

Exercise of Call Option – Coles Credit Card Joint Venture

4 May 2015

Wesfarmers has given notice to exercise a call option to acquire the remaining 50 per cent of shares in Wesfarmers Finance Pty Ltd (the holding company for the Coles Credit Card Joint Venture) held by GE Capital Finance JV Holdco Pty Ltd (GE). The call option was triggered by GE's recent announcement that it had entered into a sale agreement for its Australian consumer lending operations.

Wesfarmers Managing Director Richard Goyder said GE has issued credit cards in Australia under the Coles brand for more than 20 years. "Over this period, Coles has grown its presence in financial services through a continuous focus on providing additional value for customers," Mr Goyder said. "It's been a good relationship and we are pleased to now be able to operate this business in our own right."

The joint venture commenced operation in April 2015 to hold the assets and operations of the Coles credit card portfolio comprising gross receivables of approximately \$850 million as at March 2015. Wesfarmers Financial Services Managing Director Rob Scott said that the acquisition of the profitable credit card portfolio would provide further scale and capability. "This will build on Coles' growth in financial services which now services over 800,000 customers covering car, home and life insurance, credit cards and mobile wallet," Mr Scott said.

Coles Managing Director John Durkan said the acquisition would provide further flexibility in delivering compelling value in retail financial services to its customers. "We are committed to offering Australian families great value in all our products and services, including in financial services," Mr Durkan said. "We will continue to offer simple, competitive products that benefit our customers."

The joint venture is operated by a dedicated team previously employed by GE and Coles Financial Services. The transaction is not expected to materially impact Coles' earnings over the next year after allowing for integration and acquisition costs.

An existing agreement between Wesfarmers and GE outlines the mechanism by which an orderly transition of ownership and refinancing of debt facilities will occur. The transaction will initially be funded from Wesfarmers' existing corporate debt facilities with other financing arrangements likely to be introduced over time. It is expected that the transaction will complete this financial year.

For further information:

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