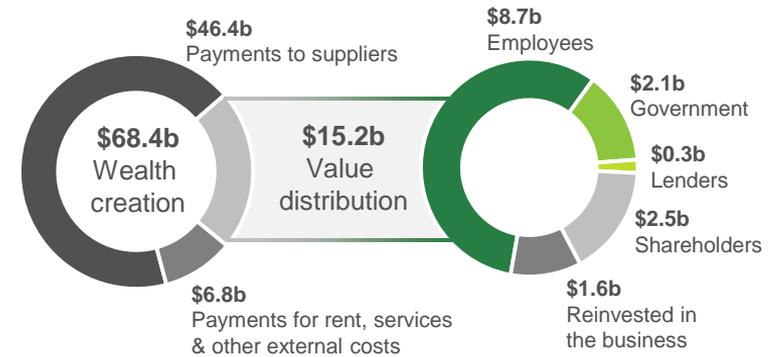
Divisional priority & opportunity to leverage best practice & group networks / ecosystem

Long-term value creation

We are committed to creating value for shareholders, customers, employees & the communities we serve

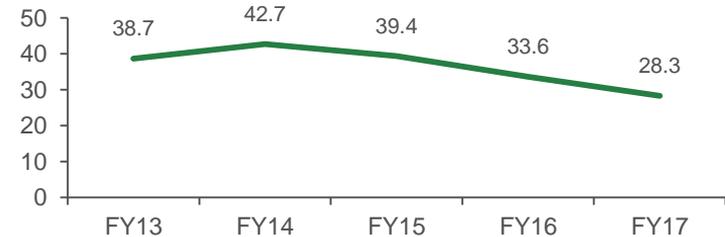
- Top 10 Australian tax payer
- Relentless focus on providing safe workplaces
- Contributions to local communities through deep divisional connections
- Opportunity to improve diversity & people development
- Strong & respectful relationships with suppliers
- Focus on ethical sourcing & human rights
- Continuing to improve climate change resilience, especially energy efficiency

Wealth creation, value distribution (FY17)



Safety performance

Total recordable injury frequency rate (TRIFR)¹



1. TRIFR is the number of lost time injuries & medical treatment injuries per million hours worked.

Positioned to deliver superior returns over time

Activity to address areas of underperformance & reposition the portfolio

- Decisive action & active capital management:
 - Completed sale of Curragh
 - Announced divestment of BUKI
 - Demerger of Coles in progress
- Reinforced best elements of divisional autonomy
 - Proven driver of outperformance when leadership, strategy & values are aligned
- Strengthened Business Development capability
- Talent renewal across the Group

Group well-positioned for superior performance

- Portfolio of cash generative businesses with good momentum & leading positions in growing markets
 - Opportunities to invest & drive continued growth
- Divisional focus on long-term value creation
- KEEPP framework promotes long-term value creation, entrepreneurial initiative & accountability
- Developing data & digital capability
 - Advanced Analytics Centre to support best-practice analytics across the Group

Strong commitment to disciplined capital allocation through active portfolio management

Group Balance Sheet & Cash Flow

Anthony Gianotti

Chief Financial Officer, Wesfarmers Limited



Approach to delivering satisfactory returns

Long-term earnings growth & strong cash flow generation

1

Portfolio of strong businesses with good momentum



2

Adjacent opportunities

3

Value accretive transactions

Strict criteria & rigorous financial discipline applied to all investment decisions

Maintain a strong balance sheet

Strong credit metrics

Optimise funding costs

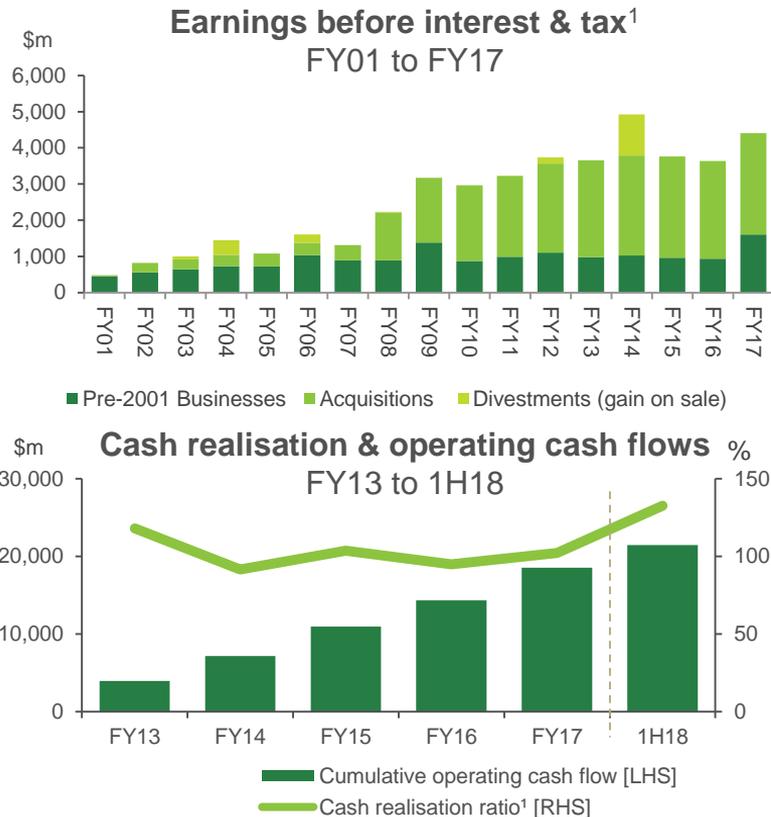
Diversified funding sources & maturities

Balancing investment with shareholder distributions & capital management

Strong commercial capabilities across corporate office & operating divisions

Long-term earnings growth & strong cash flow generation

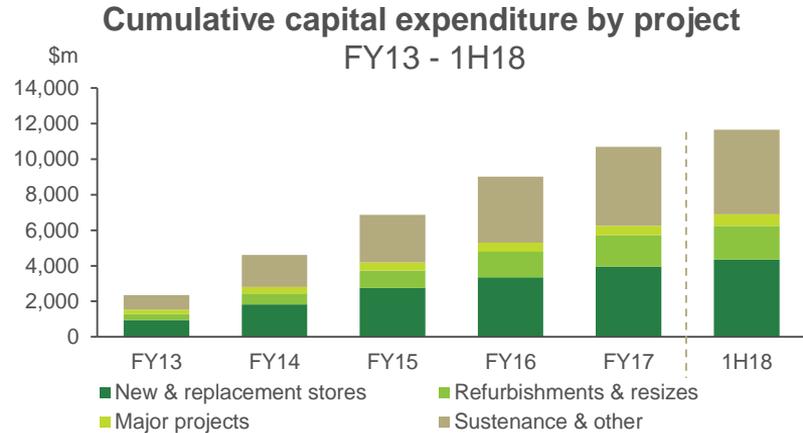
- Long-term earnings growth delivered through growth of existing businesses & portfolio management
- Portfolio of cash generative businesses with strong market positions in growing markets
 - Proposed Coles demerger would reposition the Group's capital employed towards higher growth opportunities
- Continuous improvement in working capital efficiencies
 - 12 day reduction in working capital days since FY09



1. Adjusted for NTIs

Capital expenditure directed to high return opportunities

- Maintain strong capital disciplines with respect to capital allocation
 - Robust business case development
 - Focus on NPV in investment appraisal
 - Hurdle rates reflective of project risks
- Continued investments in improving retail store networks & online capabilities
- Industrials capital expenditure lumpier due to one-off nature of expansions
- Capital expenditure focused towards high ROC businesses
- FY18F net capital expenditure of \$1.2b to \$1.3b expected, subject to net property investment

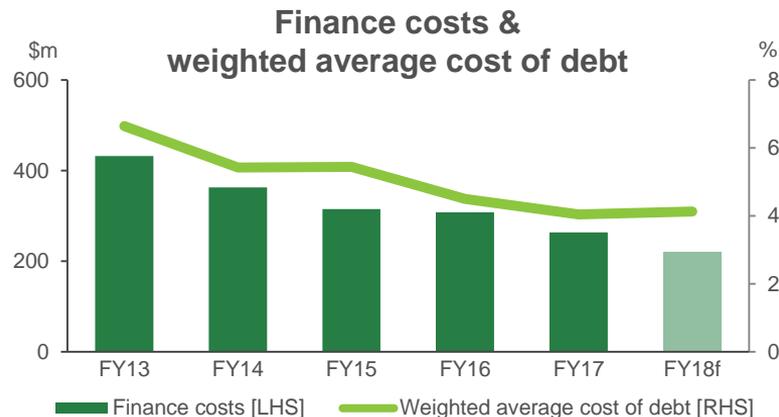
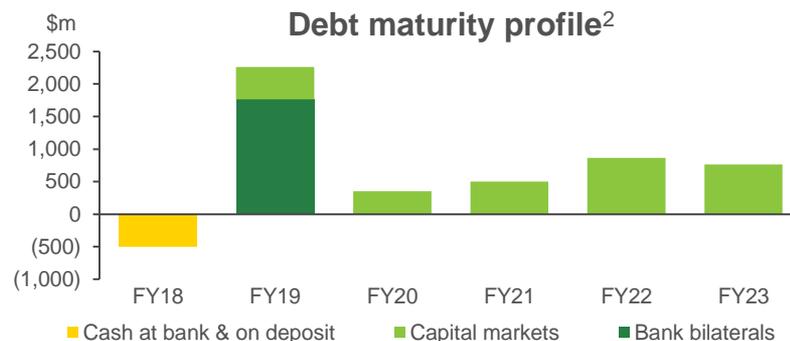


Balance sheet & debt management

- Strong balance sheet
 - Access to diverse funding markets
 - Limited debt maturities in any given year
 - Strong & stable credit ratings
 - » Moody's: A3 (stable outlook)
 - » Standard & Poor's: A- (stable outlook)

- Net financial debt of \$4.2b¹ as at 30 April 2018

- US\$750m bond repaid in March 2018
- Curragh Mine sold 29 March 2018; proceeds of \$700m
- Finance costs continuing to decrease; FY18F interest expense expected to be between \$215m & \$225m



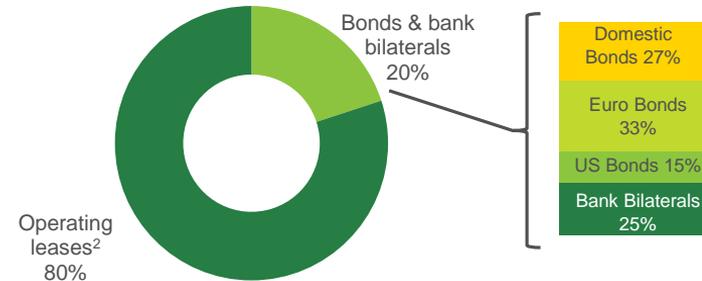
1. Calculated as interest bearing liabilities less cash at bank & on deposit, net of cross-currency swaps & interest rate swap contracts

2. As at 30 April 2018

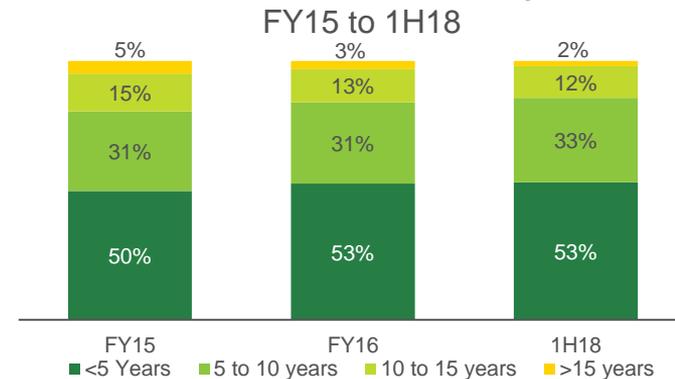
Active & disciplined lease management

- Non-cancellable operating leases represent a majority of fixed financial obligations
- Disciplined management of off-balance sheet leases continues
 - Risk management & operational flexibility through progressive reduction of fixed lease tenure
 - More than half of lease commitments expire within five years
 - Options provide security of long-term tenure
- As at 31 December 2017:
 - Pro forma lease commitments for Wesfarmers Group exc. Coles & BUKI totalled \$8.6b
 - Lease commitments for Coles totalled \$9.6b

Fixed financial obligations (Dec 2017)¹



Share of lease commitments by tenure³



1. US\$750m Bond repaid in March 2018

2. Represents future undiscounted minimum rentals payable under non-cancellable operating leases

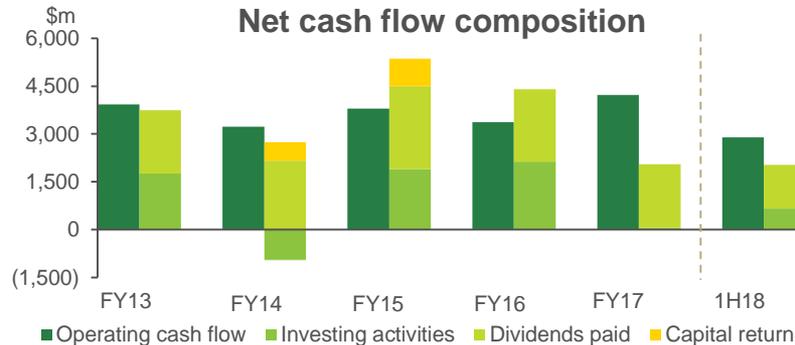
3. Wesfarmers Group, includes Coles & BUKI

Capital structure post-demerger

- Engagement continuing with credit rating agencies
- Wesfarmers expected to retain its current strong credit ratings (A-/A3)
 - Diverse portfolio of cash generative businesses
 - Balance sheet capacity to support investment plans & opportunistic acquisitions
- Coles expected to be demerged with a level of debt consistent with a Baa1 (Moody's) or BBB+ (S&P) credit rating
 - Provides strategic flexibility & strong access to capital
 - Proactive management of lease obligations provides ongoing benefits to credit metrics

Shareholder distributions deliver long-term returns

- Dividend distributions subject to current earnings, franking credit availability, current liquidity position, credit rating, & cash flow requirements
 - Maximising the value of franking credits for shareholders
 - Dividend policy expected to remain unchanged post-demerger
- Balancing shareholder distributions with investment & balance sheet strength
 - \$13.8b of shareholder distributions since FY13



Q&A – Group Overview

Rob Scott

Managing Director, Wesfarmers Limited

Anthony Gianotti

Chief Financial Officer, Wesfarmers Limited



Bunnings

Michael Schneider

Managing Director, Bunnings Group



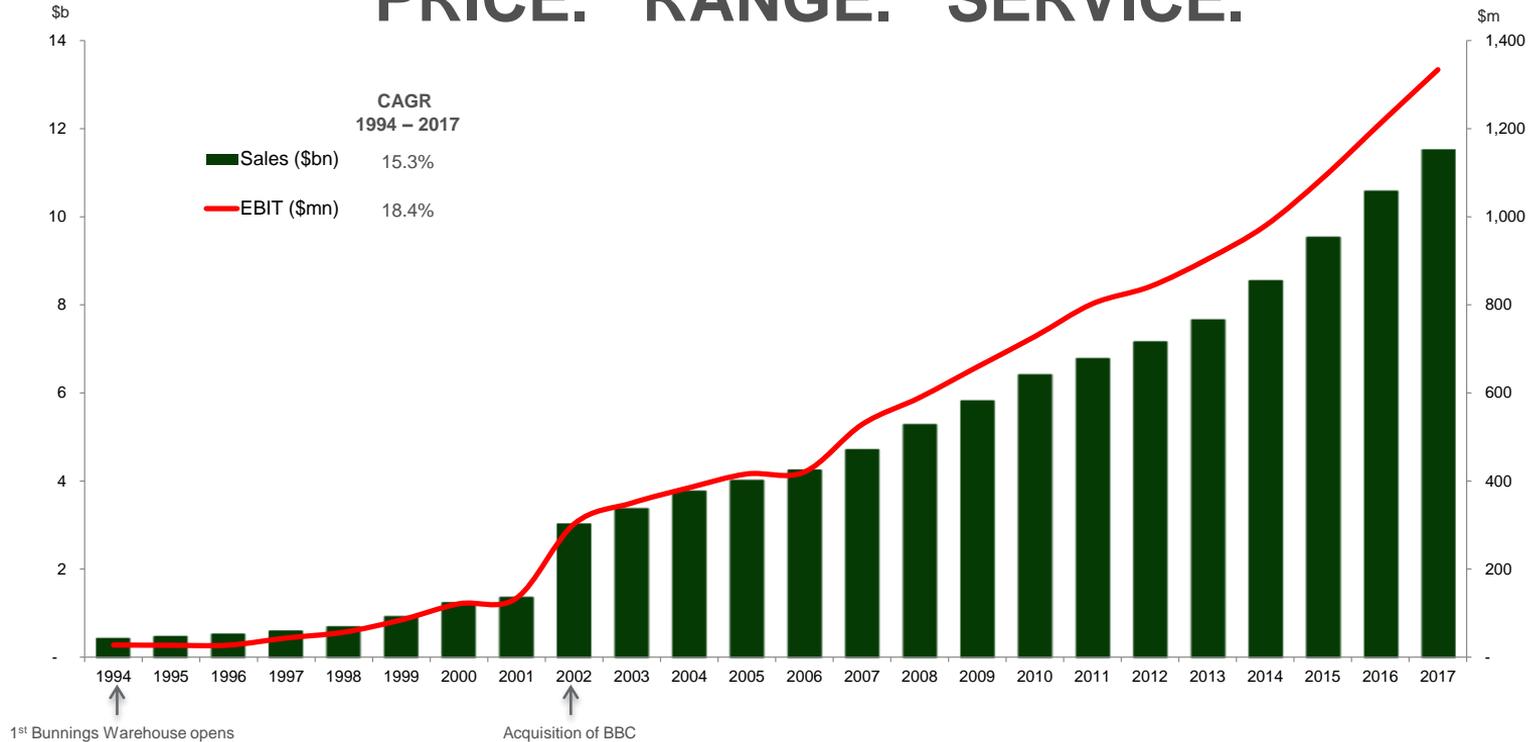
BUNNINGS
warehouse

BUNNINGS

BUNNINGS
TRADE

Long-term value creation

PRICE. RANGE. SERVICE.



Note: Sales figures exclude sales from Trade Centres, Frame & Truss & Cafés



Our strategic framework



Creating & delivering a winning offer for our customers



Engaging & building a team passionate about winning



Doing what's right to build trust... team, suppliers, customers & shareholders

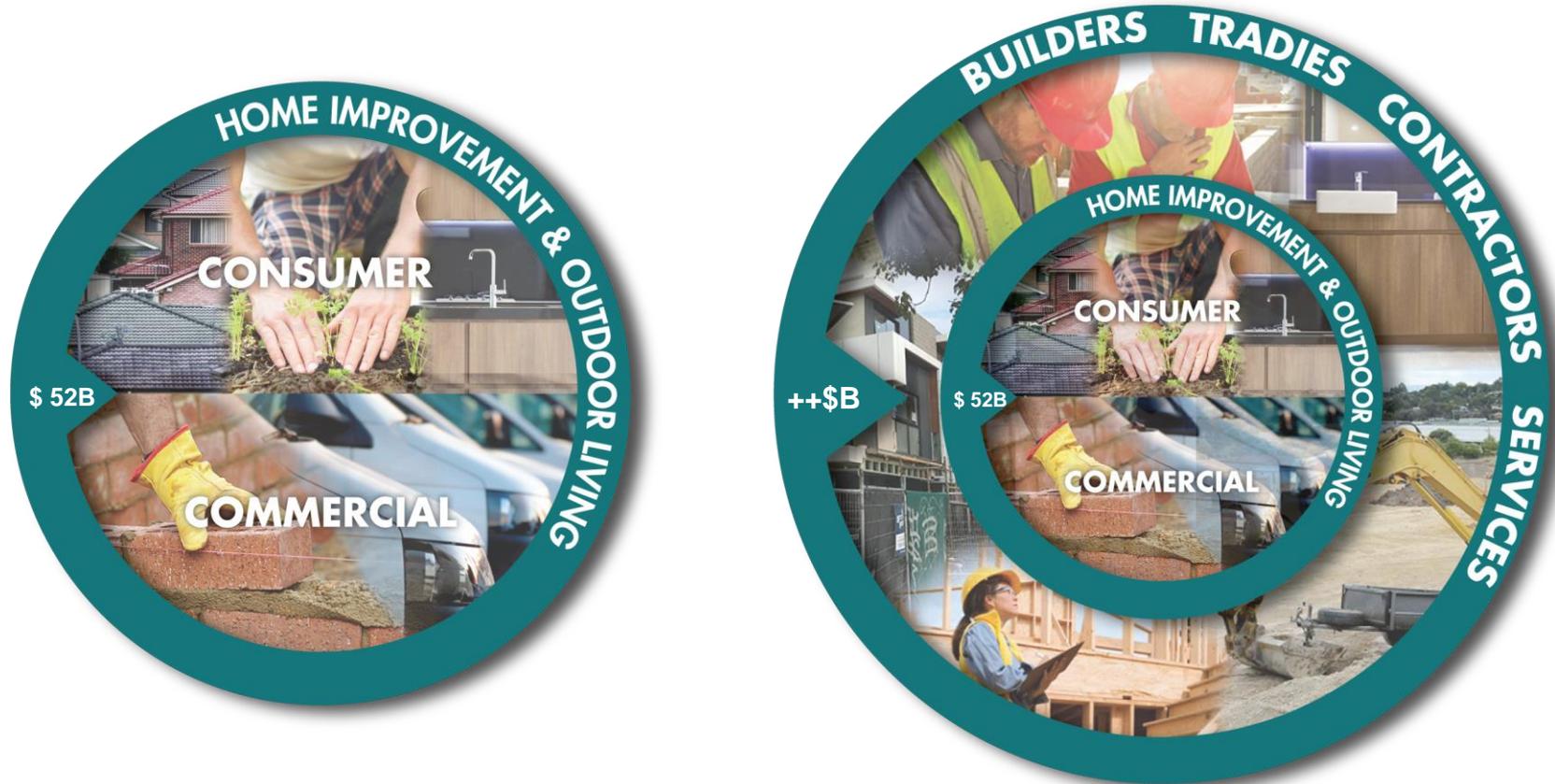


Deliver great results that stand the test of time

The dynamic market warehouse

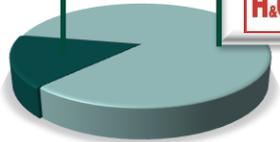


Market evolution: Wider addressable market plus more seasonal & commercial focus



Note: \$52b market relates to Australia only; New Zealand market size estimated at \$NZ9b

Home Improvement & Outdoor Living – fragmented market



The image displays a large collection of logos for various retailers in the home improvement and outdoor living sectors. The logos are arranged in a grid-like fashion, showcasing a wide variety of brands. Key retailers include:

- Plumbtec** (Bathroom, Kitchen & Plumbing Supplies)
- Mitre 10** (Mitre 10 Mega, Mitre 10 Mighty Helpful)
- United Tools**
- Gasweld** (Tool Centre)
- Stratco**
- Tradetested** (Trade Prices, Delivery, Authorised)
- Fasteners Factory**
- Powerland** (We'll do it! - Kohler)
- Tradelink**
- TradeTools** (tile, stone, paver)
- Adelaide Tools**
- Jaycar**
- Lace Lighting** (Wholesale Lighting Specialist)
- Simply** (Homeware)
- Costco** (.com.au)
- Thriftly Link** (Hardware)
- The Reject Shop**
- Freedom**
- Office Works** (Big Ideas, Lowest Prices)
- Turtle Nursery** (and Landscape Supplies)
- Bathroom Direct** (Online Sales)
- JBHI-FI**
- Fantastic Furniture**
- TBS** (Tamworth Building Supplies)
- Target**
- Sleepers Direct**
- nubco**
- Paramount Browns**
- Kresta**
- STIHL**
- Warehouse** (Building Supplies)
- Home Timberland** (Home Timber)
- K&D Warehouse**
- reece**
- Godfreys**
- the warehouse**
- Storage Box**
- Amazon**
- SmartPack** (Do you've got it made)
- ALDI**
- Doors Plus** (No Fuss)
- Bathware Direct**
- eBay**
- Carpet Court** (Flooring Centre)
- Pricewise** (Insulation)
- the Log Factory**
- MYER**
- Temple & Webster**
- David Jones**
- Blackwoods**
- The Lighting Superstore**
- Bathroomware** (Lifestyle)
- The Door Store** (Over 300 Doors on Display)
- coles**
- autobarn**
- Aussie Disposals**
- Boral**
- Shiploads** (How much have you saved?)
- LESSO** (联塑)
- Appliances Online** (Legendary Service)
- Paint Spot**
- Vac City**
- ANACONDA**
- Simply Sheds**
- RAYS** (Camp, Picnic, Hire, Special)
- BBO XL**
- Beacon**
- TOTAL TOOLS**
- GET TOOLS DIRECT**
- national tiles**
- Spotlight**
- Tentworld** (The Camping Experts)
- hs harris scarf**
- PlaceMakers**
- ONE STOP DECK SHOP**
- carpet call** (Floor & Grout)
- PAINT RIGHT** (Free Start to Finish)
- CAMP SMART** (Quality Campers & Caravan Accessories)
- Lincraft**
- RSEA** (SAFETY)
- FOODLAND** (The Food for Selling Success)
- i-tools**
- itm**
- 1 AUTO ONE**
- JUST TOOLS** (Nobody knows tools, like Just Tools)
- BCF** (Concrete, Bricks, Tiles, Paving & Poles)
- SOLVER**
- Fencing** (It's for quality)
- BBO Factory** (Outdoor Furniture)
- Vista** (Window Coverings)
- CARTERS** (Your Building Partner)
- Amart** (Furniture)
- Repco**
- Oz Lighting**
- BRISCOES** (Homeware)
- THE OUTDOOR FURNITURE SPECIALISTS**
- BBC**
- Clark RUBBER** (Everything Pools, Foam & Rubber)
- PETBARN** (You'll never buy better)
- CSR**
- Initial Tiles** (Commercial, the supply & install)
- K&R** (PLUMBING SUPPLIES)
- Choices** (Flooring)
- ROBOT BUILDING SUPPLIES**
- Betta** (Pools, Spas, Saunas)
- Scova Spas** (GARDEN CENTRES)
- woolworths**
- BIG W**
- ONLINE PLANT**
- Harvey Norman**
- FURNITURE GALORE** (Great Looks for Less)
- SUPA IGA**
- PIPECO** (WA)
- Chicoes**
- Betta**
- Scova Spas**
- woolworths**
- Trade Warehouse**
- BING LEE** (A Member of the Linde Group)
- BOC**
- BARBEQUES GALORE**
- SUPERCHEAP AUTO**
- THE GOOD GUYS**
- R&M** (THE BUILDERS CHOICE)
- e&s** (Specialists)
- H&G**
- GROUPON**
- Segals** (Outdoor Furniture)
- kogan.com**
- COLOURplus**
- Tool Shed**
- AUTO AUTO** (Paint Professionals)
- SPARKY DIRECT** (.com.au)
- Bowens** (THE BUILDERS CHOICE)
- BETTER HARDWARE** (Where Dreams Are Built)

Home Improvement & Outdoor Living - market structure & drivers

BUNNINGS
warehouse

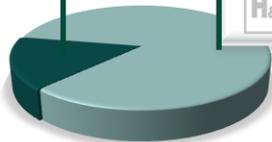
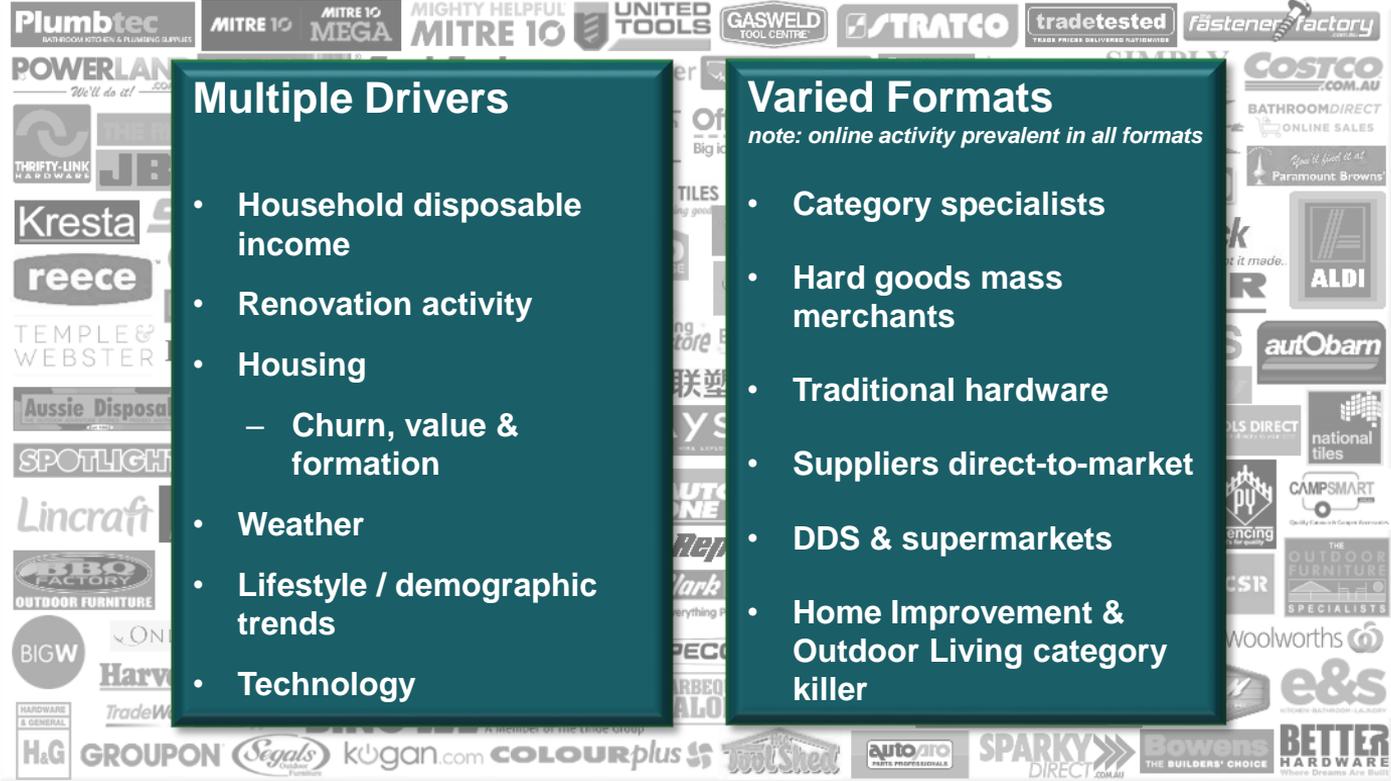
Multiple Drivers

- Household disposable income
- Renovation activity
- Housing
 - Churn, value & formation
- Weather
- Lifestyle / demographic trends
- Technology

Varied Formats

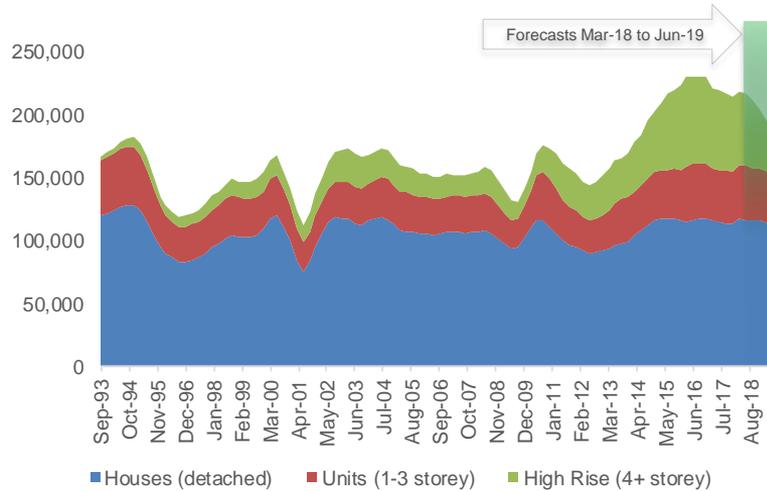
note: online activity prevalent in all formats

- Category specialists
- Hard goods mass merchants
- Traditional hardware
- Suppliers direct-to-market
- DDS & supermarkets
- Home Improvement & Outdoor Living category killer



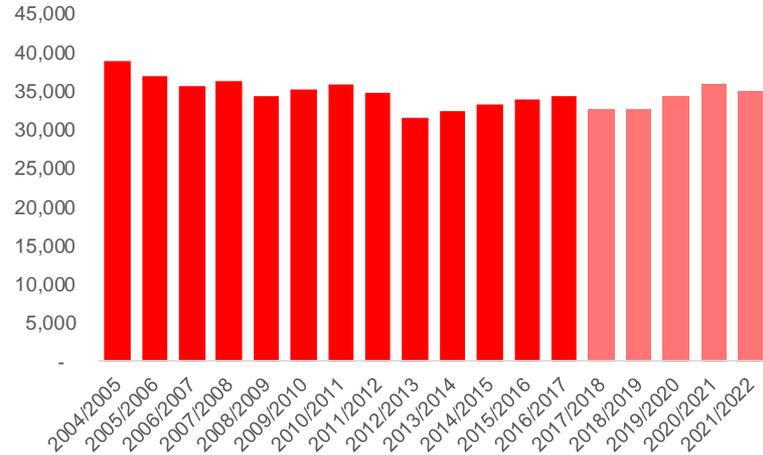
Housing market – house construction & renovations

Australian no. dwelling commencements rolling 12 months



Source: BIS Oxford Economics

Australian renovations, value of investment (\$m)



Source: HIA

Outlook is stable on dwelling commencements & renovations

Mega trends

Demographic & societal trends are impacting spending on lifestyle products & experiences, creating opportunities for category expansion:

- Greater digitisation & connectivity
- Lifestyle & housing affordability trends driving high-density living
- Population growth increasingly driven by net migration
- Changing lifestyle requirements of baby boomers
- Population working longer & delaying having children
- Changing approaches towards work
- Ageing population
- Digitally aware millennials, less likely to be on the tools

Bunnings warehouse

Growth opportunities



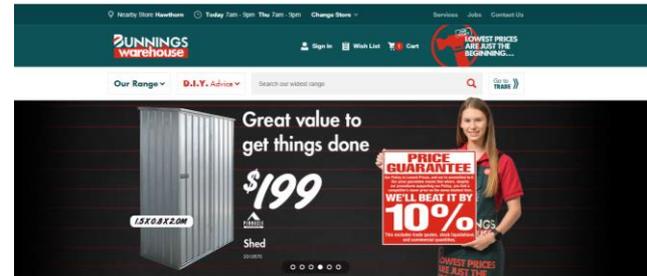
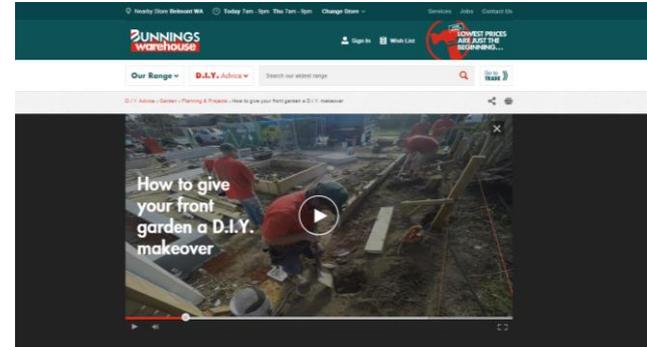
Growth strategies

- Maximise digital opportunities
- Continue to invest in store pipeline
- Continued range innovation & expansion
- Expand the services offer
- Deeper & wider commercial engagement
- Empowering the team

Digital opportunities – leverage digital engagement (1 of 2)

Digital audience

- Largest online audience amongst Australian retailers¹
- Australian website sessions 13m per month average²
 - 20% growth year-on-year
- New Zealand website sessions 1.4m per month average²
 - 32% growth year-on-year
- Australia & New Zealand DIY video views
 - 2.8m per month average²



Digital opportunities – accelerate digital transformation (2 of 2)

Investment in digital capabilities to create an integrated & seamless commerce platform that builds on a foundation of:

- a loyal customer base
- a wide & growing store footprint
- long-standing supplier relationships

Achievements include:

- Special orders launched 1H calendar 2018
- Online stock search being rolled out nationally

What's next:

- Adjacencies suited to online – structures/mature trees
- Bulk orders & commercial



Continue to invest in stores

- Since 2011, we have added on average 12 stores per year to our network
- Continue investment in stores to support future growth
 - Target 10-14 net new stores per annum
 - 23 sites with Development Approval
 - Flexible store formats to suit different site characteristics
 - Ongoing store refresh program



Continued range innovation & expansion (1 of 3)

Battery Power Garden



Home Automation



Storage



Outdoor Structures



Assisted Living



Portable & Fixed Shade



Across all categories (2 of 3)

Special Orders



Adjustable D.I.Y Shutter

SPECIAL ORDERS

EASY^{AS} ADJUSTABLE D.I.Y. SHUTTER

Available at **BUNNINGS warehouse**

Take This Brochure to the Special Orders Desk to place an order

Commercial



Commercial PowerPass

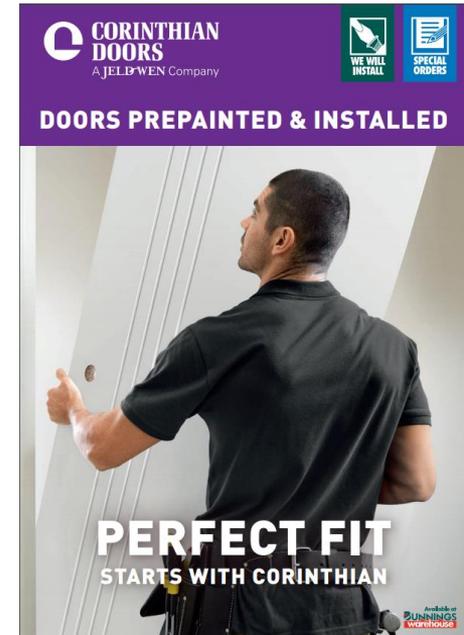
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EXPIRY DATE 01/13

THE BUILDING GROUP
ROBERT BUILDER

BUNNINGS TRADE

Services



CORINTHIAN DOORS
A JELD-WEN Company

WE WILL INSTALL

SPECIAL ORDERS

DOORS PREPAINTED & INSTALLED

PERFECT FIT
STARTS WITH CORINTHIAN

Member of **BUNNINGS warehouse**

Do more in project-related categories (3 of 3)

Bathrooms



Hard Flooring



Ceiling Fans



Window Furnishings



Expand service offer

A core part of the Bunnings Strategy is a compelling service offer

- Meaningful & personalised customer experiences (in-store, in-home, & online)
- More service investments (know-how & intensity, digital experiences)

As customer behaviours evolve, the opportunity exists to build on existing services offer

- Bunnings in-home design consultants
- Onsite project manager for project builders
- Partnerships with suppliers like Corinthian Doors
- Ute & trailer hire from stores

Deeper & wider commercial engagement

Bunnings Commercial has seen strong growth

- Our loyal Commercial customers appreciate the convenience of the physical sites & the value PowerPass brings
- Special orders now available online

Making it even easier for Commercial customers to shop with us will expand our reach

- Substantial opportunity to leverage data & digital
- Expanding beyond our core construction customers
- Connecting with non-traditional businesses
 - Government
 - Hospitality
 - Education



Empowering the team

Bunnings will continue to attract & retain the best talent through

- Encouraging behaviours & actions that create a safe & inclusive workplace
- Improving leadership capability, diversity & flexibility
- Utilising technology to offer more training with easier access for the wider team
- Supporting team members as they embrace new ways of operating within a digitally enabled core
- Recruiting & developing skills for effective delivery in new services & categories

Outlook

BUNNINGS warehouse



Outlook: Positioned for continued growth

- A lot of runway in \$52b HIOL market & in broader commercial wholesale market
- Good momentum & opportunities across both Australia & New Zealand
 - Focus on growing digital & physical presence
 - Strong pipeline & plans for 10-14 net new trading locations per annum
- Special orders online in New Zealand in FY19
- More merchandising opportunities with seasonal & geographic differentiation
- Investing for long-term growth with focus on commercial capability & digital

Thank you BUNNINGS warehouse



Q&A – Bunnings

Michael Schneider

Managing Director, Bunnings Group

Justin Williams

Chief Financial Officer, Bunnings Group



BUNNINGS
warehouse

BUNNINGS

BUNNINGS
TRADE

Coles

John Durkan

Managing Director, Coles



coles

coles.com.au

coles
express

VINTAGE CELLARS

first CHOICE liquor

LIQUORLAND

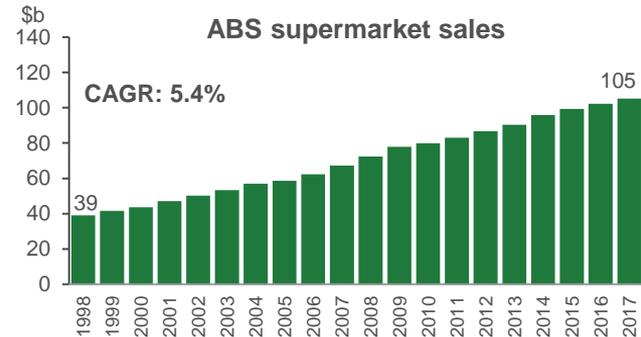
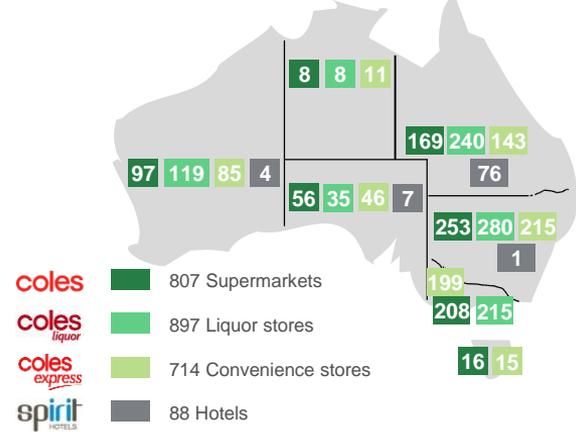
spirit
HOTELS

coles Financial Services

Divisional Overview

- **Coles is an iconic Australian business with quality assets, significant scale & leading market position**
 - Extensive & non-replicable store portfolio with a national footprint
 - 115,000+ dedicated team members
 - 31% of total food spend market share in Australia¹
 - Strong cash generation
- **Australian food retailing remains an attractive market**
 - Defensive, resilient market
 - Market is competitive but rational
 - Share gain opportunities in Fresh
 - Moderate space growth relative to population growth

Site network footprint²



1. Nielsen market share data for the last twelve weeks as at 24 March 2018

2. Store network numbers as at Q3 FY18

Highly experienced leadership team



(Retiring) CEO
John Durkan
10 years at Coles



(Incoming) CEO
Steven Cain
29 years in retail



CFO
Leah Weckert
8 years at Coles



Liquor Director
Cathi Scarce
25 years at Coles



Store Operations Director
Paul Bradshaw
8 years at Coles



COO
Greg Davis
9 years at Coles



Legal & Safety Director
David Brewster
2 years at Coles



Digital & Financial Services Director
Roger Sniezek
7 years at Coles



**Director Coles Express,
Online & Corporate Affairs**
Alister Jordan
4 years at Coles



Supply Chain Director
Matt Swindells
11 years at Coles



Store Commercial Director
Thinus Keeve
8 years at Coles

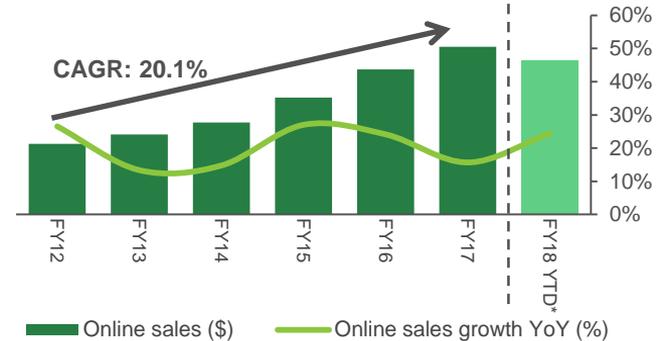
Progress update

- **Fresh:** Improved quality has delivered growth in market share
- **Service:** Investment in team hours & training continues
- **Range:** Rebalancing categories are driving mix benefits & improving availability metrics
- **Customer Satisfaction:** Tell Coles improvement underpinned by better service, range & availability metrics
- **Employee Engagement:** Improved store retention, “Always Open” has delivered improvements in job satisfaction
- **Online:** On track to reach 1,000 click & collect sites by June 2018
- **Simplicity:** Efficiencies driven by the roll out of OneTeam & Stockless Stockrooms
- **Store network:** 47 renewals, 18 supermarkets opened, 12 closed (31 March 2018)
- **Coles Brand:** 442 new lines introduced, 80 Consumer awards received in 1H18
- **Community:** Sports for Schools, Little Athletics, RedKite, SecondBite, Nurture Fund

Growth in fresh remains a focus



Coles online continues to deliver double digit growth¹



1. FY18 YTD* represents YTD sales as at end of 3Q18

Changing landscape is providing opportunities for differentiation

I Competitive Intensity



Competition from both new & existing players

II Digital Disruption



Shopping convenience & experience is increasingly tied to technology

III Changing Missions



Consumer preferences & shopping habits are constantly evolving

Fresh Tomorrow Strategy

Coles has developed a new, differentiated strategy which will make life easier for customers



How we will measure success:

- Customer satisfaction 
- Team member engagement 
- Comp sales growth 
- Sales per sqm 
- EBIT 



Transform Food Offer

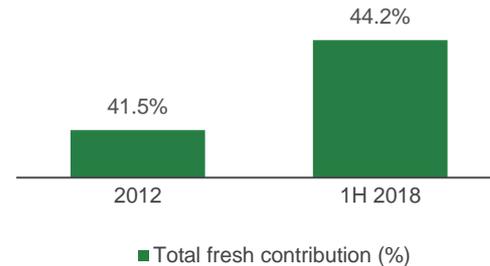
Coles will improve the product offer in fresh departments & drive innovation in own brand

- **Significant market share opportunity**
 - Independents hold a larger proportion of market share in Australia compared to the UK
 - Significant opportunity exists in Fresh
- **Destination for Fresh**
 - Improved freshness & quality
 - Australian Grown
 - Focus on service & training
- **Own Brand powerhouse**
 - More brands across more tiers
 - Step change in quality & innovation
 - New strategic global relationships
 - 40% penetration by 2023
- **Deeper supplier relationships**

Retail food market share of independents¹



Increasing sales contribution from fresh departments³



1. Market share statistics for the total retail food sector sourced from Nielsen

2. FY22 forecast is derived from various sources which include Deutsche Bank, IGD, Planet Retail, Euro Monitor, & IBIS World

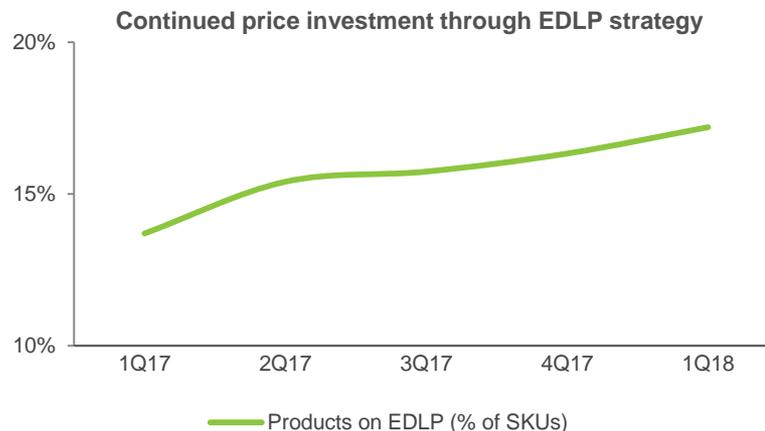
3. Total fresh departments includes produce, bakery, meat, deli, meals & dairy categories



Move towards EDLP

Coles will maintain its commitment to providing trusted value on products that matter most

- **Coles continues to invest in price**
 - Over eight consecutive years of price deflation
- **Fewer but deeper promotions**
 - Improve promotional effectiveness
- **Own Brand to drive greater value leadership**
 - Ability to optimise pricing architecture across tiers
 - Allows for differentiation
- **Supplier terms that align to EDLP**
 - Simpler & more efficient for suppliers, logistics, & stores
- **Trusted Prices for customers**
 - 4,259 items on EDLP currently





Offer Anytime, Anywhere Shopping

Coles will provide a seamless experience anytime, anywhere through investment across all channels, making life easier for our customers

- **Innovative delivery & pick up options**
 - Click & Collect – Concierge, Service desk, Express
 - Lockers, mobile collection trucks
 - Same day, one-hour express delivery
 - Trialling Drop & Go & Airtasker delivery alternatives
- **Seamless digital experience**
 - Omni channel retailer
 - Digital payment solution
 - Integration in the home
- **Best loyalty scheme**
 - Personalised, intuitive & connected experience
 - ~8m active members engaged in the flybuys program





Offer Anytime, Anywhere Shopping

Coles continues to invest in delivering a suite of convenient shopping alternatives

Coles Online Business Model

 Home Delivery Goods delivered to Customers' kitchen bench or doorstep overnight	 Click & Collect Concierge Shopping delivered to car in Supermarket carpark	 Click & Collect Service Desk Shopping collected at Supermarket Service Desk	 Click & Collect Coles Express Vans deliver to Coles Express Shopping delivered to car	 Click & Collect Lockers Vans deliver shopping to a Locker collection point
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Supported by three types of Online Supermarkets:

 Online Stores Online supermarket (no customers in store)	 Hub Stores Existing Supermarket with 500m ² dedicated Online back-of-house	 Home Delivery Stores Existing Supermarket with 100m ² dedicated Online back-of-house
---	--	--

2018 Highlights

- Online growth 25%+ YTD
- ~580 C&C locations YTD, on track to reach 1,000+ C&C locations by June 2018
- C&C is ~20% of all Coles Online orders currently
- 95% of online customers also shop in stores
- Customers who shop both online & in-store spend 34% more and shop 12% more frequently

Over the next 12 months

- Invest to increase delivery slots
- One hour Home Delivery available
- Increase food-to-go fresh offering



Offer Anytime, Anywhere Shopping

Strengthen flybuys to provide a more personalised & connected experience

- flybuys to be an ongoing partnership between Coles & Wesfarmers
 - Greater access to capital & resources
 - Strengthen loyalty program between flybuys & program partners
- Deliver better value to customers
- Deliver new business & partnership opportunities
 - 20+ leading partners
 - ebay partnership recently announced
- Better utilisation of data & digital assets
 - Launched flybuys app (~1m downloads)

flybuys

+6m
active
households

+8m
active
members

ebay





Right Offer In Every Location

Coles will reinvent the in-store customer experience & tailor stores to the shopping missions of local customers

- **Store Tailoring**
 - Customer-led ranges tailored to local communities
- **Strong store renewal program**
- **Evolving store blueprint given increasing urban density**
 - One size does not fit all – tailored stores for the community
 - Fill network gaps, particularly in inner city locations with smaller store footprints (including standalone convenience) to cater to the needs of customers
 - Greater connection between stores & technology
 - Stores to fulfil specific shopping missions at different times

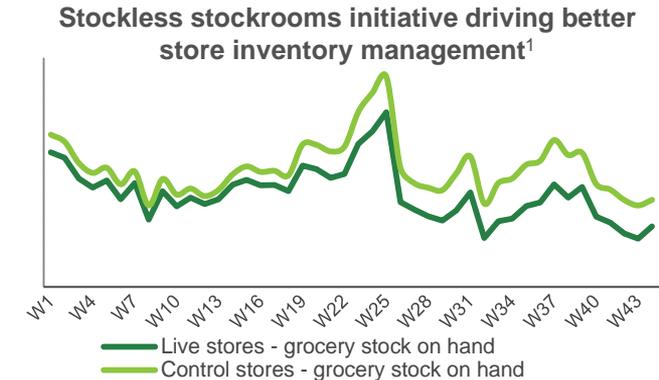
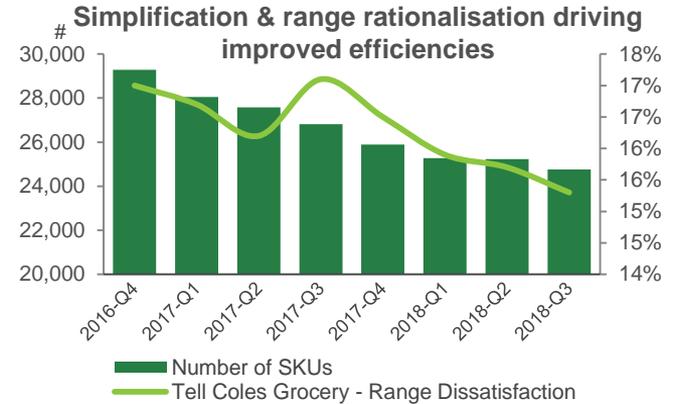




Reduce Costs

Evolution of productivity initiatives continues

- **Coles continues on its journey to simplify range & drive efficiency**
 - Exiting tail categories, rebalancing existing space & increasing product innovation on shelf
 - Deeper shelves & full pallets enable in-store cost benefits
 - Aisle specific pallet pick trial in South Australia
- **Stockless Stockrooms**
 - 50% rolled out, will be live across all stores by June 2018
 - Reduced off-location promotional stock overhang by c.30% yoy
 - Improved flow of product in-store, one touch replenishment
- **OneTeam**
 - Rolled out to 551 stores, all stores expected by September 2018
- **Inventory management**
 - Rolling out various East Village concepts across the network
 - Easy inventory (perpetual inventory) program in development phase
 - Easy ordering in Deli to land in the first half of FY19
- **Exploring opportunities to better leverage technology to achieve end-to-end supply chain efficiencies**



1. A material decrease in the amount of back of house stock driven by implementation of stockless stockrooms



Win Together

Coles will continue to engage with team members, customers & communities

- **Safety part of our DNA**
 - Target zero
 - Mind your health
- **Building careers & growing talent**
 - Leading Graduate program
 - Retail Leaders
 - Skills for trade
- **Community engagement**
 - Partnerships
 - Innovation & Investment
- **Strong Corporate Social Responsibility**
 - Ethical sourcing, food standards & QC
 - Commitment to phase out plastic



Rocky Ponds Farm, NSW¹



Little Athletics

1. Coles Nurture Fund recipient, Rocky Ponds Farm

Liquor & Coles Express

Liquor

- **On track to deliver on the five year transformation plan**
- **Continued focus on store investment**
 - Next evolution Liquorland format trialed successfully, 20 stores to be rolled out by the end of June 2018
- **Exclusive brand growth a point of differentiation**
 - 100 products launched YTD, multiple award winners
- **Anytime, anywhere offer driving online growth (25%)**
 - 30 minute C&C available across Liquorland network
 - Same day & next day delivery now available in all three brands
- **Improving systems & processes**
 - Simpler for stores & support centre teams
 - Enables improved range targeting
 - Savings reinvested in value

Coles Express (CEXP)

- **Continued rollout of existing offers**
 - Rollout of food-to-go offer to ~500+ stores by 1H19
 - C&C to be rolled out across the network by FY19
- **Trialling fresh product offering**
- **Key alliance initiatives include V-Power Diesel rollout, network optimisation & digital enablement of stores**
- **Ongoing discussions with our Alliance partner**



Outlook

- Remain focused & consistent in our customer-led strategy to deliver long-term growth
- Changing competitive & digital landscape provide significant opportunities for differentiation
 - Substantial opportunities for fresh market share growth remain
 - Increased focus on Coles Own Brand to drive margin accretive growth
 - Anytime, anywhere focus across businesses will deliver unparalleled customer convenience
 - Strong pipeline for new stores, formats & renewals will enhance the customer experience
 - Better leveraging of flybuys data & analytical capabilities to drive customer loyalty
- Greater use of technology & productivity initiatives will drive meaningful, long-term cost efficiencies & support future value investment
- Remain disciplined & returns-focused in capital management, driving strong cash flow
- Elevated produce deflation, EBA & lower CEXP earnings provide headwinds in the near term

Q&A – Coles

John Durkan

Managing Director, Coles

Leah Weckert

Chief Financial Officer, Coles



coles

coles.com.au

coles
express

VINTAGE CELLARS

first CHOICE liquor

LIQUORLAND

spirit
HOTELS

coles Financial Services

Department Stores

Guy Russo

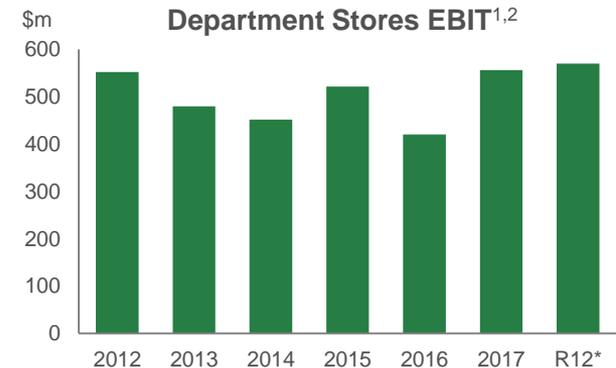
Chief Executive Officer, Department Stores

Managing Director, Target



Highlights

- Revenue of approximately \$8.5b (FY17)
- Post creation of Department Stores division in February 2016:
 - **Kmart:** Continued strong growth in sales, EBIT & RoC
 - **Target:** Earnings stabilisation, cost base reset & improved cash flow generation
 - **Department Stores:** Good conversion of sales to earnings (EBIT margin of 6.4% in FY17) & strong cash generation (Pre-tax FCF exceeding \$720m in FY17)



1. *R12 = 12 months to December 2017

2. 2018 excludes a pre-tax non-cash impairment of \$306m for Target. 2017 excludes a provision of \$13m of restructuring costs associated with the planned relocation of Target's store support office. 2016 excludes \$145m of restructuring costs & provisions, & excludes \$1,266m of pre-tax non-cash impairment; 2014 excludes \$677m impairment of Target's goodwill (reported as a NTI); 2012 excludes a \$40m restructuring provision

Differentiated propositions



Making everyday living brighter



Strategic Pillars

'A great place to shop that is simple to run'

'Better products at even lower prices'



Target

Fashion that excites & quality that endures



Focus areas

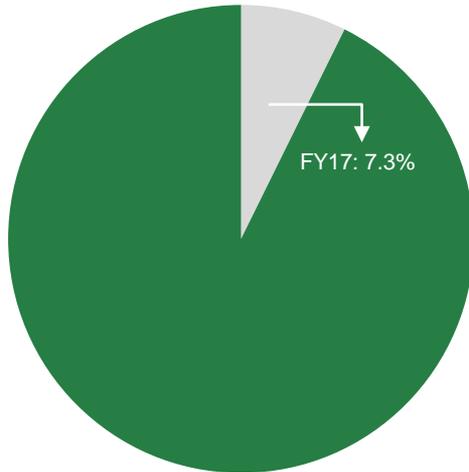
'Fashion acceleration'

'Seamless & engaging online proposition'

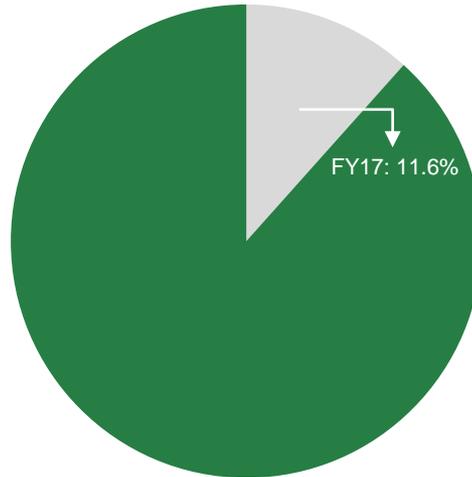
'Optimised store network'

Addressable market broader than just department stores

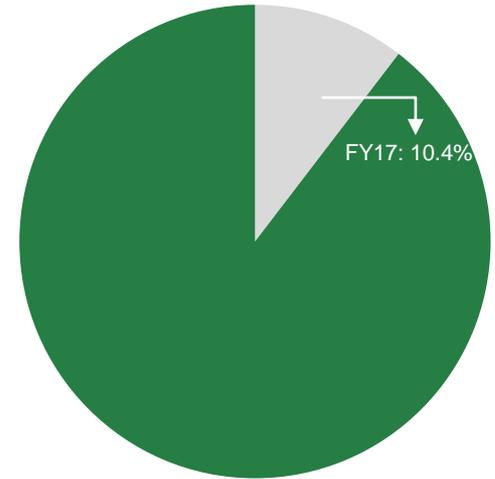
Kids GM & Active
Australian market ~\$25b



Home & Living
Australian market ~\$24b

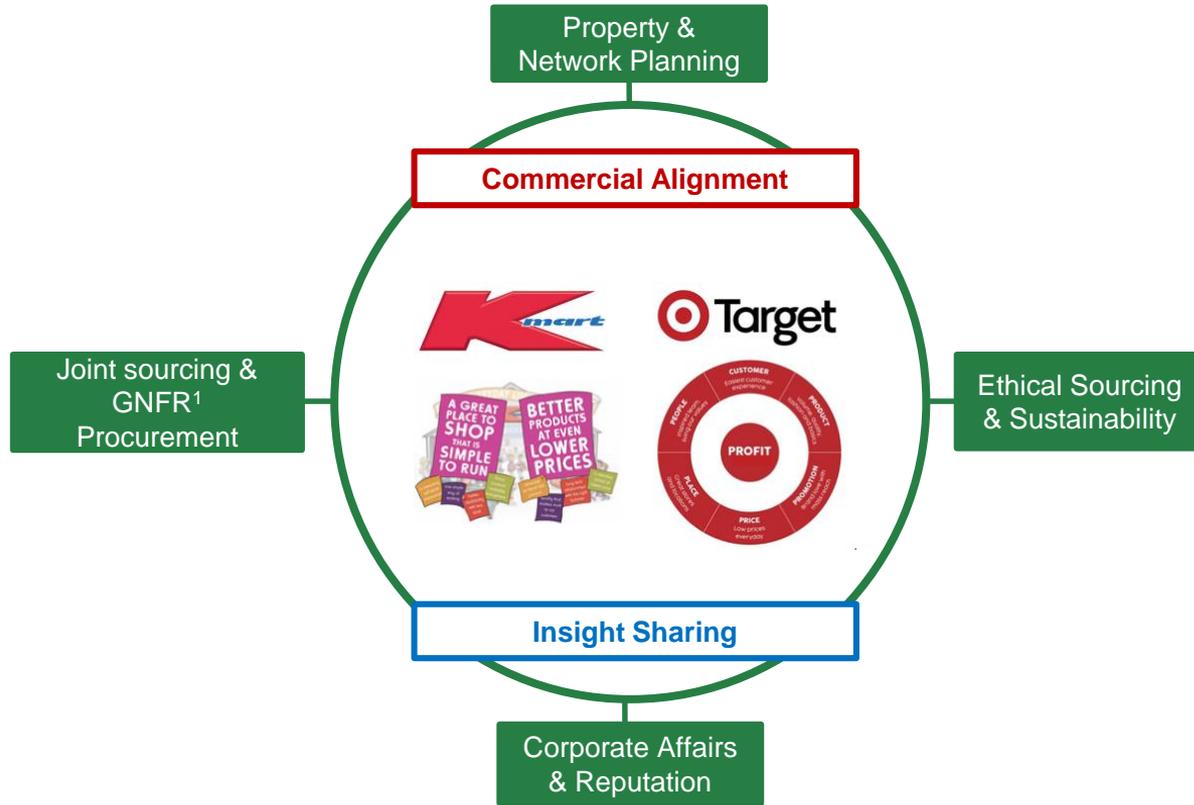


Apparel
Australian market ~\$34b



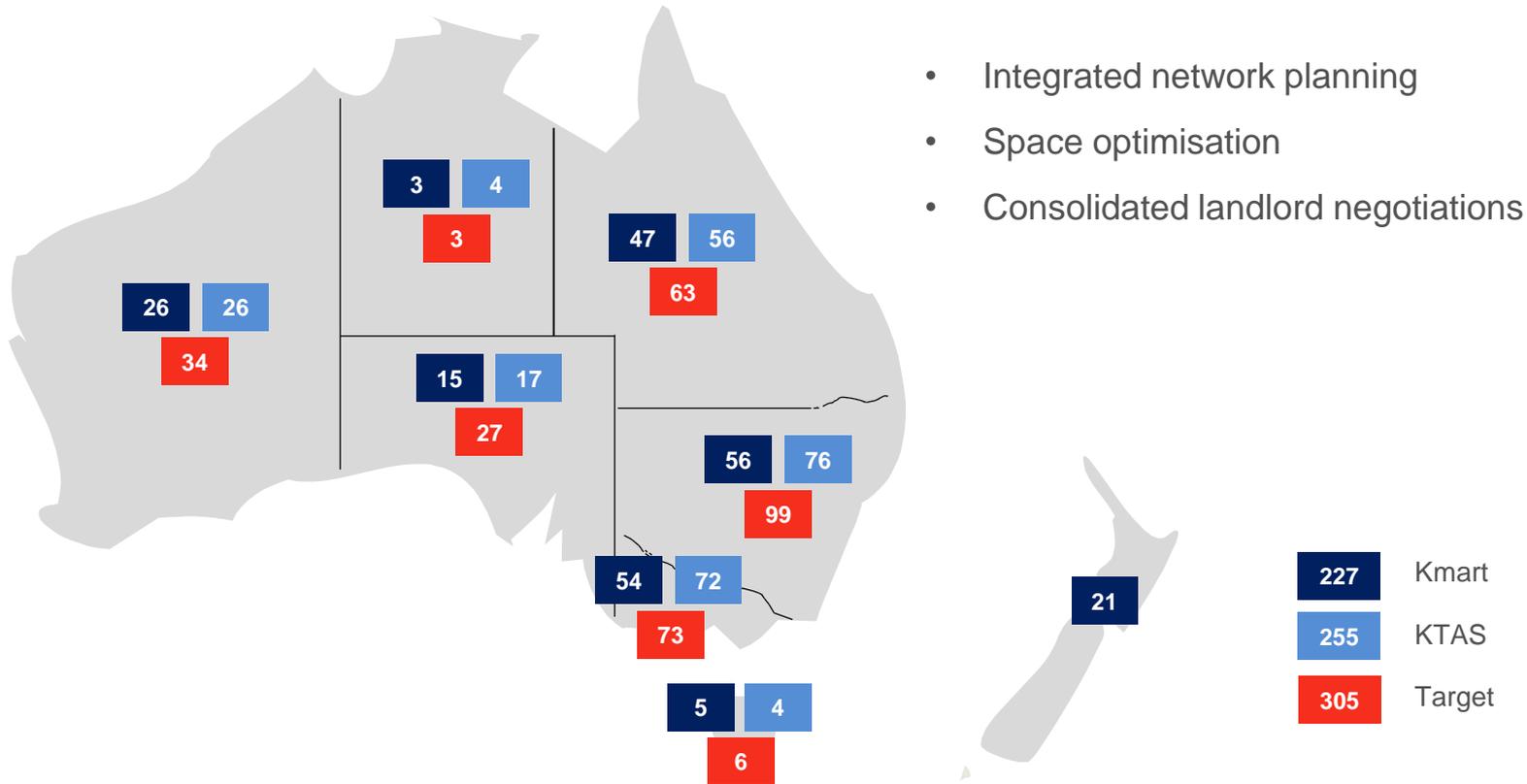
■ Kmart & Target market share FY17
■ Total market

Working together commercially



1. Goods Not For Resale

Department stores network



Note: Store network count as at 31 March 2018

Sustainability & sourcing

- Department Stores 'Better Together' program outlines joint sustainable ethical commitments to our people, partners & planet
 - Integrated & enhanced ethical sourcing program
 - Sustainable factories & materials strategy including 'Better Cotton Initiative' sourcing, certified sustainable cocoa & phase out of single use plastic bags
 - Active membership with ACT (Action, Collaboration, Transformation – a world wide initiative to address the challenge of living wages)
 - Commitment to the Modern Slavery Act



Target

Guy Russo

Chief Executive Officer, Department Stores

Managing Director, Target



Strategic framework & areas of focus

Fashion that excites & quality that endures



Focus areas

'Fashion acceleration'

'Seamless & engaging online proposition'

'Optimised store network'

Fashion acceleration

- Differentiated offer with improvements in fashionability & quality
 - Focused on better/best ranges
 - Reset of quality & fashion standards
- Focused investment in people & customer channels
 - Design focus
 - Online user experience
 - Visual merchandising
 - Store renewal & design overlays
- Ongoing reset of product, price & range; positive sales momentum in Menswear & Homewares

Fashion that excites



Quality that endures

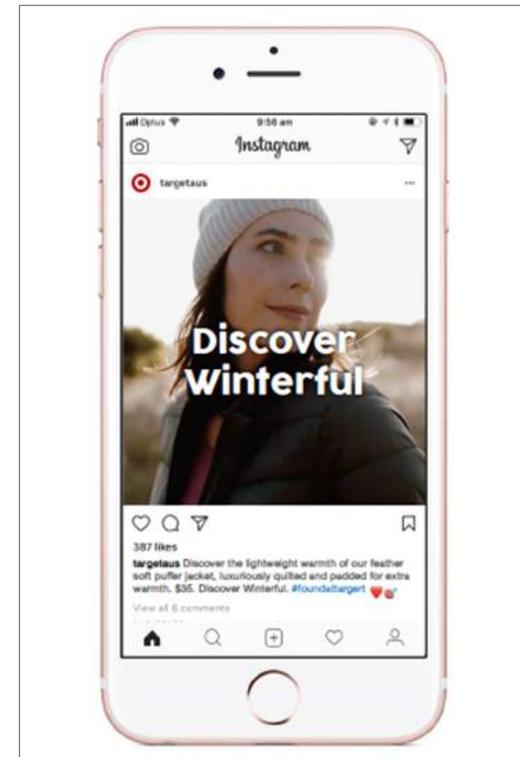
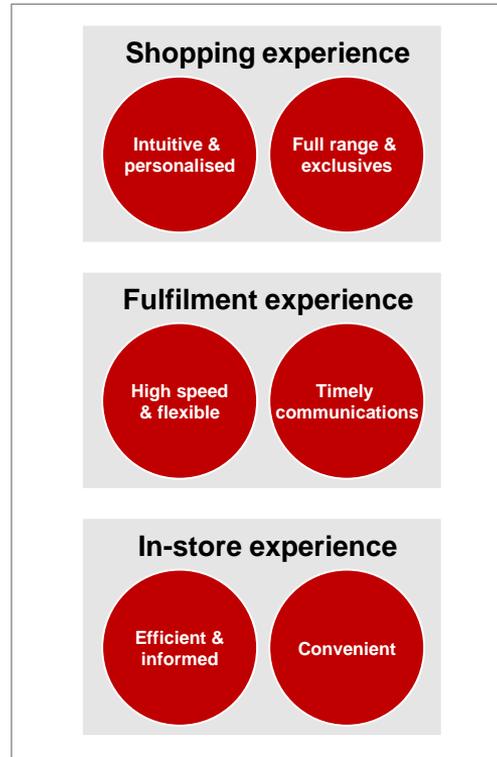


Fashion acceleration



Seamless & engaging online proposition

- Enhanced customer experience
 - Expanded range & new channels / services
 - Improved website including content & site personalisation
- Improved fulfilment model
 - Increased store fulfilment
 - Leverage DC automation
 - Efficient delivery model
- Improved convenience
 - Productive click & collect
 - Store mobility & digital payments
 - Online channel to traffic to stores



Optimised store network

- Implement store network plan, focused on:
 - Financial performance
 - Catchment attractiveness
 - Online proposition relevance
 - Value creation for Department Stores
- Reducing unproductive space & accelerating online growth
 - Online sales migration & channel acceleration
 - Reduction in selling floor & lease commitments
 - Improvement in sales density
- Progress renewal trials & reset space & grades



Outlook

- Business transformation progressing
- Advance product fashionability & quality
- Accelerate online proposition & optimise store network
- Progress store renewal trials & reset space & grades
- Further focus on end-to-end costs & working capital



Kmart

Ian Bailey

Managing Director, Kmart



Highlights

- Revenue of \$5.6b (FY17)
- Sustained earnings growth
 - Five year EBIT CAGR of 15.6% to 30 June 2017¹
- Strong return on capital
 - 43.7% at 30 June 2017, up 6.0%
- 227 Kmart stores across Australia & New Zealand²
- 255 Kmart Tyre & Auto Service centres in Australia²
- Over 30,000 team members



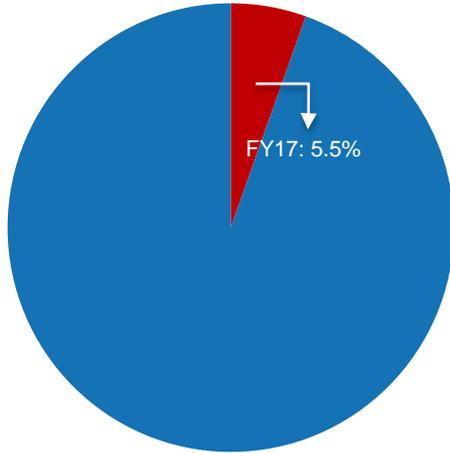
1. FY2012 to FY2017

2. As at 30 April 2018

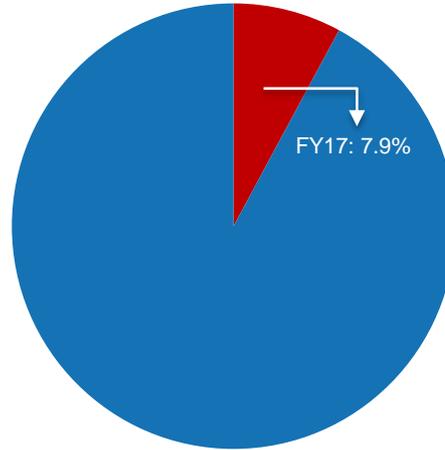
*Twelve months to December 2017

Addressable market

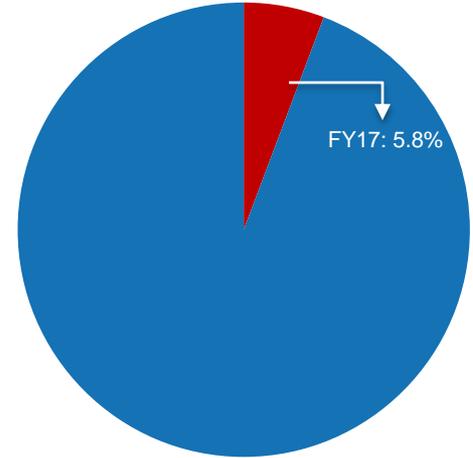
Kids GM & Active
Australian market ~\$25b



Home & Living
Australian market ~\$24b



Apparel
Australian market ~\$34b



- Kmart market share FY17
- Total market

Differentiation through product development

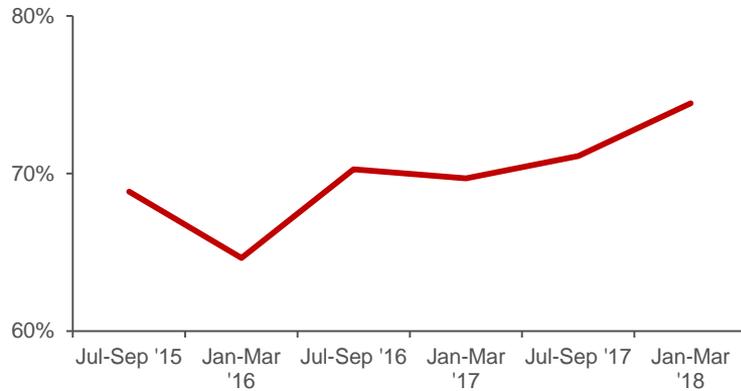
- Design supported by customer insights & analytics
- Enhanced retail trend forecasting ability
- Strong product development capability
 - 52 designers across Australia & Asia
 - Over 70% of products are designed in-house
 - Consistent product co-ordination
 - In-house packaging design & photography
- Over 75% of products are directly sourced
 - 368 team members in overseas sourcing offices
- Improved product technical & quality standards testing
- Continuous customer feedback loop to deliver quality that matter most to customers



Customer brand perception

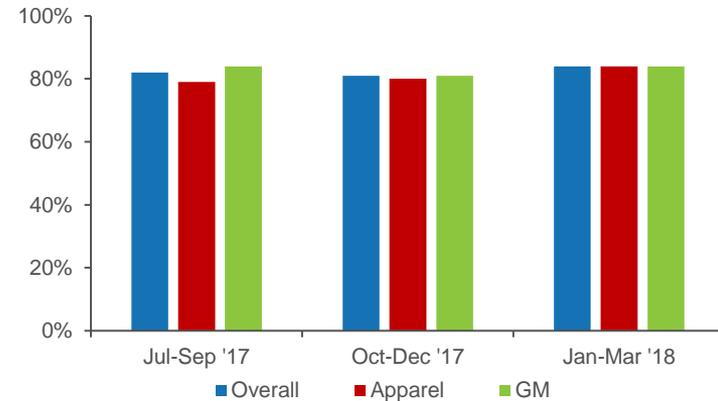
Good progress on improving customer perception

Lowest Prices



Opportunity exists to improve quality that matters most to customers

Product Quality – 7, 8, 9 & 10 Ratings*

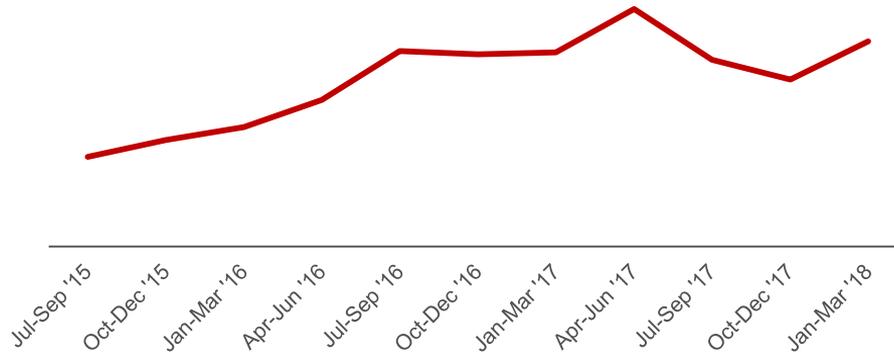


* A 10-point rating system. The graph shows the proportion of people who scored Kmart's product quality as 7, 8, 9 or 10.

Our purpose



Net Promoter Score



- Customer relationship strength
 - Selling over 100m more units this year
 - Serving on average 250,000 more customers per week
 - Strong growth in units per basket
 - Over 70% increase in online transactions

Strategic framework – underpinned by two pillars



Strategic Pillar 1: A great place to shop that is simple to run

- Creating a store that is engaging & deliver a rewarding self-serve customer experience
 - Continued development of payment solutions: easy payment & exit
 - Over 70% of stores are in the Plan C format
- Simplifying ways of working in store to deliver improved productivity
- Improving availability of products while holding less stock, through investment in merchandise systems to improve quantification & allocation
- Product available everywhere: in-store, online & overseas

Kmart products available everywhere

Store Network



- 227 stores in AU & NZ
- Plan to open 8 to 10 new stores per year

Online



- Continuing strong growth in online
- Increasingly important role in customer journey prior to visiting stores
- Growing availability of click & collect services across the network

Global – Wholesale



- Active in Thailand & Indonesia
- Store-in-store retail format

Global – Further Opportunities



- Test & learn to connect product direct to consumer

Strategic Pillar 2: Better products at even lower prices

- Desirable on-trend products at low prices
 - Continued strong growth in Home & Kids categories
 - Focusing on growth opportunities in Apparel
 - Improving phasing of new product throughout the year & product co-ordination across the store
- Continuing to improve consistency of product quality that matters most to customers
 - Good progress made on improved quality assurance calibration & standards
- Long term sustainable supplier relationships
 - 50% of purchases with strategic suppliers
- Ongoing focus on reducing costs to deliver the lowest price

Outlook – Positioned for continued growth

- Continuing to lead on the lowest price in a highly competitive market
 - Maintaining strong brand perception for on-trend everyday items
 - Relentless pursuit of lowest cost to underpin price position
- Ongoing investment in the store network through new store openings & refurbishments
- Capability to capitalise on strength of product offering in global markets
- High performing team with strong cultural alignment



Q&A – Department Stores

Guy Russo

*Chief Executive Officer, Department Stores
Managing Director, Target*

Ian Bailey

Managing Director, Kmart

Marina Joanou

Chief Financial Officer, Department Stores



Officeworks

Mark Ward

Managing Director, Officeworks



Ongoing value creation through clearly defined vision, purpose & strategy

What we do Our Vision



Placing customers at the core of our decision making in order to meet their needs & wants

Why we do it Our Purpose



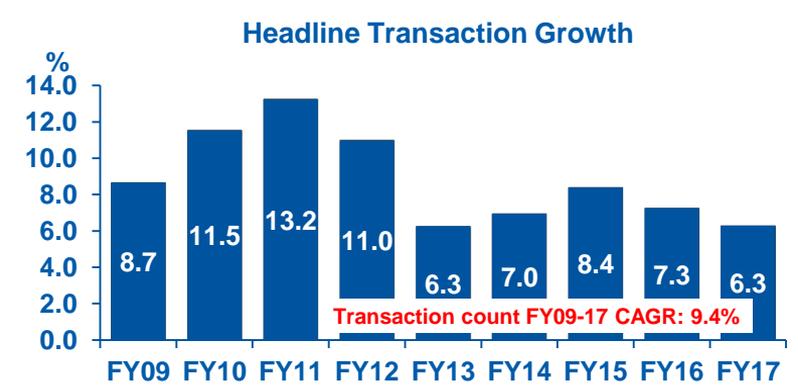
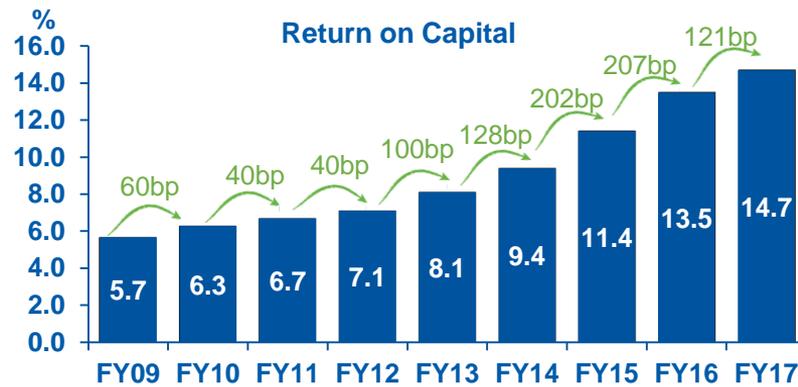
'To help make bigger things happen' for customers in a way that supports & assists a broad community of stakeholders

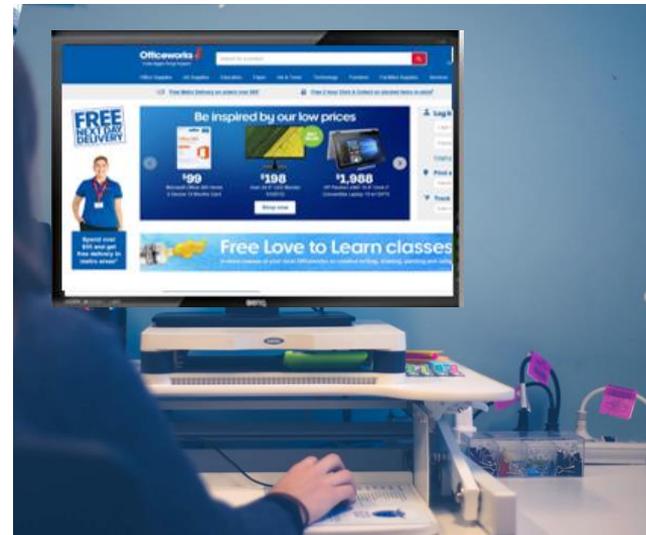
How we do it Our Strategic Pillars



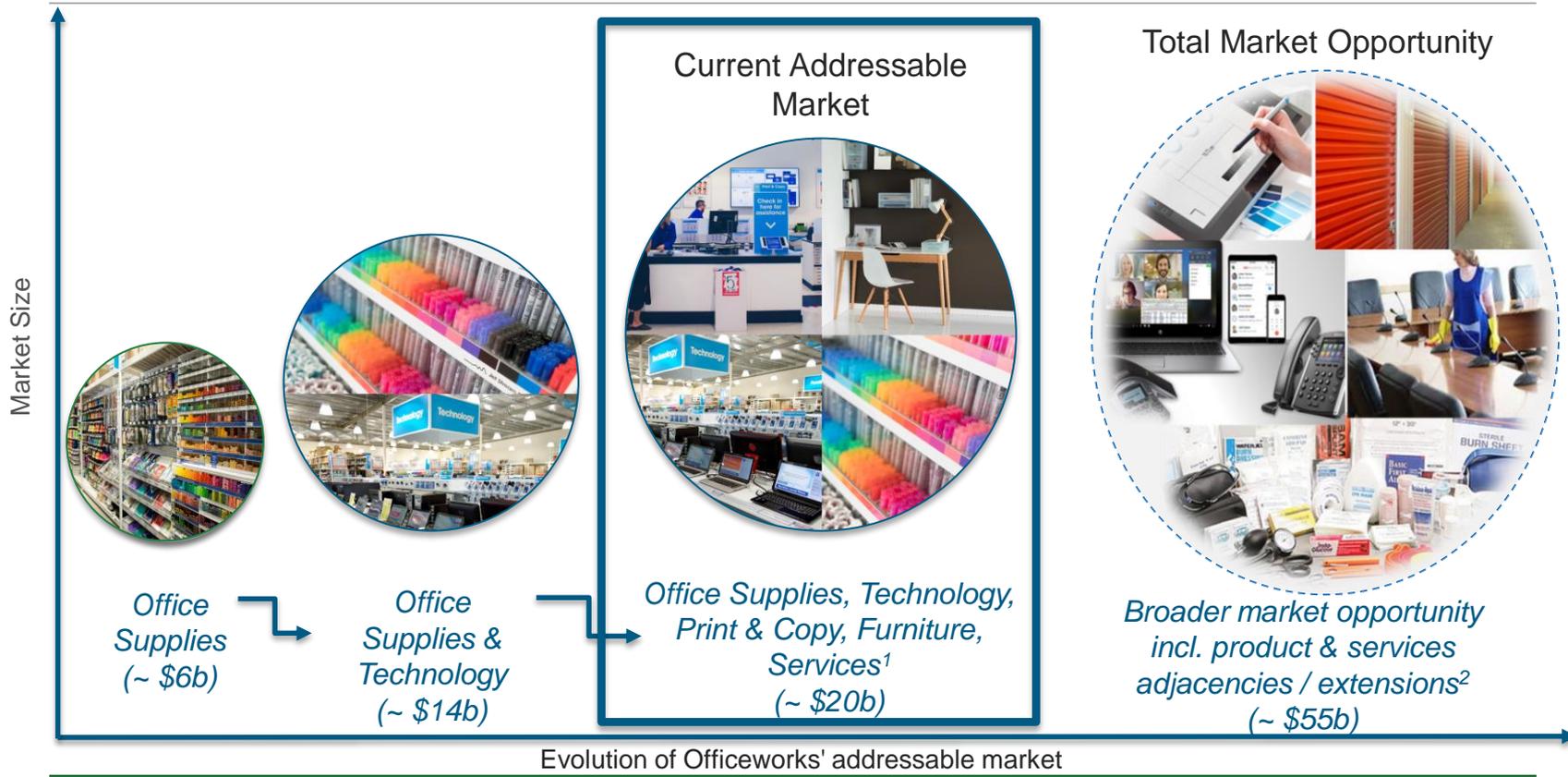
Basing every business decision on how we support our ability to deliver 'widest range', 'low prices' & 'great service'

Long-term financial performance





Current addressable market



1. Based on market analysis conducted by L.E.K. for Wesfarmers to assess the current size of the Australian office supplies, technology, print & copy, furniture & services market. (Source: L.E.K., Officeworks for broader market opportunity)

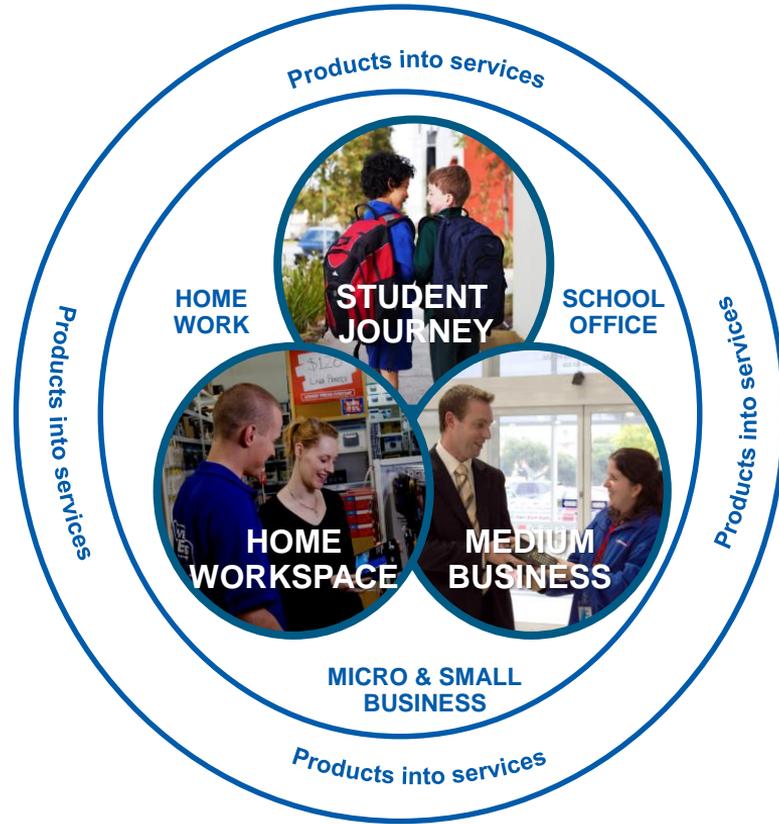
2. Includes communications, business equipment financing & leasing, business process outsourcing & specific industry product categories such as education, medical supplies & commercial catering & cleaning

Market is highly fragmented

- More than 50 major market participants
- Offer targeted at fastest growing customer segments in the market
 - Households
 - Students
 - Micro, small & medium businesses
- No shortage of competition but no 'one stop shop, every-channel' competitor
- Competitors are category (or sub-category) specific
- Market defined according to targeted customers needs & wants



Our offer: Focus on specific customer segments & product categories



Category

Description

Office supplies



Includes writing instruments, office consumables, filing & presentation equipment, paper products, art supplies, mailroom supplies, education resources, catering & cleaning supplies.

Technology



Predominantly focuses on office-related technology, & includes specialised office devices, laptops & tablets, print consumables, data storage, mobile phones, printers & technology accessories.

Furniture



Predominantly focuses on office-related furniture, & includes desks, chairs, filing cabinets, lighting, floor protection for offices & commercial-grade furniture.

Print & copy



Includes photo printing & developing, small/large format printing, finishing, frames, albums & copying.

Services



Includes postal services, insurances (e.g. optional replacement/repair plans with certain products), prepaid business services, business IT solutions, technical assistance (e.g. furniture assembly) or special orders.

Our offer: Integrated multi-channel proposition to market



- Give customers more choice
 - Stores
 - Website – Store, Home / Office, Mobile
 - Call centre
 - Business specialists
- Give customers more delivery choices
 - Stores
 - Click & collect
 - Delivered to home / office (incl. store fulfilment)
- Strong growth in-store & online
 - Online sales penetration c.20%

A differentiated proposition that is difficult to replicate

 <div style="background-color: #0056b3; color: white; padding: 10px; border-radius: 10px; text-align: center;"> Widest Range </div> <div style="text-align: center; margin-top: 5px;"> <i>widest range</i> </div>	 <div style="background-color: #0056b3; color: white; padding: 10px; border-radius: 10px; text-align: center;"> Low Prices </div> <div style="text-align: center; margin-top: 5px;"> <i>low prices</i> </div>	 <div style="background-color: #0056b3; color: white; padding: 10px; border-radius: 10px; text-align: center;"> Great Service </div> <div style="text-align: center; margin-top: 5px;"> <i>great service</i> </div>
<ul style="list-style-type: none"> • ‘One stop shop’ • c.40k products available in store & online • Curated range for targeted customer segments • Style & fashion added to range • Exclusive international brands • Entry, good, better, best product range across all categories • Number one for widest range in office supplies¹ 	<ul style="list-style-type: none"> • Single national price • Same price in-store & online • Clearly defined & transparent Every Day Low Price position • 5% price beat guarantee • Number one for lowest prices in office supplies¹ <div style="text-align: center; margin-top: 20px;">  </div>	<ul style="list-style-type: none"> • Multi-channel offer – clicks & bricks • 166 ‘mini-DCs’ across Australia • Stores open 7 days, 7am – 9pm • Free 2-hour click & collect² • In-store classes • No commission team members • Australian-based call centre • Free same day delivery³ • Regional express delivery services • Nil interest 30 day business account • Number one for great service in office supplies¹

1. 2017 Brand Health Study conducted by The Right Group for Officeworks

2. If the product is in stock at the store selected by the customer at the time of placing the order, it will be available to collect in as little as 2 hours

3. Deliveries >\$55 to selected metro areas ordered before 11:30am

A clear strategic agenda for profitable long-term growth

1

Strengthen & expand the customer offer



2

Extend our reach physically & digitally



3

Enhance productivity & efficiency



4

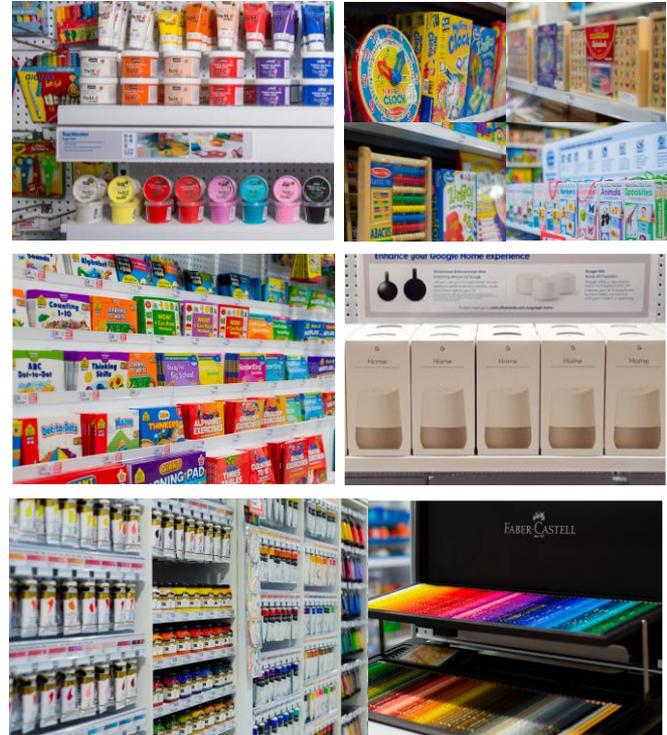
Invest in talent, diversity & safety

5

Make a positive difference in the community

Strengthen & expand the customer offer

- Give customers more choice
 - New products that are differentiated through style, fashion & quality
 - Private label / exclusives to drive uniqueness
- Expand into new categories
 - Democratise niche markets
 - » Art supplies
 - » Education resources
 - Evolve offer with change in customer wants & needs



Strengthen & expand the customer offer

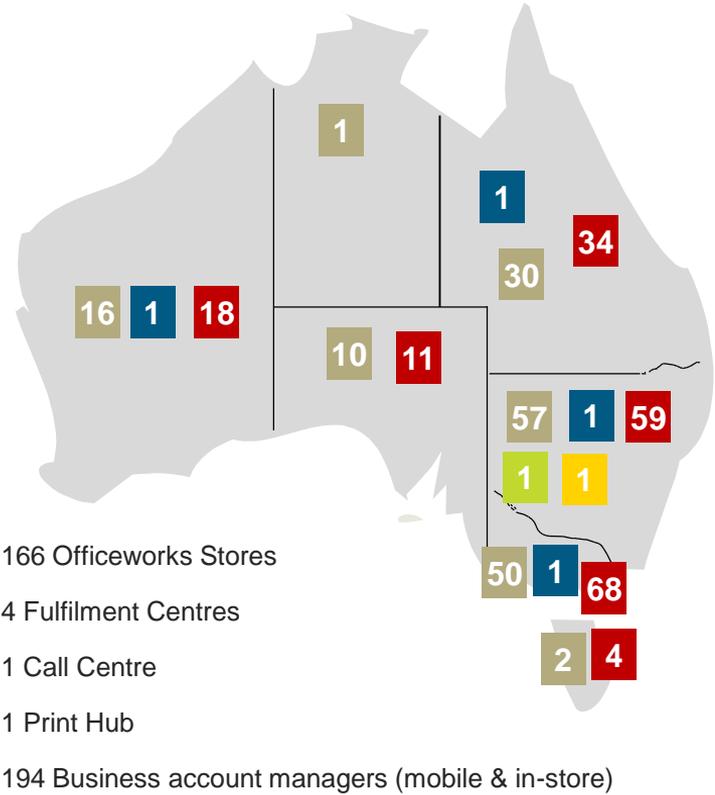
- Add more services to the products we sell
- Strengthen 'one stop shop' by growing existing services & adding new services
 - Print, copy & create
 - ICT Services
 - Prepaid Business Services
- Develop / partner to deliver more services to help customers start, run & grow their business



Extend our reach – Physically

Expand the Officeworks network

- Store network expansion (regional, metro, CBD)
- Opportunity for new store formats
 - Alternative store sizes (currently c.200m² – 2,400m²)
 - Tailored to customer demographics
- More account managers – mobile & in-store



Extend our reach – Digitally

Enhance the online experience by making it easier for customers

- Two-hour click & collect¹
- Ongoing online evolution
 - Website navigation
 - Search capabilities
 - Mobile experience
 - Information / recommendations
- Google Home integration
- More payment options, additional delivery options
- Use data to enhance the online experience



1. If the product is in stock at the store selected by the customer at the time of placing the order, it will be available to collect in as little as 2 hours.

Enhance productivity & efficiency

Working capital improvement

- System investment to grow stock turn
- Continued focus on managing cash flow

Improve space utilisation

- Disciplined range review process
- Optimise in-store layouts
- Add / expand categories
- Utilise print & copy space more effectively

Reduce CODB, lift productivity

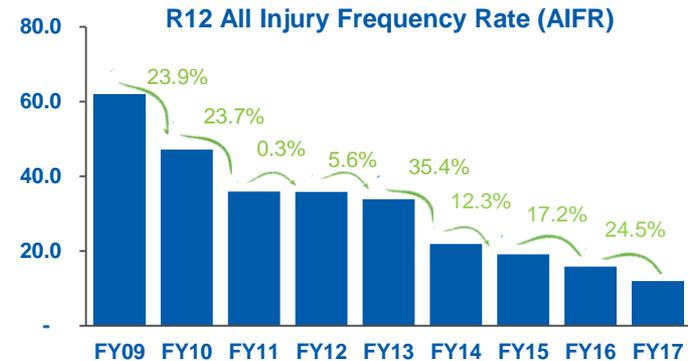
- Reduce non-value adding tasks
- Supply chain enhancements
- Goods Not For Re-Sale (GNFR) focus

Use data to enhance decision making

- Broad range of 'use cases' identified
- Early wins across a variety of functions
- Momentum & capability building

Invest in talent, diversity & safety

- Ongoing investment in leadership development
- Continue to enhance the diversity of the team
 - Optimise recruitment practices
 - Continue to focus on balanced leadership
 - Build Indigenous engagement
- Rigorous approach to safety behaviours & outcomes
 - Ongoing task specific safety campaigns
 - Safety leadership training



Make a positive difference in the community

Environment

- Restoring Australia with Officeworks
- LED lighting & BEMS¹ in stores
- c.8m ink & toner cartridges recycled to-date

Community Partnerships

- National & local - 'We live here too'
- Aust. Literacy & Numeracy Foundation
- Smith Family 'Learning for Life'

Responsible Sourcing

- SEDEX² membership for international & local suppliers
- c.85% of Office Supplies products from FSC certified or 100% recycled sources



1. Building Energy Management System
2. Supplier Ethical Data Exchange

Outlook

- Continued focus on disciplined execution of strategic agenda
 - Driving ‘every channel’ improvement – physically & digitally
 - Providing customers with a compelling offer – ‘one stop shop’
 - Delivering great customer service through an engaged team
 - Providing best value supported by a ‘match fit’ cost base
 - Building strong relationships with stakeholders
- Continued evaluation of other growth opportunities
- Variable trading conditions to continue; remain well positioned to grow
 - Customer & business confidence expected to remain volatile
 - Competitive pressure expected to remain strong



Q&A – Officeworks

Mark Ward

Managing Director, Officeworks

Michael Howard

Chief Financial Officer, Officeworks



Industrials

David Baxby

Managing Director, Industrials




Wesfarmers Chemicals,
Energy & Fertilisers


CSBP


Australian Vinylo


AGA


QNP


EVOL
LNG


Kleenheat


MODWOOD


Quadrant
Energy


Wesfarmers
Industrial and Safety


Blackwoods


NZ Safety Blackwoods


WORKWEAR
GROUP


coregas


GREENCAP
Going Further in Managing Risk


Wesfarmers Resources


BENGALLA

Current priorities

WesCEF

- Secure commitments for future uncontracted AN volumes
- Optimise sales mix & protect margins across the businesses
- Grow the Decipher platform

WIS

- Enhancing the customer experience
- Investment in e-commerce capability & ERP

Resources

- Operational productivity & capital discipline
- Strategic review of Bengalla

Chemicals, Energy & Fertilisers



Wesfarmers Industrial & Safety

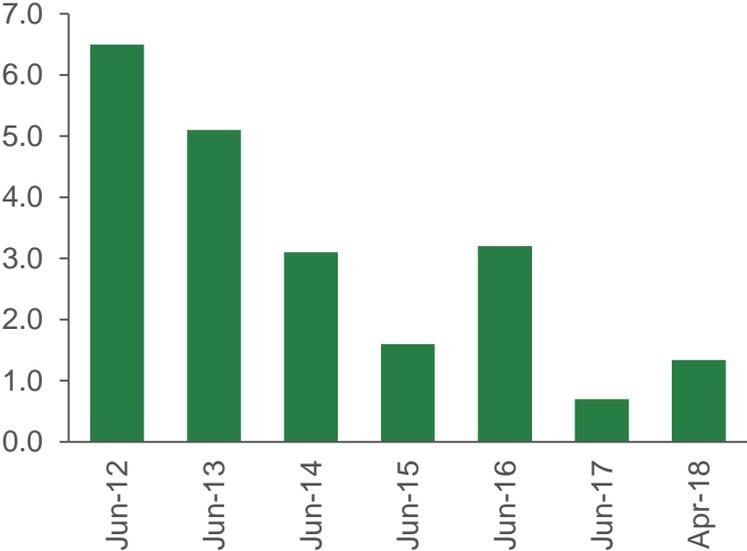


Resources

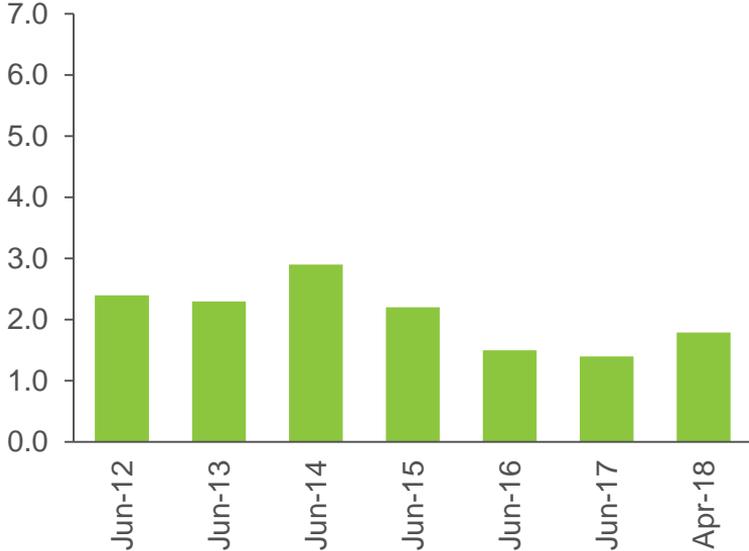


Our safety record: Lost Time Injury Frequency Rate (R12)

WesCEF



WIS

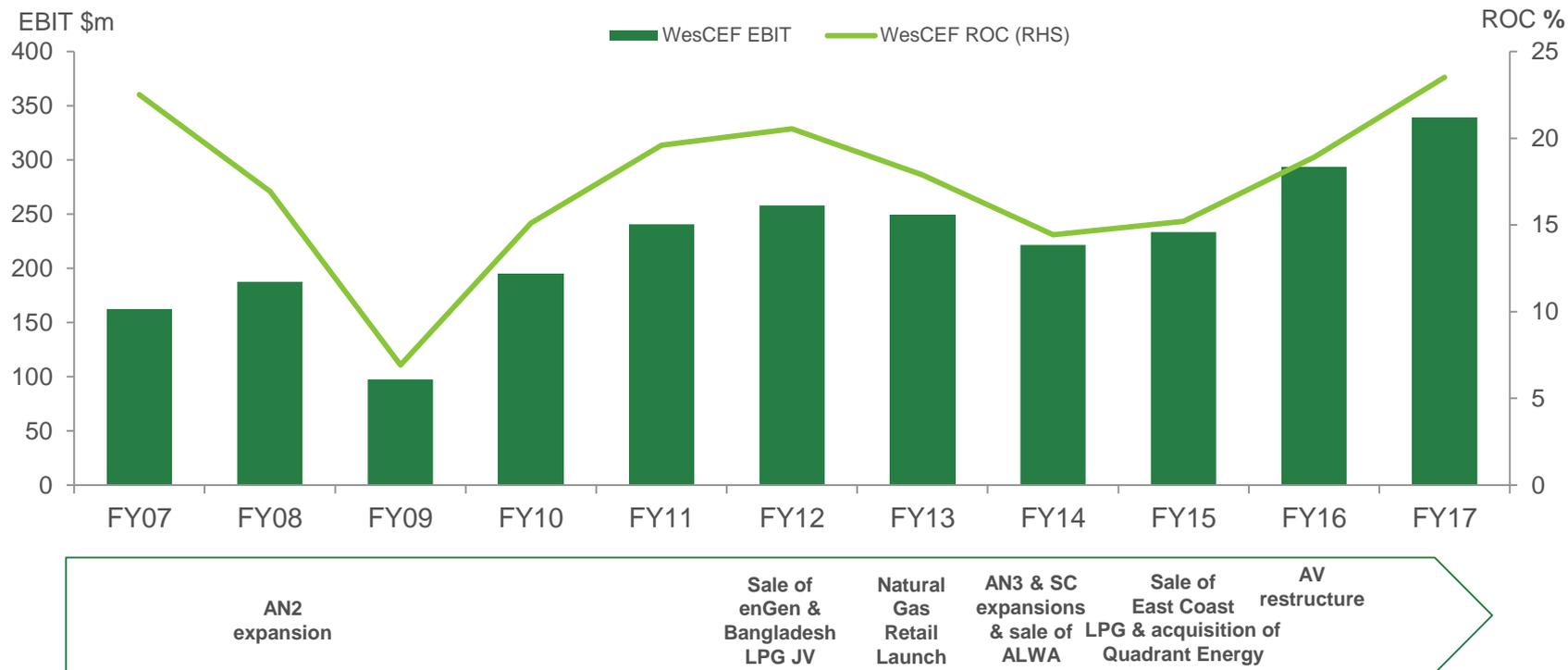


The WesCEF portfolio

	Business	Geography	Sector	Key Customers
	Ammonia	WA	Nickel, internal	BHPB, Minara, AN, AGR, Fertilisers
	Ammonium nitrate (AN)	WA/Global	Iron ore, gold	Rio Tinto, Dyno Nobel, Downer, Orica
 (50%)	Ammonium nitrate (AN)	Qld	Coal	BMA, Curragh
 (75%)	Sodium cyanide (SC)	WA/Global	Gold	Newmont, Barrick, AngloGold
 	PVC/chemicals Decking	Vic/Australia Australia/Global	Construction	Iplex, Pipemakers Timber merchants, home builders
 	Energy retailing, LPG/LNG production & distribution	WA/NT	Residential, SME, industrial	Residential consumers, SME, autogas, resources, remote power generation
 (13.7%)	Oil & gas	WA	WA industry	WA domestic natural gas customers
	Fertilisers	WA	Agriculture	Elders, independent distributors
	AgTech	Australia	Agriculture	Targeting Australian growers

WesCEF – historical EBIT & ROC

WesCEF is subject to cyclical earnings but has delivered financial returns through the cycle.



Notes:

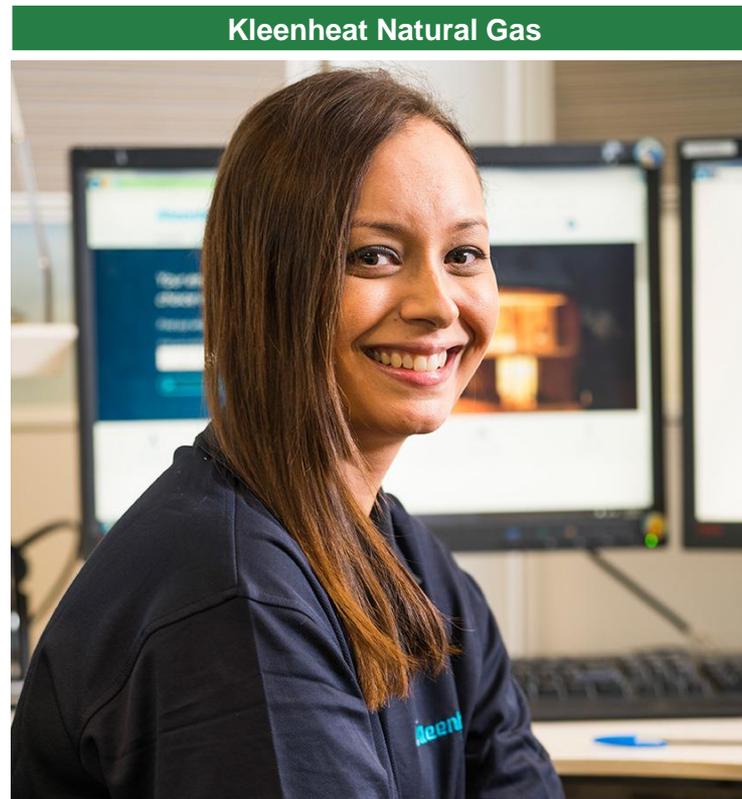
- FY17 excludes profit on the sale of Bayswater (\$22m) & Harriet JV fair value uplift (\$33m)
- FY11 excludes insurance proceeds from the impact of the Varanus Island incident (\$42m)

- **Chemicals**
 - Long history of operational excellence & delivering reliable supply
 - Strong domestic position & suite of contracts with high quality customers
 - New product launch with the AN emulsion plant successfully commissioned in FY18
 - WA EGAN¹ market in over-supply for the medium term
- **Energy**
 - Natural gas retail continues to grow market share despite new entrants into the WA market
 - Scale benefit has allowed delivery of further discounts to customers
 - Strong market share in WA LPG although market is mature & declining
- **Fertilisers**
 - Well positioned high capacity infrastructure, good customer relationships & expertise-based value add services
 - Competitive landscape continues to intensify & evolve
 - Decipher services platform successfully launched



¹ Explosive Grade Ammonium Nitrate

- **Chemicals**
 - Optimise AN sales mix & secure commitments for future uncontracted volumes
 - Incremental expansion & efficiency improvements in sodium cyanide production
 - Ongoing plant & operational efficiencies including assessment of automation & data analytics opportunities
- **Energy**
 - Natural gas residential customers in excess of 195,000 (~27% WA market share)
 - Continual focus on brand management, strong local customer service & enhanced customer experiences
- **Fertilisers**
 - Strengthening channel & end user relationships
 - Reducing costs through ongoing operational efficiencies & automation
 - Investing in current & new product & service offerings



Decipher – Brings your farm data to life

Innovation in Fertilisers

- Powered by Google Earth Engine, Decipher is an imagery & nutrition management software platform & mobile application
- Enables growers & their advisors to visualise relevant farm data including soil & plant test results & biomass imagery on their digital farm maps
- Decipher launched in October 2017 followed by its paid subscription service, Decipher Plus, in April 2018
- Decipher has invested in sales & marketing, software development & agronomy expertise to deliver its customers a rich user experience & provide a strong pipeline of product features & enhancements



The image shows the Decipher software interface displayed on a desktop monitor, a tablet, and a smartphone. The desktop monitor displays a large, colorful map of a farm with various data points overlaid. The tablet and smartphone show the same interface in a smaller, mobile-optimized format. The background is a blue gradient with the Decipher logo in the top left and the CSBP logo in the top right. Below the devices, there are three icons with text: a field of crops with a data point icon, a stack of data layers, and a hand holding a tablet. The text below these icons reads: 'We do farming differently', 'Put your data to work', and 'See your land like never before'.

Blackwoods



Supplier of industrial
& safety products

Blackwoods
NZ Safety Blackwoods

Workwear Group



Industrial & corporate
work wear

WORKWEAR
GROUP

Coregas



Industrial gas
distributor

coregas

Greencap



Environmental
consulting

GREENCAP
Going Further in Managing Risk

- **Blackwoods**
 - Market leader in B2B industrial supplies & safety products
 - Strong mining & construction sectors, offset by declining manufacturing sector
- **Workwear Group**
 - Australia's largest distributor of workwear with iconic King-Gee & Hard Yakka brands & strong industrials sales growth
 - Bespoke uniforms with blue-chip customers across a range of industries (banking, airlines, government, retail)
- **Coregas**
 - Innovative challenger in industrial gases
 - Growing share in several sectors including healthcare
- **Greencap**
 - Risk management & compliance solutions
 - Growing & highly fragmented markets



- **Blackwoods**
 - Transformation continues
 - Enhancing the customer experience
 - Investment in core systems & digital
- **Workwear Group**
 - Turnaround nearing completion
 - DC consolidation
 - Brand refresh – Hard Yakka & King Gee
 - Customised apparel offer
- **Coregas**
 - Rollout of healthcare
 - Cylinder tracking technology
 - Trade N Go
- **Greencap**
 - Grow consulting & digital

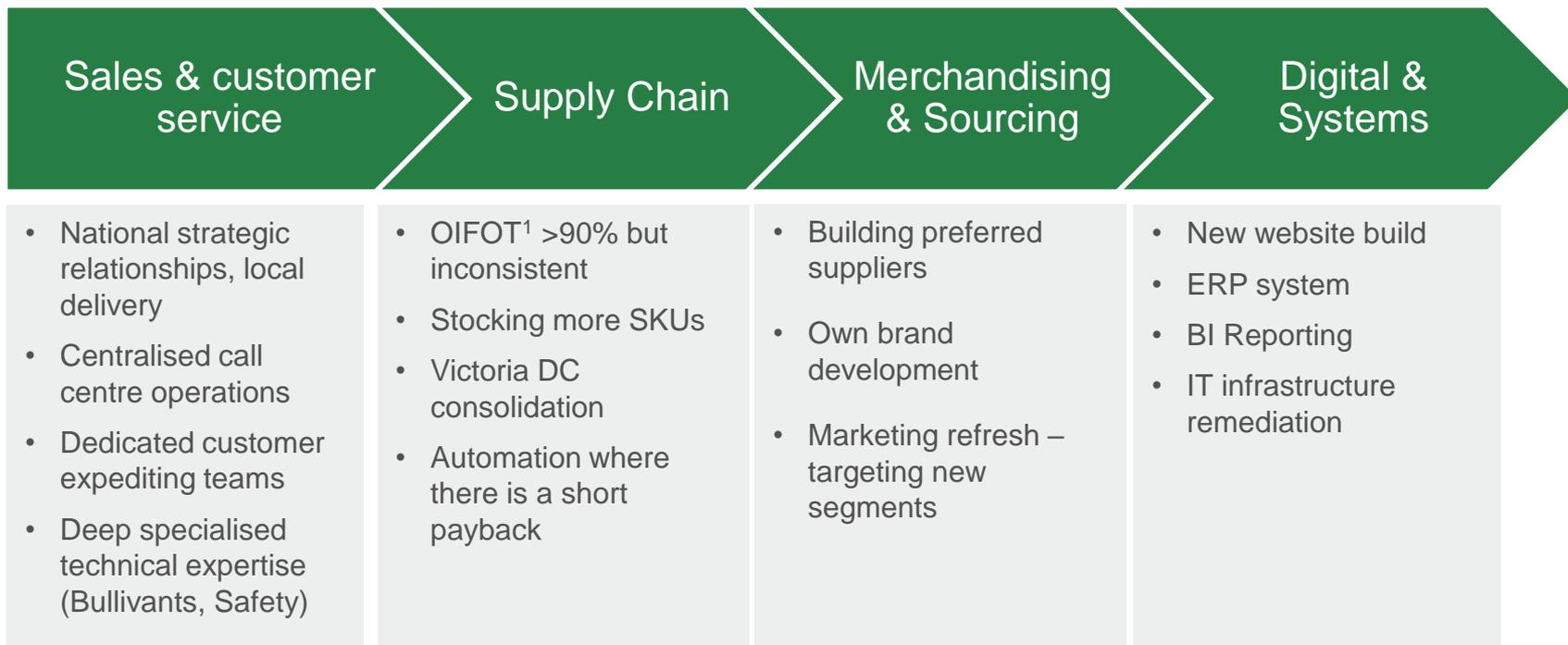
Blackwoods safety products & inventory solutions



Workwear Group – relaunched industrial product range



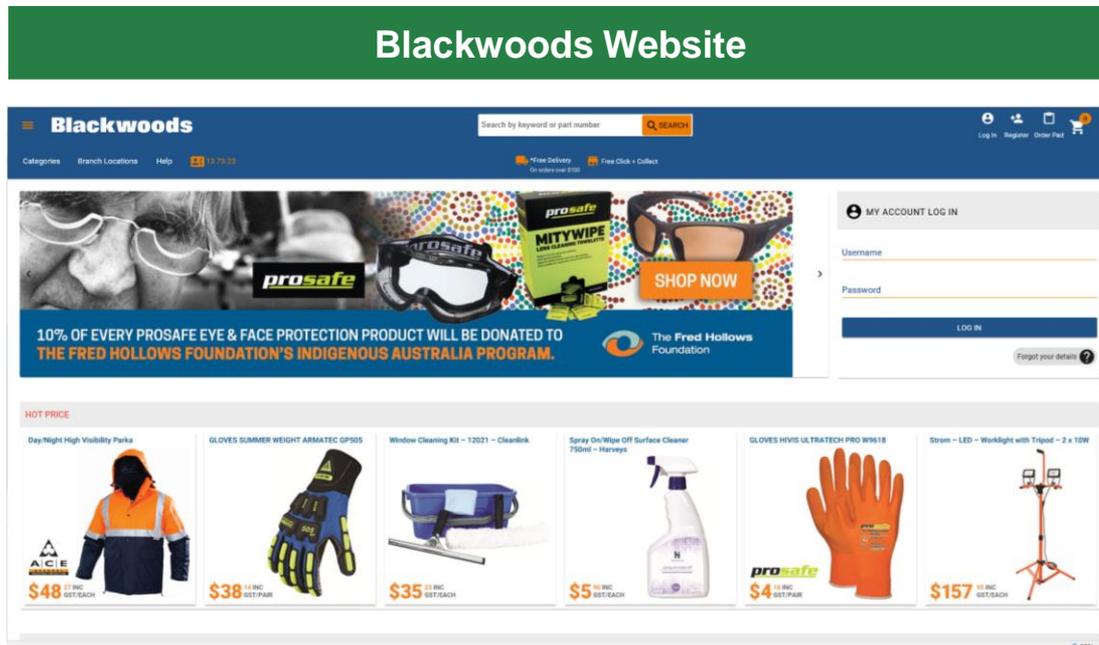
Blackwoods – improving customer experience



¹ Order In Full On Time

Blackwoods – investing in core systems

- 27% of sales via digital channels
- New website to launch in early FY19
- Customer Relationship Management (CRM) tools & sales training
- New ERP system underway
 - Implementation FY19/20



Bengalla Overview

- 40% joint venture interest
- Managed by Bengalla Mining Company
- High quality export steaming coal into Asian markets
- 10.7mtpa ROM capacity (100% basis)
- Lowest quartile producer



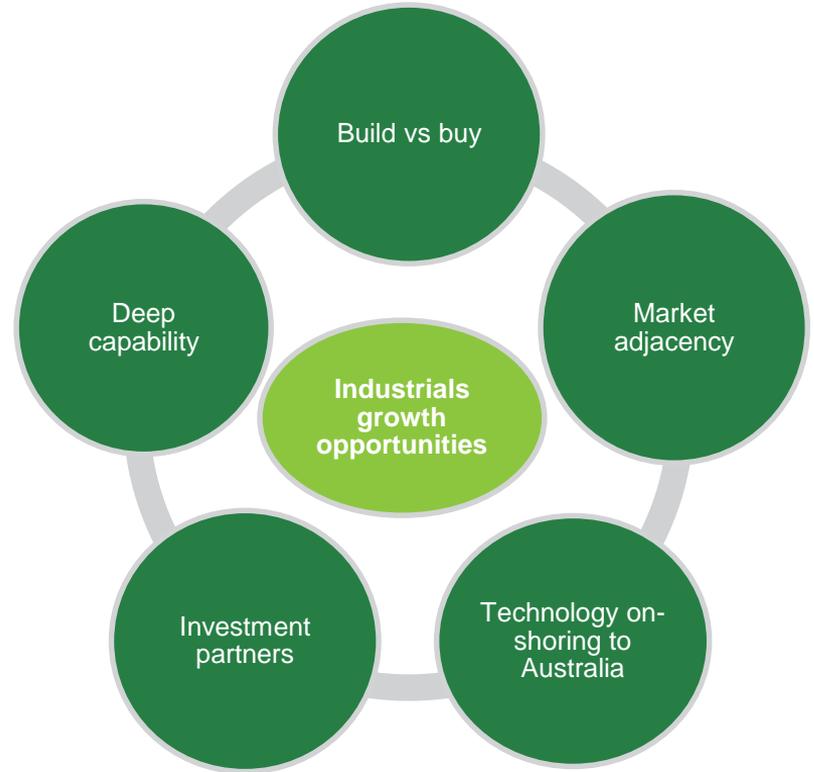
Areas of Focus

- Continue improving safety performance
 - Zero LTIs since August 2016
- Agreement executed to manage interactions with neighbouring Mt Pleasant project
 - Court proceedings discontinued
 - Allows operations at both mines to continue unimpeded
- Focus on operational productivity, debottlenecking production & cost control
 - Development consent allows increased production up to 15mtpa ROM capacity (100% basis) to 2038
- Seaborne steaming coal pricing has remained robust to Q3FY18
 - Spot price volatility expected to continue

Focus on growth opportunities

Industrials growth opportunities

- Focus on growth opportunities across the portfolio
- Reviewing opportunities on the following basis:
 - ✓ Leverages deep expertise & operational excellence
 - ✓ Provides expansion opportunities into new markets, products or geographies
 - ✓ Brings global technology leadership to Australia
 - ✓ Green & brown field expansion opportunities
 - ✓ Open minded to significant minority interests



Industrials outlook

Chemicals, Energy & Fertilisers

- **Chemicals:** Production disruption to the Burrup AN plant benefiting FY18; production efficiencies & optimising sales mix an ongoing focus
- **Energy:** growth in natural gas retail, preparing for full electricity retail contestability, although timing uncertain
- **Fertilisers:** grow Decipher & continue to develop new, innovative products & services; late rains in WA

WIS

- **Blackwoods & Workwear Group:** capability build through implementation of key digital projects & ongoing focus on cost reduction & efficiency
- **Coregas:** executing Healthcare contract, expanding geographic presence & Trade N Go offer

Resources

- Continue focus on operational productivity, cost control & capital discipline
- Strategic review of 40% interest in Bengalla coal mine is ongoing

Q&A – Industrials

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Close

Rob Scott

Managing Director, Wesfarmers Limited





Wesfarmers