

29 April 2015

The Manager  
Company Announcements Office  
Australian Securities Exchange

Dear Sir,

**2015 THIRD QUARTER RETAIL SALES RESULTS**

Attached is an announcement regarding the 2015 third quarter retail sales results.

An analyst briefing will be held at 9:00am (AWST) / 11:00am (AEST) following the release of this announcement. This briefing will be accessible via our website at [www.wesfarmers.com.au](http://www.wesfarmers.com.au).

Yours faithfully,



**L J KENYON**  
COMPANY SECRETARY

# News Release



## 2015 Third Quarter Retail Sales Results

29 April 2015

Third Quarter Sales (\$m)	2015	2014	Variance (%)
Food & Liquor <sup>1,2</sup>	7,097	6,734	5.4
Convenience <sup>1,3</sup>	1,589	1,905	(16.6)
<b>Total Coles</b>	<b>8,686</b>	<b>8,639</b>	<b>0.5</b>
Home Improvement <sup>4,5</sup>	2,337	2,086	12.0
Office Supplies <sup>4</sup>	485	445	9.0
<b>Total Home Improvement &amp; Office Supplies</b>	<b>2,822</b>	<b>2,531</b>	<b>11.5</b>
<b>Kmart<sup>1</sup></b>	<b>937</b>	<b>845</b>	<b>10.9</b>
<b>Target<sup>6</sup></b>	<b>663</b>	<b>674</b>	<b>(1.6)</b>

Refer to appendix three for footnotes.

Year to Date Sales (\$m)	2015	2014	Variance (%)
Food & Liquor <sup>7,2</sup>	22,894	21,729	5.4
Convenience <sup>7,3</sup>	5,589	6,171	(9.4)
<b>Total Coles</b>	<b>28,483</b>	<b>27,900</b>	<b>2.1</b>
Home Improvement <sup>8,5</sup>	7,293	6,516	11.9
Office Supplies <sup>8</sup>	1,287	1,189	8.2
<b>Total Home Improvement &amp; Office Supplies</b>	<b>8,580</b>	<b>7,705</b>	<b>11.4</b>
<b>Kmart<sup>7</sup></b>	<b>3,427</b>	<b>3,210</b>	<b>6.8</b>
<b>Target<sup>9</sup></b>	<b>2,640</b>	<b>2,687</b>	<b>(1.7)</b>

Refer to appendix three for footnotes.

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

Managing Director Richard Goyder said that the sales performance of the Group's retail businesses during the quarter was pleasing.

"The focus of our retail businesses to provide increased value to customers through ongoing reinvestment of productivity improvements into lower prices and better service continued during the quarter," Mr Goyder said.

"Coles' headline food and liquor sales growth for the quarter was 5.4 per cent, reflecting further investment in price and continued improvements in the quality of fresh food.

"Bunnings recorded total sales growth of 12.0 per cent for the quarter, continuing to deliver on its strategic agenda and expand its store network.

"Officeworks' growth in total sales for the quarter of 9.0 per cent was driven by the sound execution of its 'every channel' strategy.

"Kmart's total sales growth accelerated to 10.9 per cent during the quarter, supported by good performances in core ranges and increased contributions from new space and refurbishment activity.

"Target's total sales declined 1.6 per cent during the quarter, a result of higher deflation reflecting the ongoing transition of its pricing strategy which more than offset increased customer transactions and units sold."

## Coles

### Food and Liquor

Headline food and liquor sales for the third quarter<sup>1</sup> were \$7.1 billion, up 5.4 per cent on the previous corresponding period. Food and liquor sales for the financial year to date<sup>7</sup> increased 5.4 per cent to \$22.9 billion.

Comparable food and liquor store sales increased 3.8 per cent and comparable food store sales increased 4.5 per cent for the quarter<sup>1</sup>. For the financial year to date<sup>7</sup>, comparable food and liquor store sales increased 4.0 per cent and comparable food store sales increased 4.7 per cent.

After adjusting for the later timing of Easter in the 2014 financial year<sup>11</sup>, both comparable food and liquor store sales and comparable food store sales for the quarter<sup>1</sup> were 40 basis points lower. Coles experienced food and liquor price deflation of 1.0 per cent during the quarter<sup>1</sup>, bringing food and liquor price deflation to 0.8 per cent for the financial year to date<sup>7</sup>, reflecting continued investment in lower prices partially offset by a tobacco excise increase and meat cost price increases as a result of tighter supply conditions and increased overseas demand.

Coles Managing Director John Durkan said the sales result reflected Coles' continued commitment to lower prices while offering quality fresh food.

"We are constantly seeking new ways to invest in lowering the cost of shopping for Australians", Mr Durkan said. "During the quarter, Coles lowered the prices of over 150 items as part of its Every Day Value program, including household staples such as bread, cheese, sugar and rice.

"Following the completion of the quarter, Coles' focus on supporting innovation in the Australian food and grocery industry continued with the announcement in April of the Coles Nurture Fund. This initiative will provide \$50 million over five years in grants and interest-free loans to help small Australian food and grocery producers, farmers and manufacturers develop new market-leading products, technologies and processes."

Refer to appendix three for footnotes.

Coles continued to improve and optimise its store network, opening six supermarkets and closing two supermarkets during the quarter, leaving a total of 775 supermarkets at the end of the quarter. At 31 March 2015, 500 supermarkets were in the renewal format, representing 65 per cent of the fleet.

Liquorland's 'Low Price' campaign drove increased customer numbers and volumes in the quarter but this growth was more than offset by price reductions. Liquor continued to reset its range and reshape its store network, with eight new liquor stores opened, eight closed and one hotel also closed during the period. At the end of the quarter, Coles had a total of 853 liquor stores and 90 hotels.

### **Convenience**

Total Coles Express sales, including fuel, for the quarter<sup>1</sup> were \$1.6 billion, a decrease of 16.6 per cent on the previous corresponding period driven by lower fuel prices which more than offset higher fuel volumes. Total sales for the financial year to date<sup>7</sup> decreased 9.4 per cent to \$5.6 billion.

For the quarter<sup>1</sup>, headline fuel volumes returned to growth following the capping of supermarket docket discounts to a maximum of four cents per litre from 1 January 2014 now being reflected in the prior period. Headline fuel volumes increased 3.0 per cent and comparable fuel volumes increased 0.4 per cent. For the year to date<sup>7</sup>, headline fuel volumes decreased 2.3 per cent and comparable fuel volumes decreased 4.7 per cent.

Convenience store sales increased 7.7 per cent for the quarter<sup>1</sup> and 5.2 per cent on a comparable store basis. For the year to date<sup>7</sup>, convenience store sales were up 10.3 per cent and up 7.2 per cent on a comparable store basis. Convenience store sales continued to grow strongly during the quarter due to a sustained focus on improving the merchandise offer for customers.

Coles Express continued to expand its network during the quarter, opening two new sites, bringing the total store network to 654 sites.

Refer to appendix three for footnotes.

## Home Improvement and Office Supplies

### Home Improvement

Total sales for the quarter<sup>4</sup> were \$2.3 billion, up 12.0 per cent on the previous corresponding period. Total store sales for the quarter<sup>4</sup> increased 11.8 per cent, while store-on-store growth was 9.4 per cent.

For the financial year to date<sup>8</sup> total sales increased 11.9 per cent to \$7.3 billion. Total store sales grew 11.8 per cent in the year to date<sup>8</sup>, while store-on-store growth was 9.2 per cent.

Strong sales growth was achieved in both consumer and commercial areas, across all merchandising categories and within all trading regions.

Home Improvement and Office Supplies Managing Director John Gillam said the sales performance was pleasing, maintaining the positive momentum in the business whilst taking advantage of good trading conditions.

"This is a reflection of the continuing focus on our strategic agenda of delivering more customer value, better customer experiences, extending brand reach, expanding commercial and increasing merchandise innovation," Mr Gillam said.

During the quarter, four Bunnings Warehouses and one smaller format store were opened. A further 21 sites were under construction at the end of March.

### Office Supplies

Total sales for the quarter<sup>4</sup> were \$485 million, up 9.0 per cent on the previous corresponding period. The business recorded positive sales growth in stores and online.

For the financial year to date<sup>8</sup>, total sales increased 8.2 per cent to \$1.3 billion.

Mr Gillam said the positive trading momentum maintained within the business over a number of years was very pleasing.

"The ongoing work within Officeworks to improve the customer offer continues to produce strong results," Mr Gillam said. "The investment made over the past 18 months in upgrading the store network, as well as the Officeworks website, has been received favourably by customers. The business remains focused on driving its 'every channel' strategy and strengthening its position as the one-stop shop for home, business and education customers."

During the quarter, two new Officeworks stores were opened.

Refer to appendix three for footnotes.

## Department Stores Retailing

### Kmart

Total sales for the quarter<sup>1</sup> were \$937 million, an increase of 10.9 per cent on the previous corresponding period, with comparable<sup>10</sup> store sales increasing 6.3 per cent. Adjusting for the later timing of Easter in the 2014 financial year<sup>12</sup>, comparable store sales increased 5.5 per cent for the quarter<sup>1</sup>.

For the financial year to date<sup>7</sup>, total sales increased 6.8 per cent to \$3.4 billion, while comparable<sup>10</sup> store sales increased 3.5 per cent.

Kmart Managing Director Guy Russo said the strong sales growth for the quarter was driven by core ranges in home, seasonal apparel and Easter related ranges. This growth was partially offset by the continued decline within Entertainment categories including video games and DVDs.

"We continue to deliver lowest prices to families and Kmart again dropped prices on everyday items across the product range in February," Mr Russo said. "Kmart's focus remains on continuing to provide value to customers that exceeds their expectations."

During the quarter, Kmart completed eight store refurbishments and opened two new stores.

### Target

Total sales for the quarter<sup>6</sup> were \$663 million, 1.6 per cent below the previous corresponding period, with comparable<sup>10</sup> store sales decreasing 1.9 per cent. Adjusting for the later timing of Easter in the 2014 financial year<sup>12</sup>, comparable store sales decreased 3.2 per cent for the quarter<sup>6</sup>.

For the financial year to date<sup>9</sup>, total sales decreased 1.7 per cent to \$2.6 billion, while comparable<sup>10</sup> store sales decreased 1.2 per cent.

Target Managing Director Stuart Machin said that the sales result reflected the continued transformation of the business away from a culture of over-promoting and over-ordering to one of providing customers with 'Great Quality. Lower Prices. Every Day.'

"As we continue to lower our prices and improve the fashion, style and quality of our product, we are seeing more customers shop with us," Mr Machin said. "We are selling more units, but this volume growth is not yet enough to offset the investment we are making to deliver lower prices, every day. Positive results were recorded during the quarter in ranges where we reduced pricing early in our transformation program, such as childrenswear, with unit and transaction growth more than offsetting lower prices during the quarter."

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

Refer to appendix three for footnotes.

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## APPENDIX ONE

## 2015 THIRD QUARTER RETAIL SALES RESULTS – KEY METRICS

Key Metrics (%)	Third Quarter 2015	Second Quarter 2015	First Quarter 2015	Fourth Quarter 2014	Third Quarter 2014
<b>COLES<sup>1</sup></b>					
<b>Food &amp; Liquor<sup>2</sup></b>					
Comparable store sales growth (Food) <sup>11</sup>	4.5	4.7	5.0	4.5	3.5
Comparable store sales growth (Food & Liquor) <sup>11</sup>	3.8	4.0	4.3	4.1	3.0
Price inflation/(deflation)	(1.0)	(0.9)	(0.5)	(1.0)	(0.8)
<b>Convenience</b>					
Total fuel volume growth	3.0	(6.0)	(3.0)	(6.2)	(6.5)
Comparable fuel volume growth	0.4	(8.9)	(4.6)	(7.1)	(6.8)
Total convenience store sales growth (excl. fuel sales)	7.7	11.8	11.1	9.1	9.1
Comparable convenience store sales growth (excl. fuel sales)	5.2	8.0	8.3	7.5	8.0
<b>HOME IMPROVEMENT<sup>4,5</sup></b>					
Total store sales growth	11.8	12.4	10.9	13.5	12.2
Store-on-store sales growth	9.4	9.8	8.2	10.3	9.1
<b>OFFICE SUPPLIES<sup>4</sup></b>					
Total sales growth	9.0	7.5	8.0	2.7	6.7
<b>KMART<sup>1</sup></b>					
Comparable store sales growth <sup>10,12</sup>	6.3	3.4	0.9	1.5	0.7
<b>TARGET<sup>6</sup></b>					
Comparable store sales growth <sup>12</sup>	(1.9)	-	(2.3)	(4.2)	(5.9)

Refer to appendix three for footnotes.

## APPENDIX TWO

## WESFARMERS RETAIL OPERATIONS - STORE NETWORK

## FINANCIAL YEAR 2015, YEAR TO DATE

	Open at 1 Jul 2014	Opened	Closed	Re-branded	Open at 31 Mar 2015
<b>COLES</b>					
<b>Supermarkets</b>					
Coles	745	20	(6)	10	769
Bi-Lo	17	-	(1)	(10)	6
<b>Total Supermarkets</b>	762	20	(7)	-	775
<b>Liquor</b>					
1st Choice	98	3	(3)	-	98
Vintage Cellars	77	5	(2)	-	80
Liquorland	656	38	(19)	-	675
Hotels	90	1	(1)	-	90
<b>Total Liquor</b>	921	47	(25)	-	943
<b>Convenience</b>	642	14	(2)	-	654
<b>Selling Area (m<sup>2</sup>)</b>					
Supermarkets	1,692,642	n.a.	n.a.	n.a.	1,741,401
Liquor (excluding hotels)	205,179	n.a.	n.a.	n.a.	207,966
<b>HOME IMPROVEMENT</b>					
Bunnings Warehouse	223	12	(5)	-	230
Bunnings smaller formats	64	2	(2)	-	64
Bunnings Trade Centres	33	3	(4)	-	32
<b>OFFICE SUPPLIES</b>					
Officeworks	151	5	(1)	-	155
Harris Technology	1	-	(1)	-	-
<b>KMART</b>					
Kmart	192	10	-	-	202
Kmart Tyre & Auto	243	5	(2)	-	246
<b>TARGET</b>					
Large	180	6	(2)	-	184
Small	128	4	(8)	-	124



## APPENDIX THREE

### FOOTNOTES

1. Financial Year 2015 for the 12 week period 5 January 2015 to 29 March 2015 and Financial Year 2014 for the 12 week period 6 January 2014 to 30 March 2014
2. Includes hotels, excludes gaming revenue and property income
3. Includes fuel sales
4. Financial Year 2015 and Financial Year 2014 for the three month period 1 January to 31 March
5. Includes consumer and commercial sales, excludes property income
6. Financial Year 2015 for the 12 week period 4 January 2015 to 28 March 2015 and Financial Year 2014 for the 12 week period 5 January 2014 to 29 March 2014
7. Financial Year 2015 for the 39 week period 30 June 2014 to 29 March 2015 and Financial Year 2014 for the 39 week period 1 July 2013 to 30 March 2014
8. Financial Year 2015 and Financial Year 2014 for the nine month period 1 July to 31 March
9. Financial Year 2015 for the 39 week period 29 June 2014 to 28 March 2015 and Financial Year 2014 for the 39 week period 30 June 2013 to 29 March 2014
10. Comparable store sales include lay by sales. Lay by sales are excluded from total sales under Australian Accounting Standards.
11. After adjusting for the later timing of Easter in the 2014 financial year, comparable food and liquor store sales and comparable food store sales for the third quarter 2015 increased 3.4 per cent and 4.1 per cent respectively.  
  
After adjusting for the inclusion of New Year's Eve in the previous corresponding period and the earlier timing of Easter in the 2013 financial year, comparable food and liquor store sales and comparable food store sales for the third quarter 2014 increased 3.5 per cent and 3.9 per cent respectively.
12. After adjusting for the effect of the later timing of Easter in the 2014 financial year, comparable store sales at Kmart increased 5.5 per cent and at Target decreased 3.2 per cent.  
  
After adjusting for the effect of the earlier timing of Easter in the 2013 financial year, comparable store sales at Kmart increased 1.9 per cent and at Target decreased 4.7 per cent.