



22 June 2016

The Manager
Company Announcements Office
Australian Securities Exchange

Dear Sir,

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.

This briefing will be webcast and can be accessed at www.wesfarmers.com.au.

Yours faithfully,

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

L J KENYON
COMPANY SECRETARY

2016 Strategy Briefing Day

Wednesday, 22 June 2016

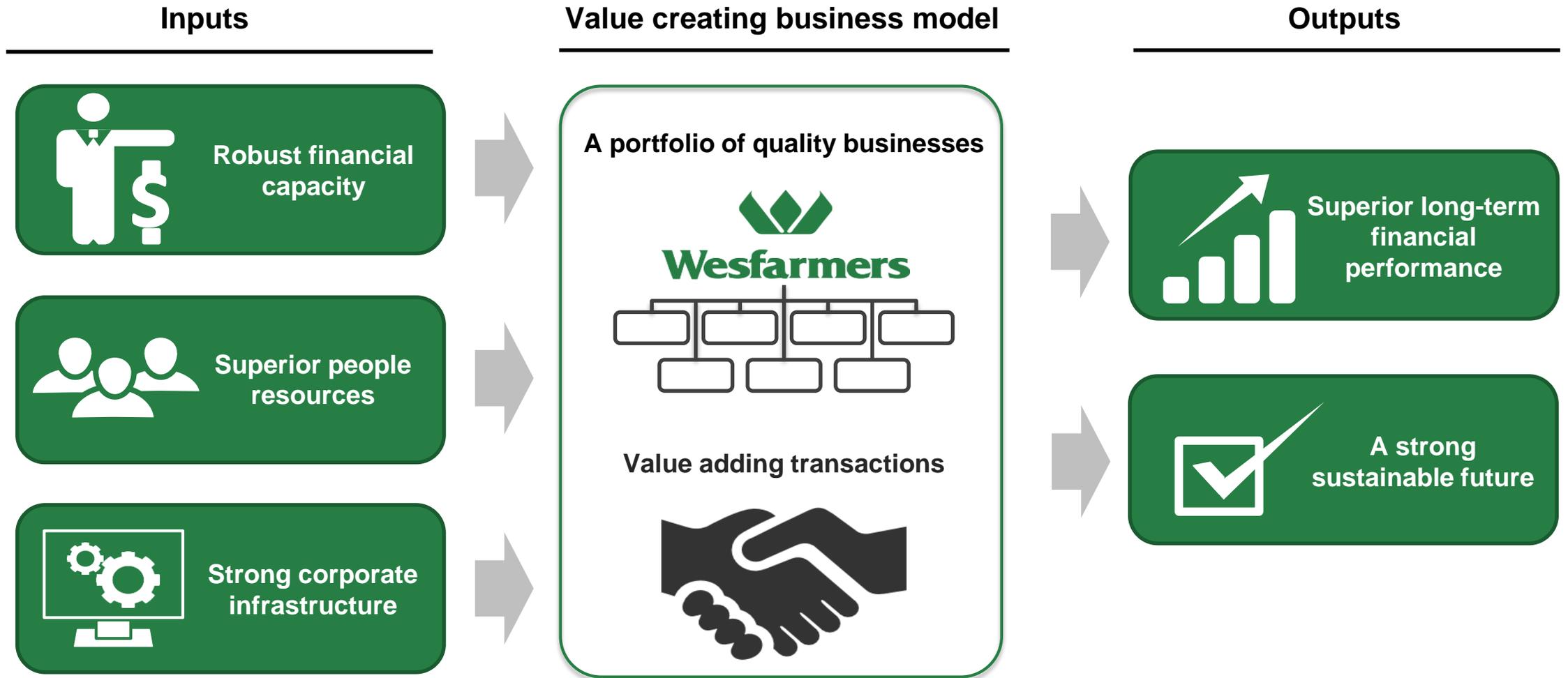


Wesfarmers

Agenda

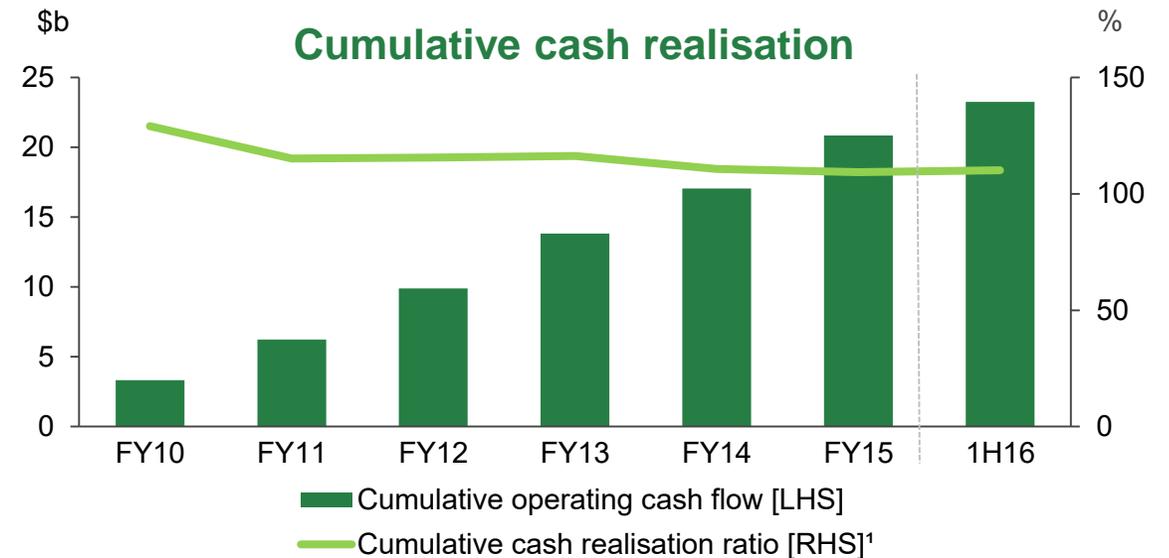
Time	Topic	
8.00 – 8.30 am	Registration	
8.30 – 9.10 am	Introduction & Group Overview	Richard Goyder
9.10 – 10.10 am	Coles	John Durkan
10.10 – 11.10 am	Home Improvement	John Gillam
11.10 – 11.25 am	Morning Tea Break	
11.25 – 12.25 pm	Department Stores	Guy Russo Ian Bailey
12.25 – 12.50 pm	Officeworks	Mark Ward
12.50 – 1.40 pm	Lunch Break	
1.40 – 2.40 pm	Industrials	Rob Scott
2.40 – 2.45 pm	Close	Richard Goyder

Wesfarmers operating model

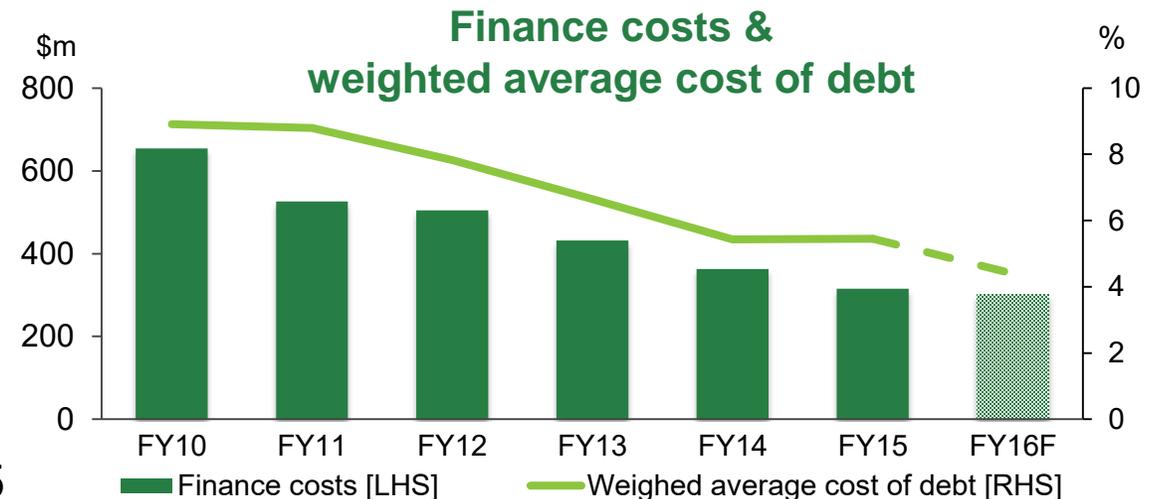


Robust financial capacity

- Cash flow generation
 - Cash generative portfolio
 - Working capital efficiencies
 - Disciplined capital expenditure
FY16f net capex \$1.3b to \$1.4b
- Strong balance sheet
 - Access to diverse debt markets
 - Limit debt maturities in any given year
 - Strong credit rating metrics
 - » Moody's: A3 (stable outlook)
 - » S&P: A- (negative outlook)
- Net debt of \$6.3b² as at 31 May 2016
- FY16f cost of debt c. 4.4% versus 5.5% in FY15



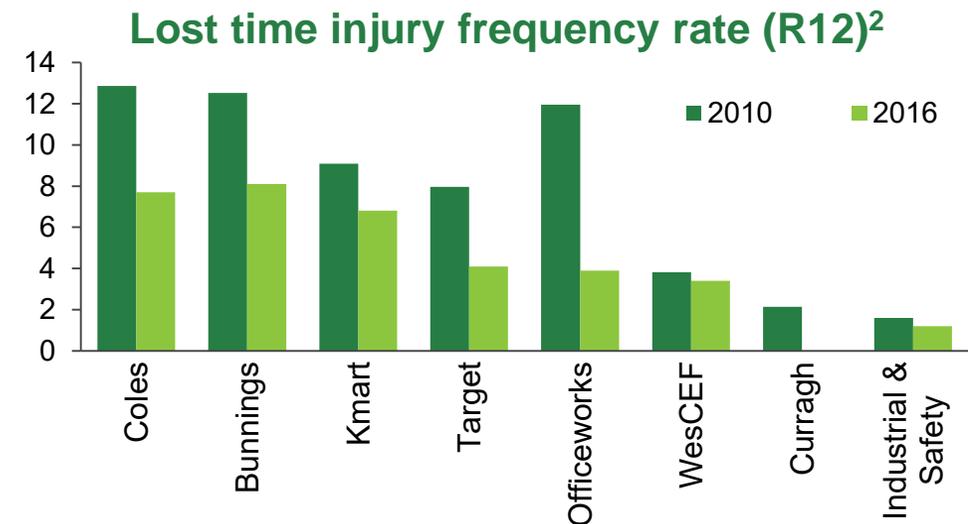
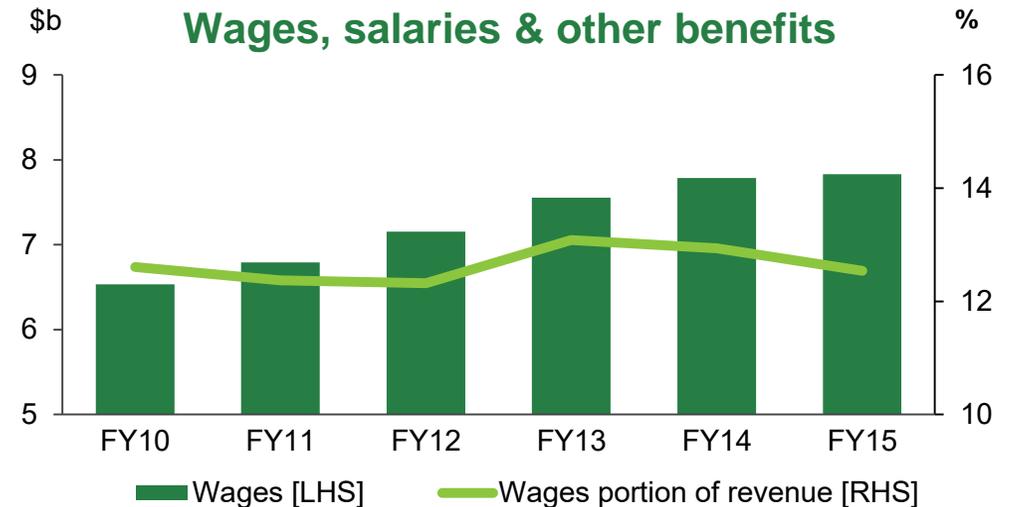
¹ Adjusted for NTIs



² Includes financial services liabilities of \$805m which are fully offset by credit card receivables & the benefit of \$656m of cross currency swaps

Superior people resources

- Ability to attract, motivate & retain high calibre talent
- High-performance culture & strong focus on team member development
- Ability to fill key roles with Group talent
- Continued focus on diversity
 - Over 3,200¹ Indigenous employees (c. 20% increase on FY15)
 - Growing representation of women in leadership positions
- Significant improvements in safety performance across the Group



¹ As at March 2016

² Comparison based on R12 LTIFR as at March 2010 & March 2016

Strong corporate infrastructure

Strong corporate infrastructure

Wesfarmers' core values underpin key corporate systems, processes & initiatives:

- Lean corporate office
- Divisional boards
- Group wide planning, budgeting & monitoring processes
- Executive talent development & key role succession planning
- Strong governance: centralised statutory accounting, tax, legal, treasury & investor relations
- Business development team: evaluation of value adding transactions & significant capex

Core values

Integrity

Openness

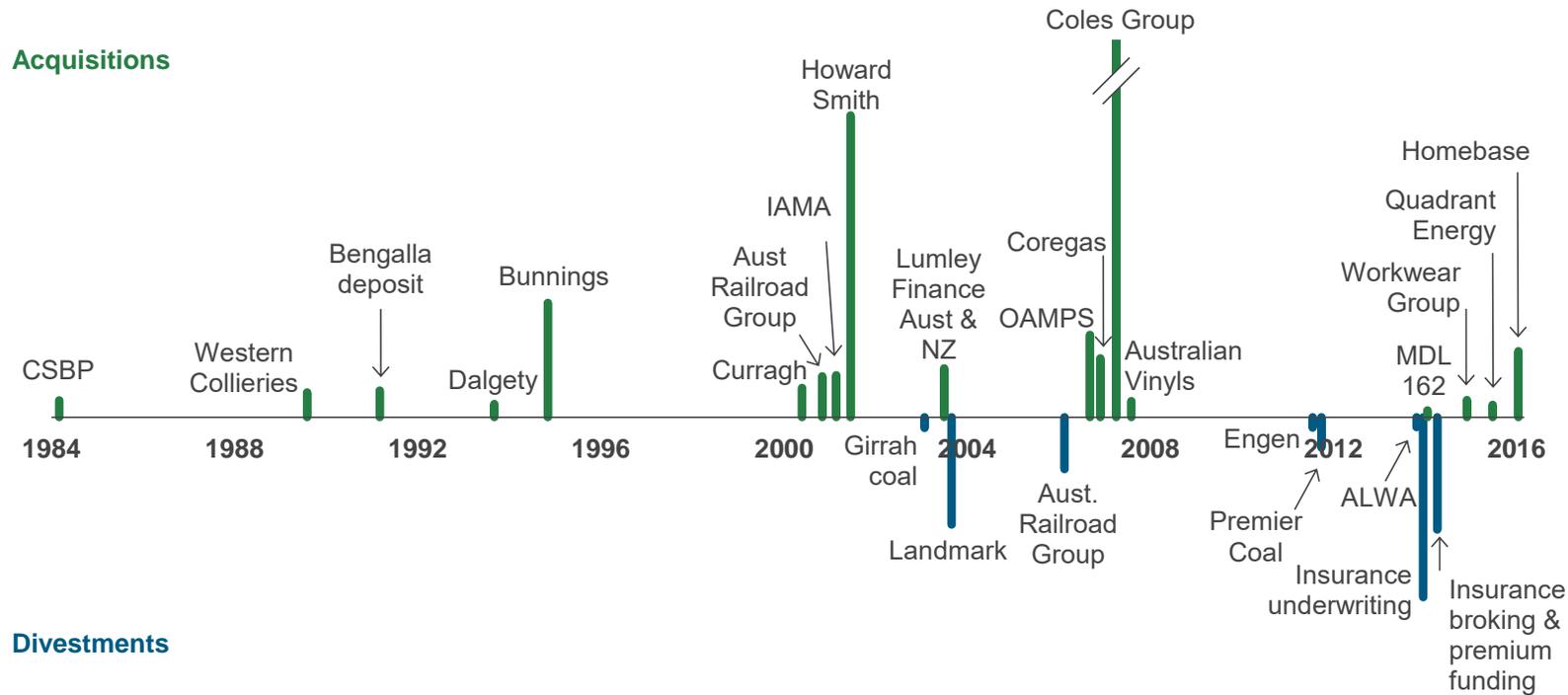
Accountability

Boldness

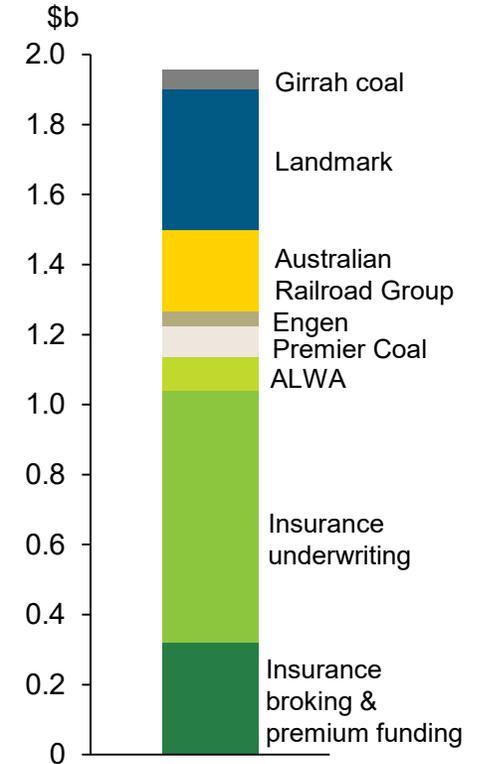
Value creating business model

Long history of value adding transactions

Group transaction activity
(inflation adjusted transaction size)

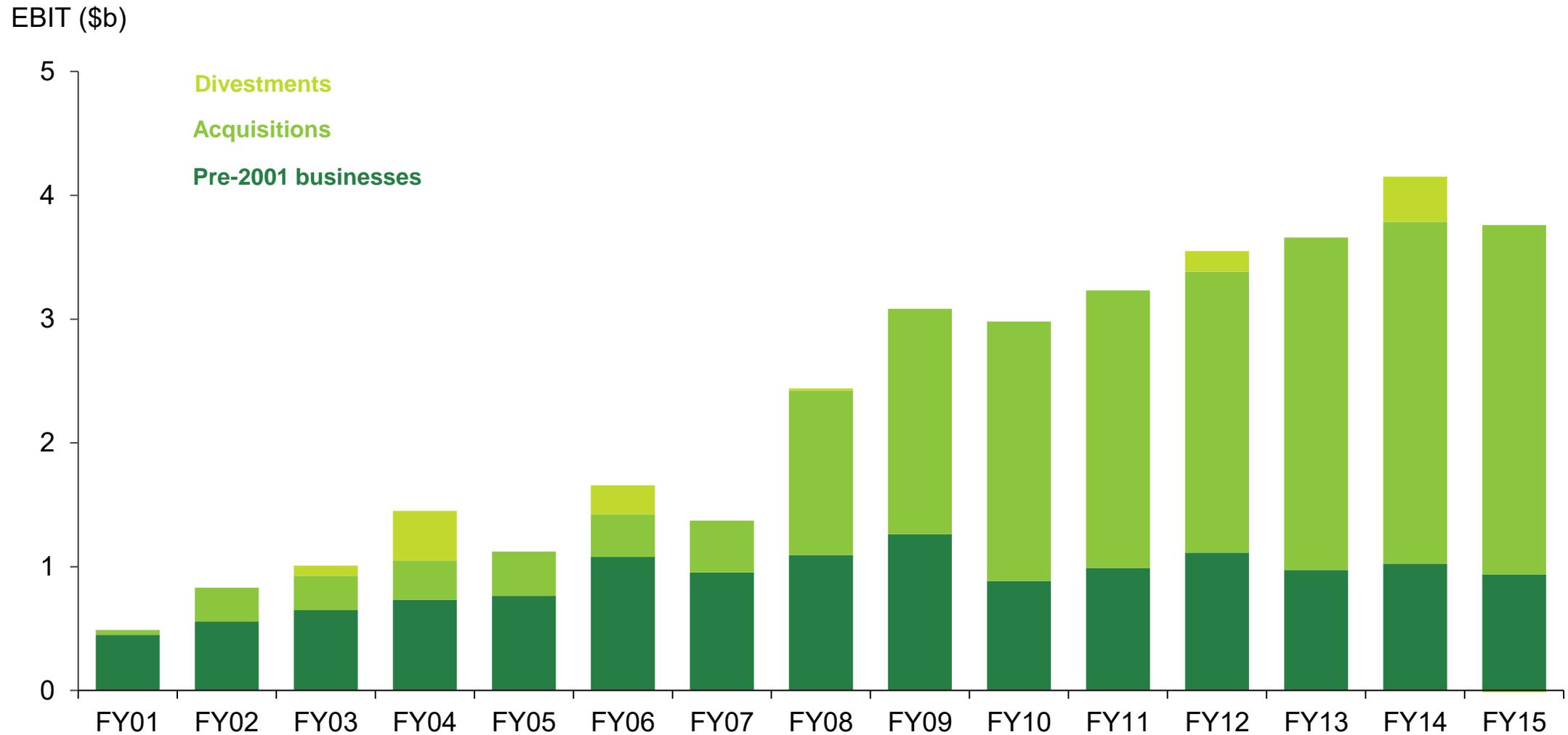


\$2b pre-tax gain on divestments



Value creating business model

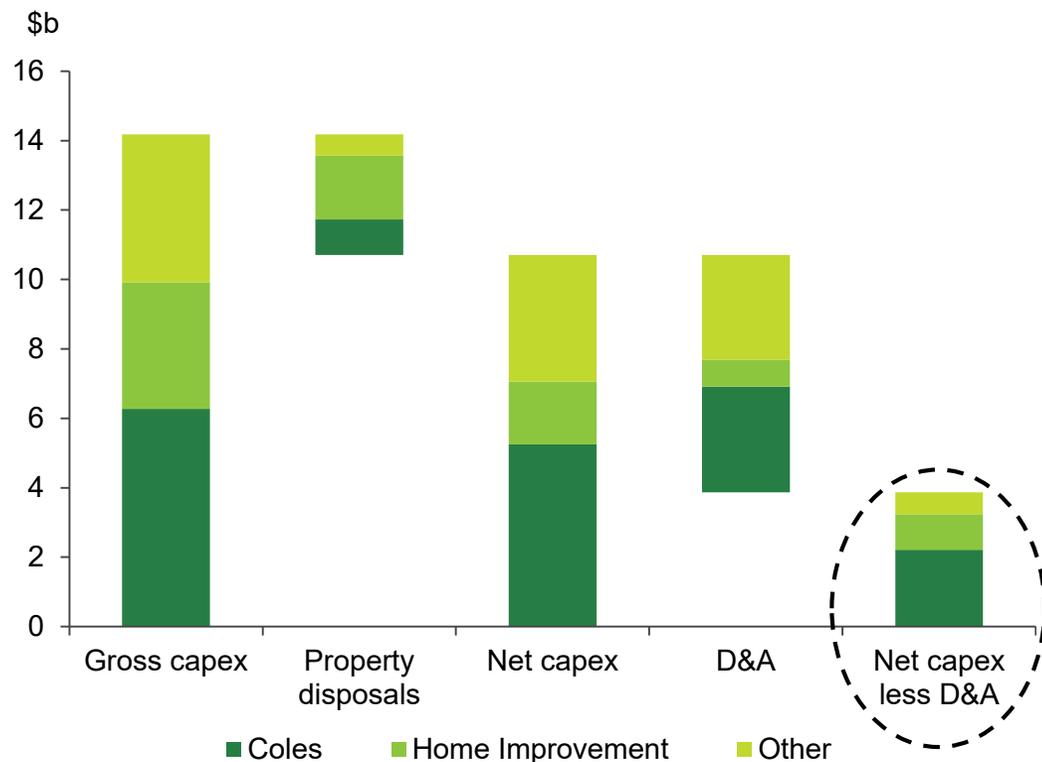
Growth through disciplined acquisitions



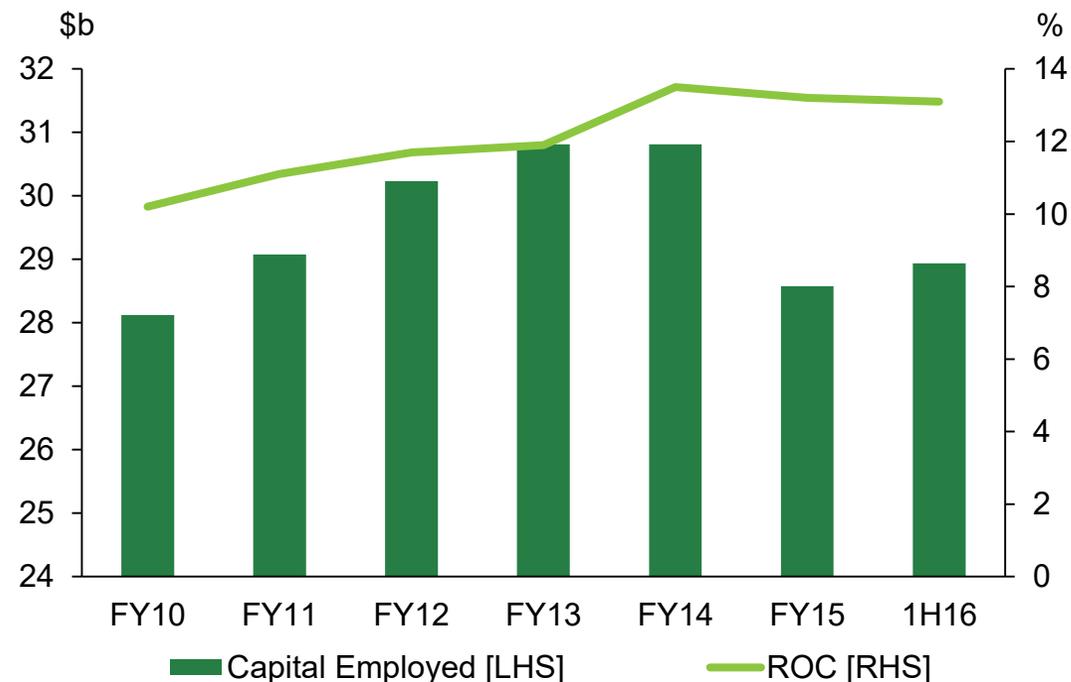
Value creating business model

Growth through strong operations & disciplined investment

Cumulative deployment of capital (FY10 – 1H16)



Return on capital employed (R12)



- 83% of growth capex spent on growing Coles & Bunnings

- R12 ROC excluding goodwill as at 1H16
- Coles: 30%
 - Bunnings: 49%

- EBIT + 32%

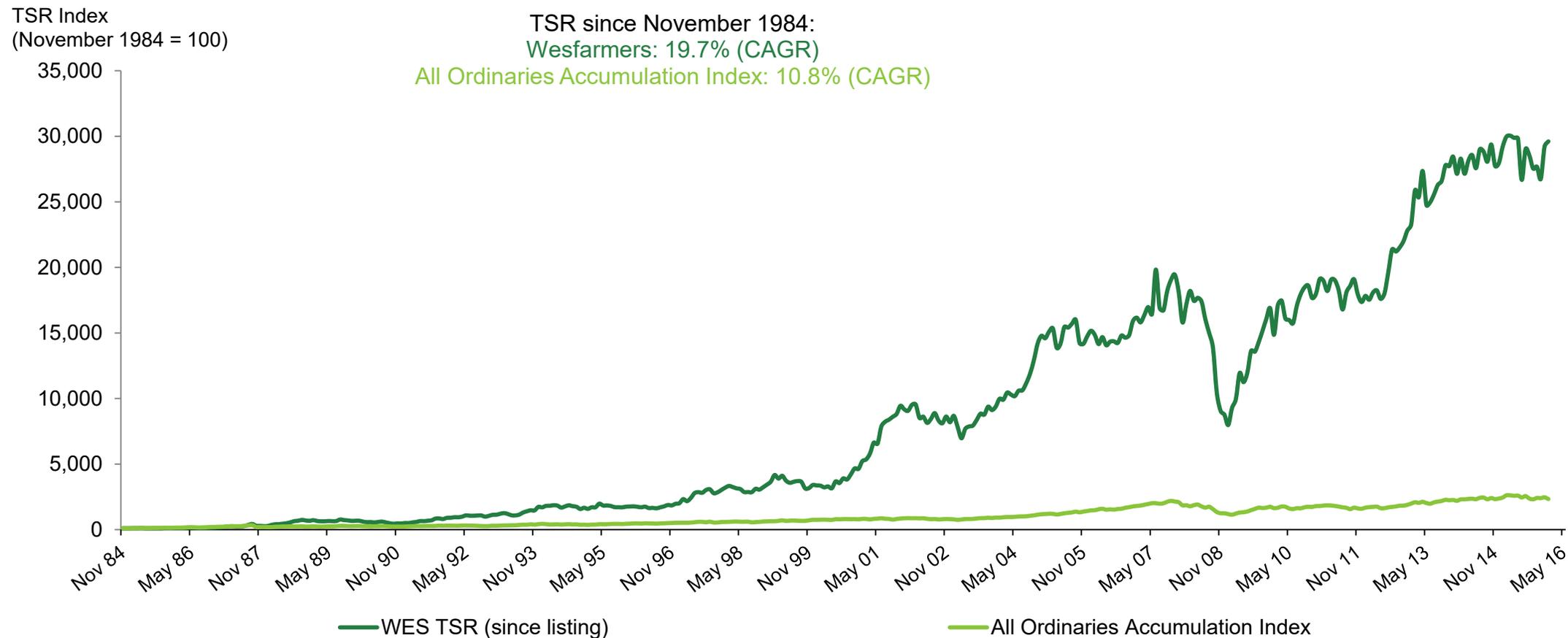
- Capital Employed + 3%

- ROC + 290bps

Superior long-term financial performance

Above market returns

Total Shareholder Return¹



¹ Assumes 100% dividend reinvestment on the ex-dividend date & full participation in capital management initiatives e.g. rights issues, share buybacks. As at 31 May 2016

Source: Annual report & IRESS

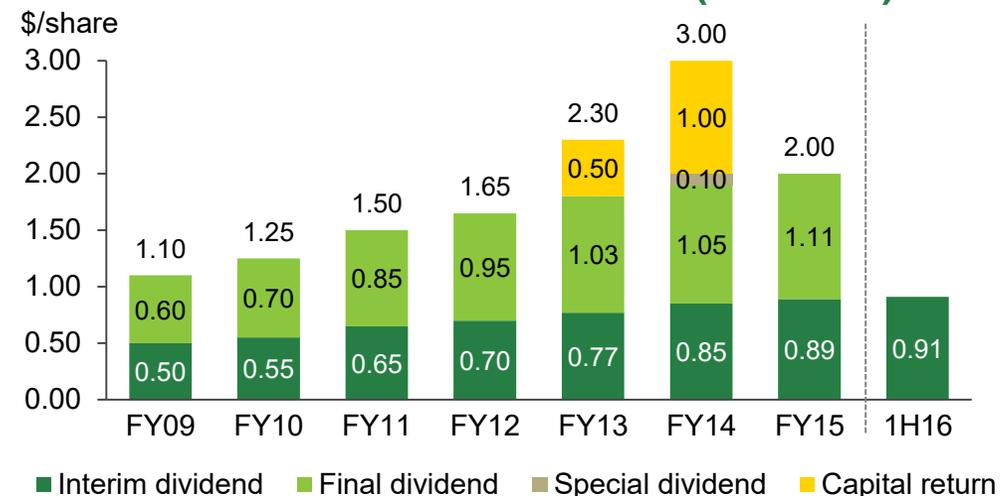
Superior long-term financial performance

Strong history of shareholder distributions

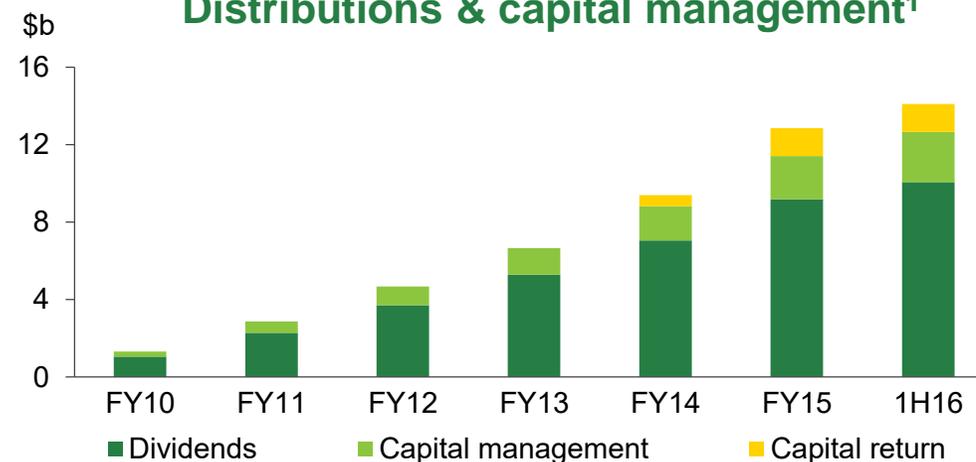
- Deliver growing dividends over time, subject to:
 - Current earnings
 - Franking credit availability
 - Current liquidity position & credit rating
 - Outlook & future cash flow requirements

- \$14.1b in dividend payments & capital management distributions since FY10
 - Includes \$2.6b of capital management for Group's dividend investment & employee share plans

Shareholder distributions (declared)

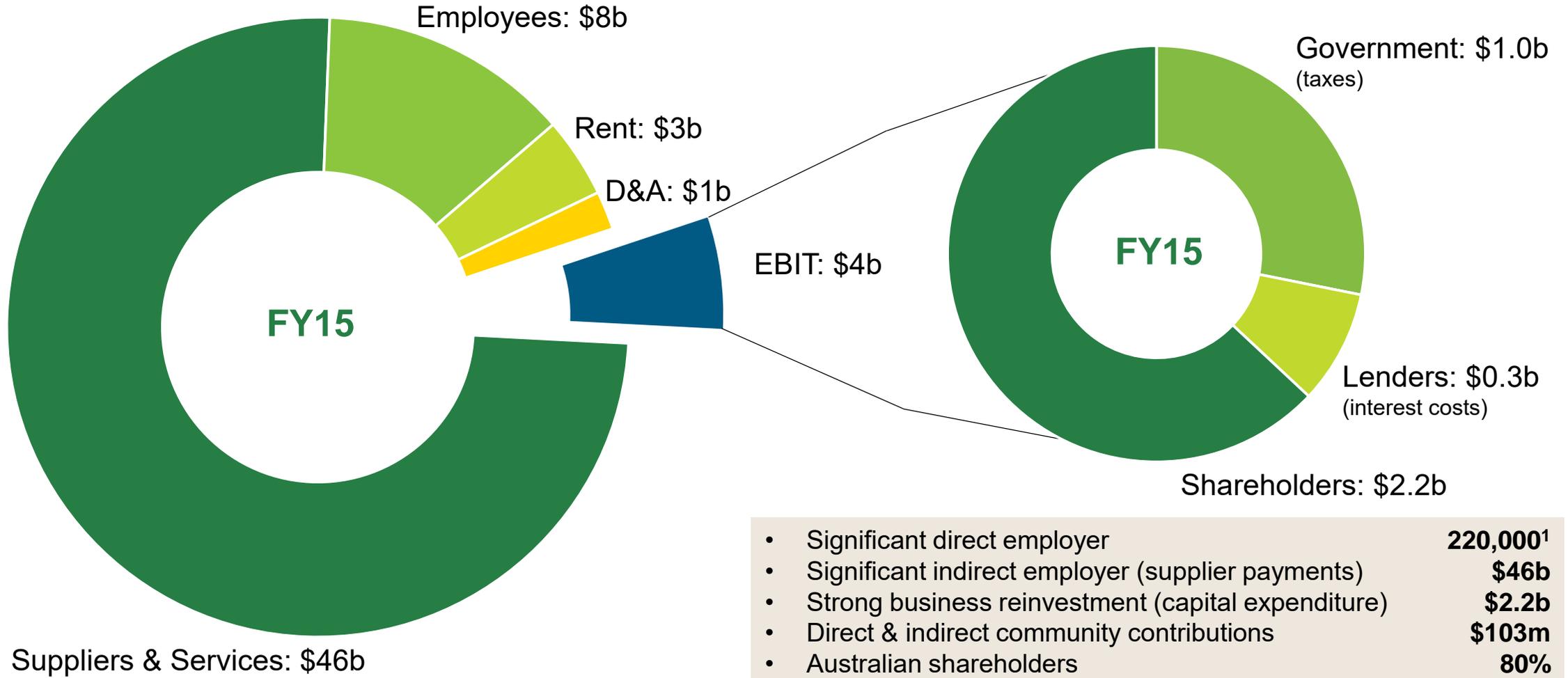


Distributions & capital management¹



¹ Capital management includes the neutralisation of the Dividend Investment & Employee Share Plans through on-market share purchases

A strong sustainable future



¹ As at 31 May 2016

Strong value creation for all stakeholders

Q&A - Wesfarmers Group

Richard Goyder
Managing Director, Wesfarmers Limited



Coles

John Durkan
Managing Director, Coles



coles

coles.com.au

coles
express

VINTAGE CELLARS

first CHOICE liquor

BI-LO

LIQUORLAND

spirit
HOTELS

coles Financial Services

Our growth strategy



★ *Inspire* ★
Customers

B^{BE}LD

Simplify
always

One
TEAM

Care
Passionately

Progress this year

Focus on **FRESHNESS**

- Double-digit volume growth in produce
- Fresh participation increased 85bps

EXTEND VALUE leadership

- Continue to build trusted value
- Now over 2,600 products on 'Every Day' value
- 1.4% YTD F&L deflation

Deliver a better store **NETWORK**

- 14 new & 7 closed supermarkets YTD
- 26 supermarket renewals YTD
- Maintained focus on quality space

SIMPLICITY

- 800 SKUs moved to stockless supply channels
- Delivery In-Full, On-Time has improved more than 100bps YTD
- Customer-led range simplification

Boldly extend into new **CHANNELS & SERVICES**

- ~25% Coles Online sales growth
- Launched a stand-alone Coles Online store
- ~5% more active flybuys households
- CEXP shop sales remain in strong growth at 12% YTD

Transform LIQUOR

- 120 Liquorland renewals YTD
- Strong transaction growth continues
- Return to positive comp sales growth

Build great CAREERS

- A graduate program with 357 participants currently
- More than 800 retail leaders, of which 48% are female
- 4.5% of our hires are Indigenous team members

Note: YTD financial measures are as at March 2016

But there remains much more to do



Key opportunities for progress

Focus on **FRESHNESS**

- Step change quality & freshness
- Ensure the right offer in every store
- Even deeper supplier collaboration

EXTEND VALUE leadership

- Continue customer-led price investment
- Service that customers truly value
- Uncompromising quality & availability

Deliver a better store **NETWORK**

- 2 - 3% p.a. net selling space growth
- Strict return on capital focus
- Bigger, better renewals
- Continue to trial new concepts

SIMPLICITY

- Improve long-term, end-to-end planning
- Simpler trading terms
- Continual process simplification

Boldly extend into new CHANNELS & SERVICES

- Continued growth in convenience
- Deliver a world class customer experience for Coles Online
- Better position flybuys as an enabler of customer value
- Financial services growth aligned to our value proposition

Transform LIQUOR

- Remain customer-led always
- Accelerate Liquorland renewals
- Improve overall profitability
- First Choice remains an opportunity

Build great CAREERS

- Hire & develop the best talent
- Build a culture & capabilities in-store to delight our customers

Focus on freshness



Focus on **quality & freshness**



Fresh food at great **prices**



Invest in team member **craft skills & service**



Always available



Longer & deeper **supplier relationships**



New concepts & formats delivering a better **experience**



Deeper supplier relationships [Video content]

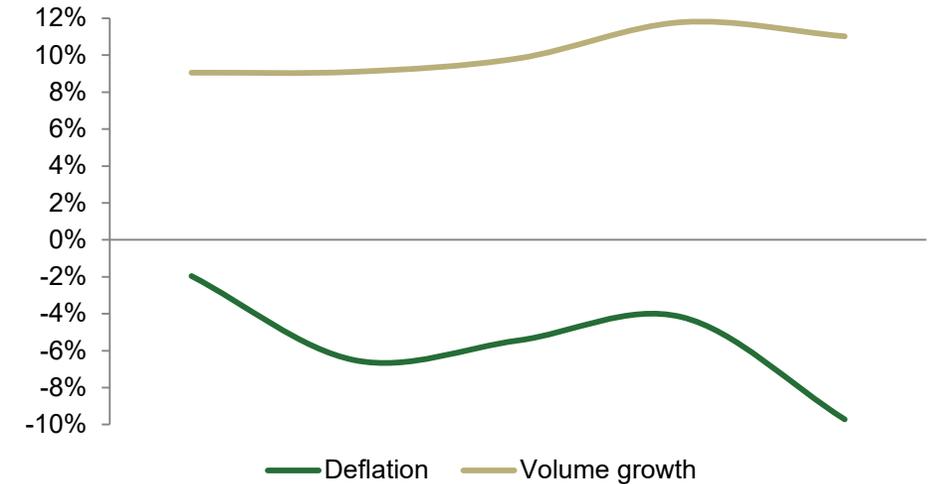


Focus on freshness



- Focus remains on providing exceptional quality fresh food, which is always available at great prices
- Customers continue to respond to our fresh food focus with volume growth consistently at ~10%
- Deflation in produce has increased through 2H16 due to increased supply, leading to higher food deflation in 4Q16
- Continued investment in our fresh offer to drive better service, availability & quality for customers
- Continued growth in fresh penetration remains a big opportunity for Coles over the long term

Fresh produce deflation & volume growth



Exceptional quality fresh food always available at low prices [Video content]

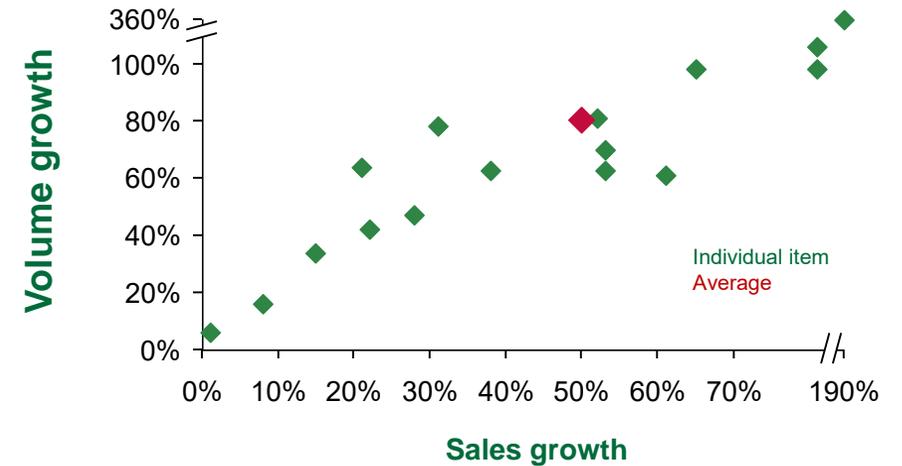


Create trusted value – customer-led price investment



- Our customer-led value investment model makes sense because
 - Customers tell us that it is important to them
 - It is well planned with suppliers
 - There are efficiencies available to fund investment
 - It drives volume growth
 - It delivers gross profit uplifts
- We will continue to invest in delivering better value for our customers
- Our investment will remain measured & will be funded through simplicity benefits

Sales & Volume growth from Every Day 'hero' items¹



¹ Based on 16 items moved to Every Day through FY16 with uplifts calculated 12 weeks pre vs post

Create trusted value – customer-led price investment [Video content]



Unwavering focus on customer service



Invest in customer service



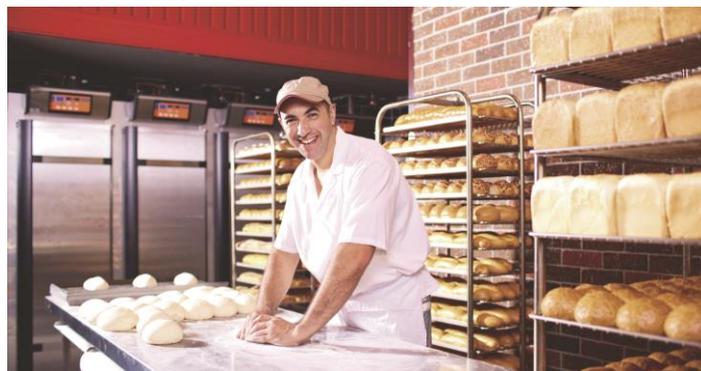
Relentless commitment to safety



Build diversity & flexibility



Increase craft skills training



Adaptable & multi-skilled team members



Develop more graduates to become future leaders



- Aim to be Australia's best fuel & convenience retailer
- Committed to the long-term growth of our network with our alliance partner
- Provide compelling value to customers, driven by our Every Day offering
- In-store, continued growth will be driven by
 - A focus on Food-to-Go
 - Bold refurbishments
 - Improved range, quality & freshness
 - Exploring new concepts

coles express

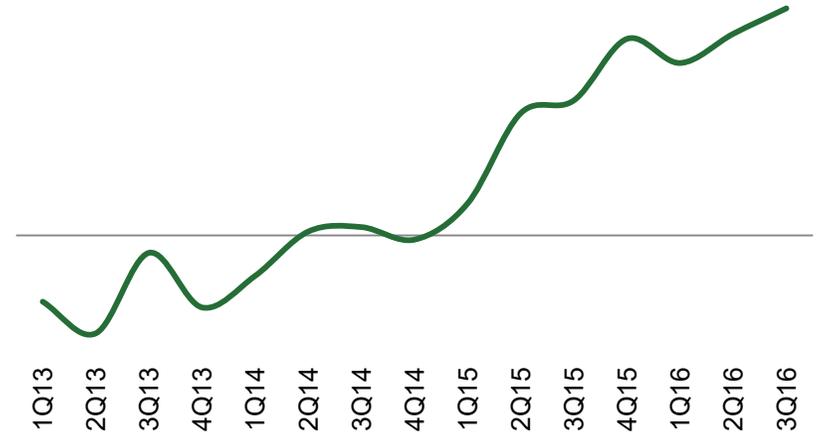


Progressing the Liquor turnaround



- Liquor remains on track to deliver the five year transformation plan
- Improving sales trends but profitability remains an opportunity
- The next phase of the turnaround will focus on:
 - Continued value investment to drive customer growth
 - A more simplified, targeted range
 - Continued network improvements, including an acceleration of Liquorland renewals
 - Continued trial of new First Choice offer
 - Drive exclusive brand penetration & Liquor Direct

Liquor transaction growth



Outlook

- Remain focused & consistent in our strategy to deliver long-term growth
- Remain customer-led in everything that we do
- Growth will be driven by higher sales, resulting from continued investment in the customer offer
- Investment will be funded by a focus on simplifying our business
- Elevated deflation in produce presents a headwind in the short term
- Comparable fuel volumes are expected to normalise throughout 1H17
- Continue to remain disciplined & returns-focused in our capital management



Q&A - Coles

John Durkan

Managing Director, Coles

Chris Nicholas

Finance Director, Coles



coles

coles.com.au

coles
express

VINTAGE CELLARS

first CHOICE liquor

BI-LO

LIQUORLAND

spirit
HOTELS

coles Financial Services

Home Improvement

John Gillam
Chief Executive Officer, Bunnings Group



Agenda



1. Presentation: John Gillam

- Bunnings Australia & New Zealand
- Bunnings UK & Ireland
- Outlook



2. Q&A Panel

- John Gillam
- Michael Schneider
- PJ Davis







Agenda

1. Long-term value creation
2. Market evolution
3. Strategic agenda



LONG-TERM VALUE CREATION



1. A winning offer to customers



2. An engaged, focused & committed team



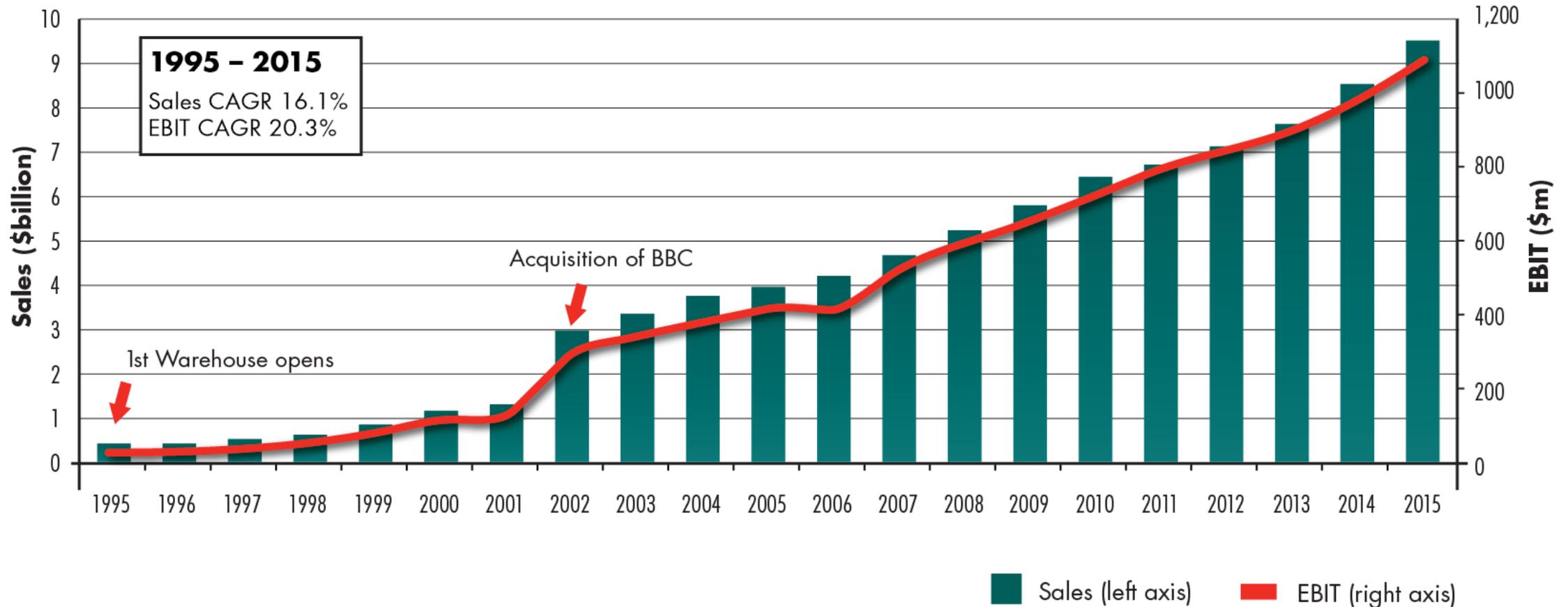
3. Business behaviour that builds trust



4. Sustainable returns



LOWEST PRICES. WIDEST RANGE. BEST SERVICE.





Addressable market expanded by evolution & innovation



Market evolution: Wider addressable market



Addressable market wider than just home improvement & outdoor living ...





Addressable market wider than just home improvement & outdoor living ...



toilets in every building



light fittings everywhere



ply for formwork & hoarding



line trimmers for grounds work everywhere

... most products used in & around homes & gardens have much wider everyday use in every building, structure & grounds ...

HIOL market structure & drivers



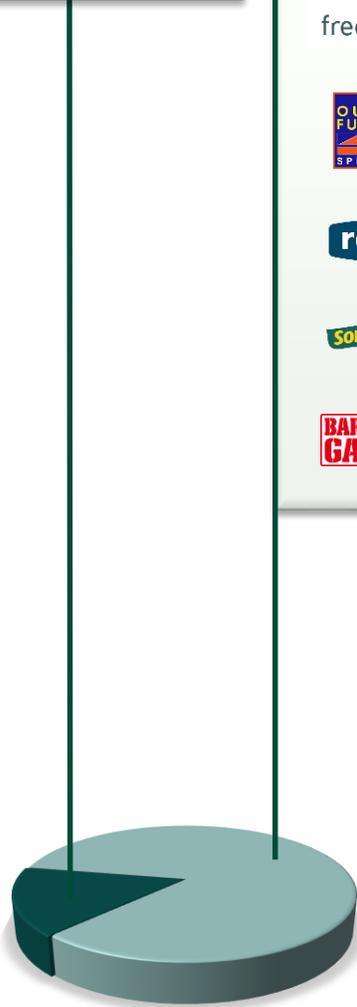
Multiple Drivers

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

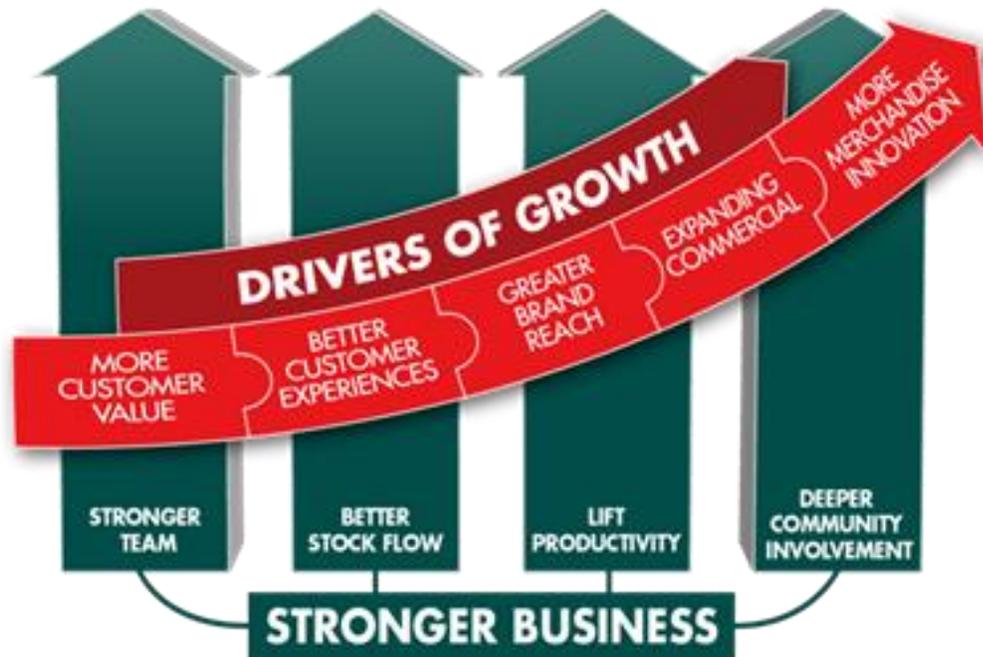
Varied Formats

nb: online activity prevalent in all formats

1. Category specialists
2. Hard goods mass merchants
3. Traditional hardware
4. Suppliers direct-to-market
5. DDS & supermarkets
6. HIOL category killer







Our strategic agenda is a framework for:

- Focusing on customers, team & community
- Growing the market
- Growing our share of the market
- Long-term value creation



THE PLAN 2016/17...

CREATING BETTER EXPERIENCES

Better everywhere; team, customer, community

- Even more helpful
- Listen, learn, fix, improve
- Faster, simpler services
- Lots more fun, great vibe

Keeping it real... In the community, caring for the environment

- Get involved... in store; sincere, local & meaningful
- Refresh sustainability measures; products, packaging, power & waste

STRENGTHENING THE CORE

Stronger Team

- Right safety behaviours, always
- Make everyone welcome
- More smiles & fun
- Invest in winning teams
- Best support service

Lift Productivity

- Refresh store productivity
- Simple & easy... everywhere
- Digital and process innovations to lower costs
- Better information & decisions

Better Stock Flow

- Faster, easier, less cost, less waste, less gaps
- Streamline Supply Chain

DRIVING STRONGER GROWTH

Even more Customer Value

- Breathing value, always
- Lower cost & costs... Lowest prices

Greater Brand Reach... Best offer everywhere

- Wider digital reach; more engagement
- Maintain strong network & pipeline
- Accelerate sales in neighbouring markets

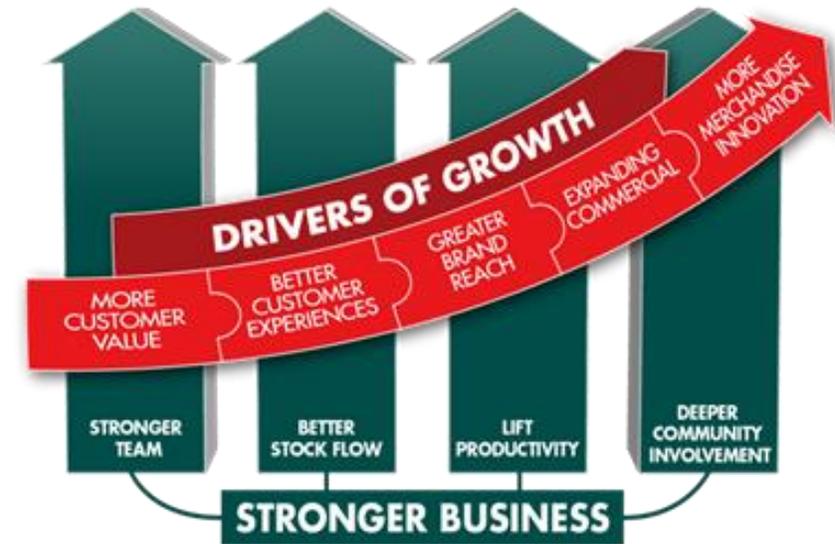
Stronger Commercial Engagement

- Deeper relationships – do more with existing customers
- Better experiences – In store, on-site & online
- Grow new segments & widen specialist selling

More Merchandise Innovation

- Wider ranges; new products
- Be the easiest... even simpler to DIY
- Range consistency – faster & simpler
- Improve special orders... wider, easier, interactive
- Stronger SFS offer

BETTER STRONGER TOGETHER



*conscious choices
across all activities
giving customers
the best offer*

Strategic agenda: Creating Better Experiences ...



Better everywhere; team, customer, community

Keeping it real... in the community, caring for the environment

Striving to be more helpful (in-store & digitally)

Investing to improve processes

- Easier for customers; productivity gains

Continue expanding & improving services offer

Even more happening in store

- Learning, sharing & fun

More community involvement & sustainability actions



Strategic agenda: Strengthening The Core ...



Stronger team

- Continue improving safety
- Build team diversity & effectiveness
- Continue investing in knowledge & skills



Lift Productivity

- Refresh store productivity ... 'simple & easy'
- More digital process innovation
- Better information & lower costs

Better Stock Flow

- Faster, easier, less cost & less waste
- Higher in-stock; less shelf gaps



Strategic agenda: Driving Stronger Growth (i)



Even more Customer Value

Greater Brand Reach...
Best offer everywhere

Even More Customer Value

- Reward customers everyday
- Create more breathtaking value

Wider Digital Reach

- More digital eco-system investment
- Product & project knowledge, how to, inspiration, engagement

More Physical Reach

- Store format flexibility creating more opportunities
- Continued network development & reinvestment



Strategic agenda: Driving Stronger Growth (ii)



Stronger Commercial Development

- Deeper customer relationships
- Better experiences; in store, on-site & online
- Grow new segments & widen specialist selling

More Merchandise Innovation

- Wider ranges & new products
- Focus on 'easiest' for customers; simpler DIY
- Lift range consistency, improve special orders





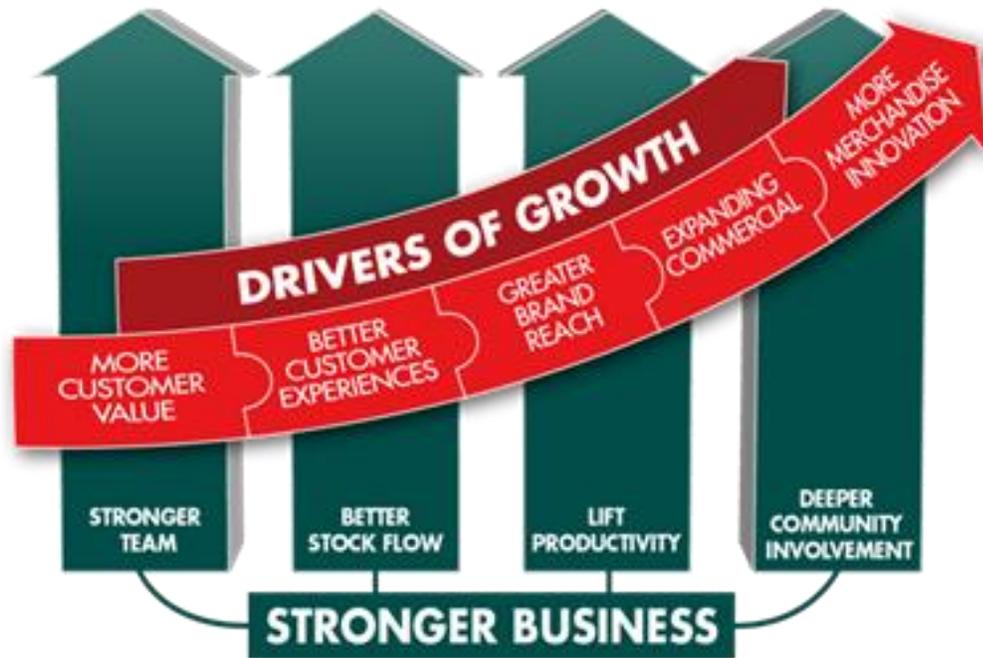
Strong long-term growth opportunities for Home Improvement & Outdoor Living market

Mega Trends

- Population growth & urbanisation
- Sustainability & energy efficiency
- Ageing population & independent living needs
- Technology: automation & intelligence for homes & gardens
- Continual innovation across the whole spectrum of HIOL

Positioned for Growth

- Partnerships with world's best & Australia's leading brands
 - innovation capabilities highly valued
- Strong customer loyalty & brand trust
- Create, leverage & respond to major trends with new products & new applications
- Capacity to exploit every opportunity in physical network & digital eco-system
- Access to innovation across the whole spectrum of HIOL



THE PLAN 2016/17..

DRIVERS OF GROWTH

STRONGER BUSINESS

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- Stronger SPS offer

BETTER STRONGER TOGETHER





Agenda

1. Acquisition overview
2. Immediate priorities
3. Post-completion update



Acquisition overview



Home improvement & garden market attractive & growing

- £38 billion market in UK

Homebase provides an established & scalable platform

- Right-sized stores & well located network
- Network supports warehouse merchandising
- Latent capability for a low-cost operating model

Homebase acquisition completed on 27 February 2016

- Headline acquisition price £340 million (\$658 million¹)

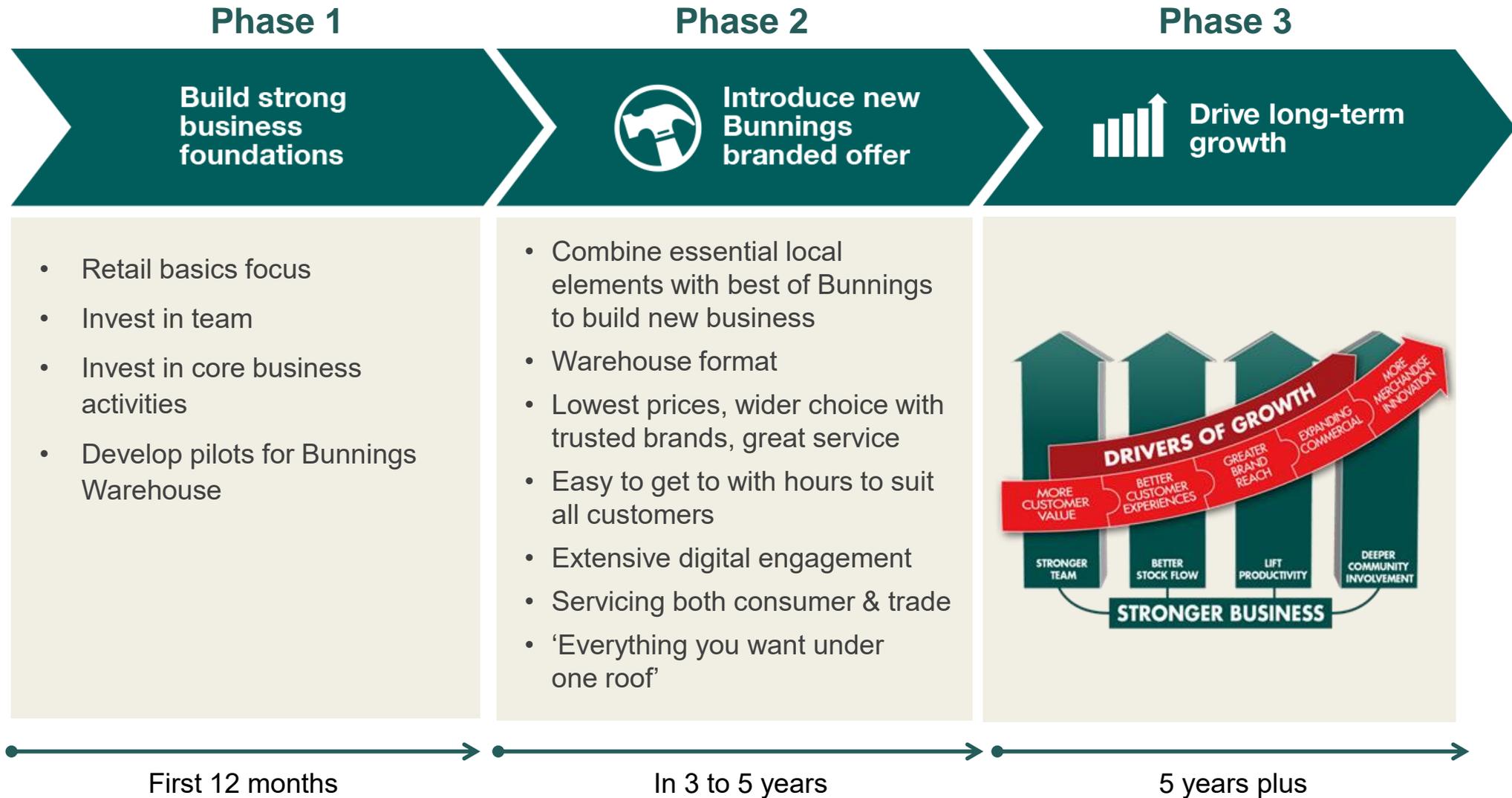
Four months post completion, acquisition thinking validated

- Confirm financial guidance provided at acquisition announcement



¹ £:A\$ of 0.5170 as at 26 February 2016 (Reserve Bank of Australia)

Acquisition overview: Three Phase Investment Plan





Build strong business foundations

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

Drive stronger operating performance in Homebase

HOMEBASE
Always low prices



Combining the best of British & the best of Bunnings
First pilots later in 2016

BUNNINGS
warehouse

Successful pilots an absolute pre-cursor to further investment

First 12 months to March 2017 >>>

Post Completion Update (i)



Leadership team established

Advisory Board formed with three initial members

- Archie Norman
- Michael Mire
- Matt Tyson

Operational changes implemented as planned

- Homebase “turnaround” underway
 - » Increases to range width & stock depth
 - » New marketing – “always low prices”
- Pleasing store team engagement
- Removal of all concessions from stores proceeding to plan

Detailed preparation underway for Bunnings Warehouse pilots

- First pilots expected later this year



Post Completion Update (ii)



Transition & integration activity well advanced

Support team restructured & rebuild commenced

- Restructuring costs of ~£7 million expensed in FY16

Rebased comparative annualised sales of ~£1.2 billion

- Cessation of sales of Argos & Habitat product (~£80 million)
- Full-year impact of previous owner's store closures (~£70 million)
- Removing non-core product (e.g. soft furnishings & indoor furniture)

Purchase Price Accounting process well advanced

- Expected to finalise by February 2017
- Indicative goodwill ~ £460 million

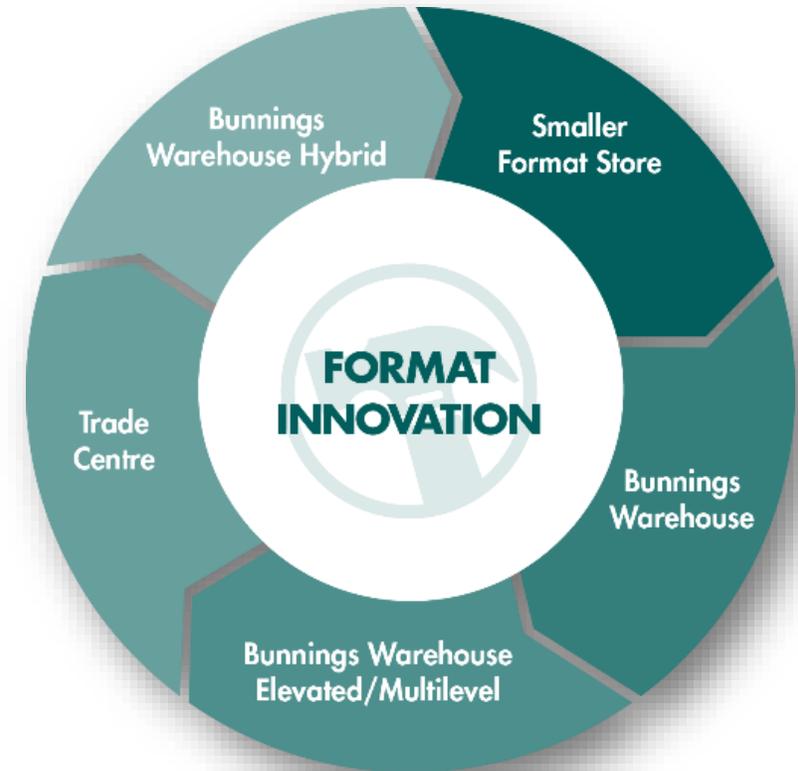




Format Flexibility, Total Market Capability



 <ul style="list-style-type: none">• Large format• Cornerstone brand• 3 core footprints + multi-levels• Retail & commercial customers• 240 in network at June 2016	 <ul style="list-style-type: none">• Smaller format, highly flexible• Regional & metro markets• Retail & commercial customers• 70 in network at June 2016
 <ul style="list-style-type: none">• Right sized for market• Well located• Platform for new business• 260 in network at June 2016	 <ul style="list-style-type: none">• Specialised 'DIFOT' format• Commercial customers• 33 in network at June 2016• Incorporated into some large Bunnings Warehouses

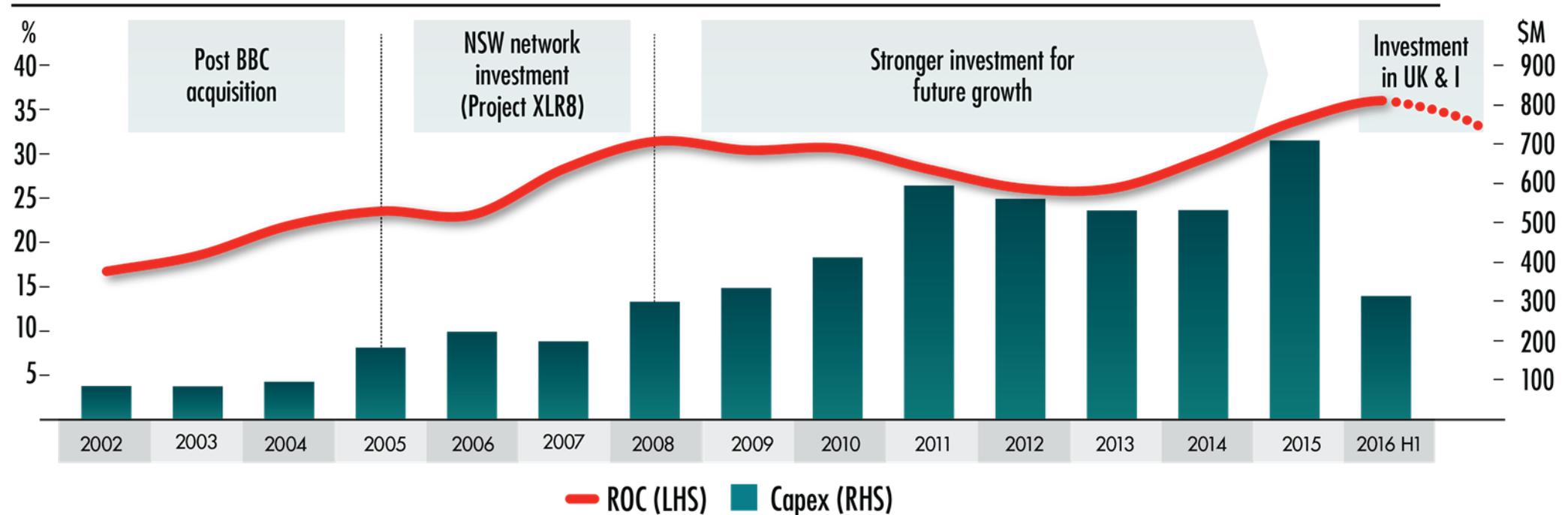




Investing for growth... acquisition & organic

Delivering market leading returns

ROC & CAPEX HISTORY



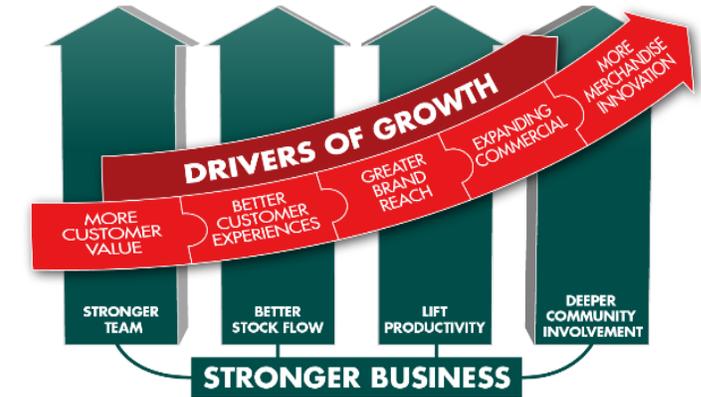
Outlook: Positioned for continued growth



Australia & New Zealand

Lots of runway in HIOL markets

- Creating better experiences
- Strengthening the core
- Driving stronger growth



UK & Ireland

Early days; building strong foundations

Exciting medium & long-term growth opportunity



Q&A - Home Improvement

John Gillam

Chief Executive Officer, Bunnings Group

Michael Schneider

Managing Director, Bunnings Australia & New Zealand

Peter Davis

Managing Director, Bunnings UK & Ireland



Department Stores

Guy Russo

Chief Executive Officer, Department Stores
Managing Director, Target



Department Stores Structure



Strategy life cycle

Target



Discovery



Fix now



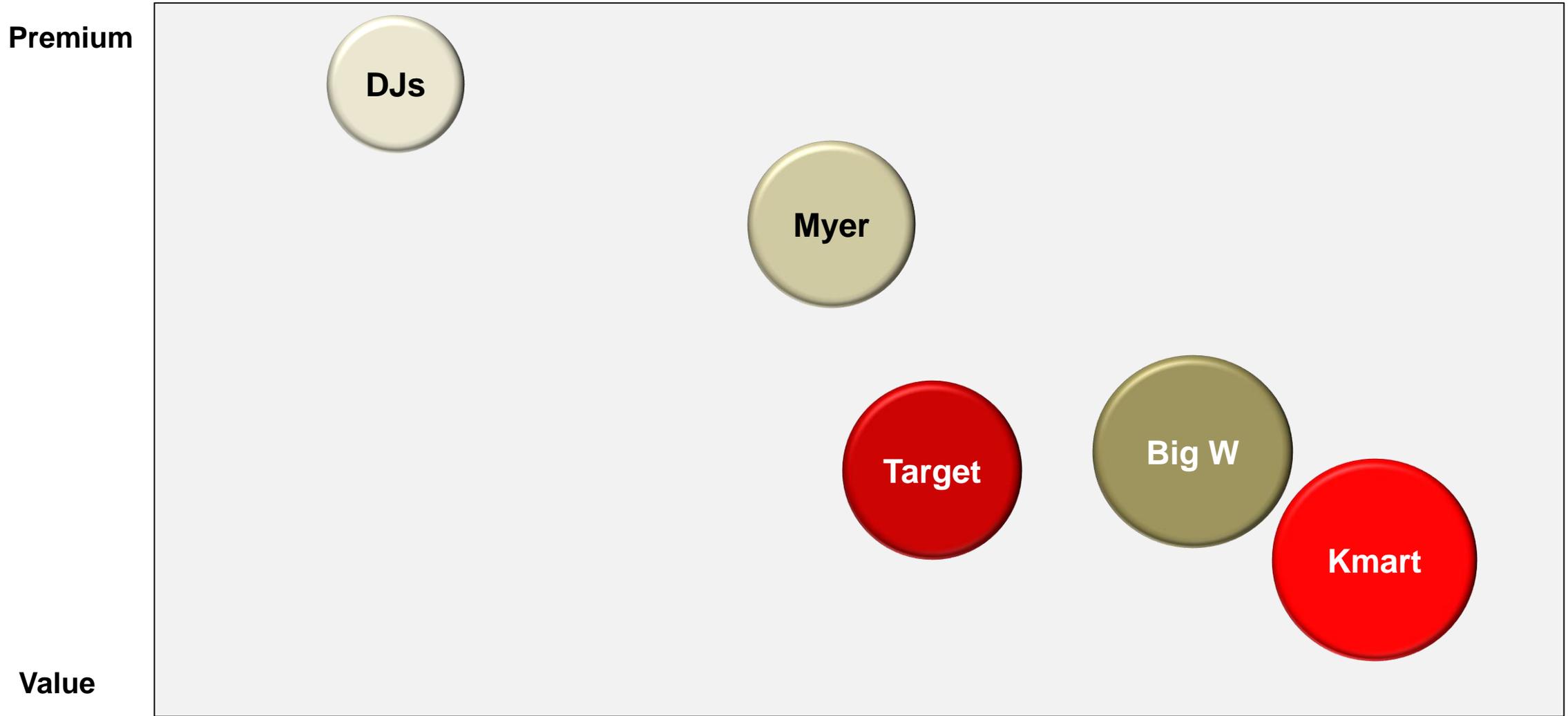
Reset



Grow



Department store market – \$18 billion



Revenue¹

¹ FY15 revenue based on FY15 public information & FY15 estimate for David Jones

Addressable market opportunity – \$80 billion



Target

Guy Russo

Managing Director, Target



Business overview

- More than 19,000 team members
- Revenues exceeding \$3.4 billion
- 306 stores
 - 186 large & 120 small
- Improved safety performance
 - R12 LTIFR improvement of 10.2% to 4.4 at 31 December 2015



Progress

- Completed detailed assessment of business opportunities
- Revised strategic plans, including property alignment
- Decisive steps taken to reduce the cost base & reset the business, with up-front restructuring costs of ~\$145 million incurred in FY16
 - Rightsizing store support centre (~240 redundancies) & office relocation advanced
 - Accelerating supply chain streamlining, with off-sites exited & sub-tenant arrangements progressing
 - Resetting inventory including range rationalisation & exit of slow moving & deleted products

Progress (continued)

- Reset of vision, values & strategy
- Completing transition to EDLP
- Reducing inventory levels (towards long-term target of ~10 weeks cover from ~15 weeks currently)
- Introducing further merchandise planning disciplines
- Ceasing mid-year Toy Sale
- Reducing marketing, designers, ambassadors & point of sale
- Advancing review of store network
- Reviewing store renewal program



Our Vision



Our Values



Our Strategy





Volume, quality, fashion & basics

- Reduce inventory & options
- Remove loss making products
- Fix merchandise planning systems
- Increase volume & 365 basics
- Reset quality & fashion
- Increase direct sourcing on one critical path



PRICE

Low prices
everyday

PROMOTION
Brand love with
mass reach

PLACE
create store
and local

PRODUCT
Volume, quality,
fashion and basics

Low prices every day

- Lower prices to sell volume
- Accelerate EDLP
- Institute 'clear as you go' markdowns
- Consistent 'Good, Better, Best'





Brand love with mass reach

- Reduce marketing
- Reduce point of sale
- Reduce catalogues
- Leverage customer insights





Easiest customer experience

- Reduce cost & simplify
- Improve stock management
- Revise trading hours
- Consistent store layout



PLACE
great stores
and locations

Great stores & locations

- Improve network profitability
- Optimise space allocation
- Renewal reset & trial
- Simpler & lower cost





Inspired team, living our values

- Build on safety culture
- Create a high performance culture, live & breathe our values
- Develop clear accountabilities & development plans

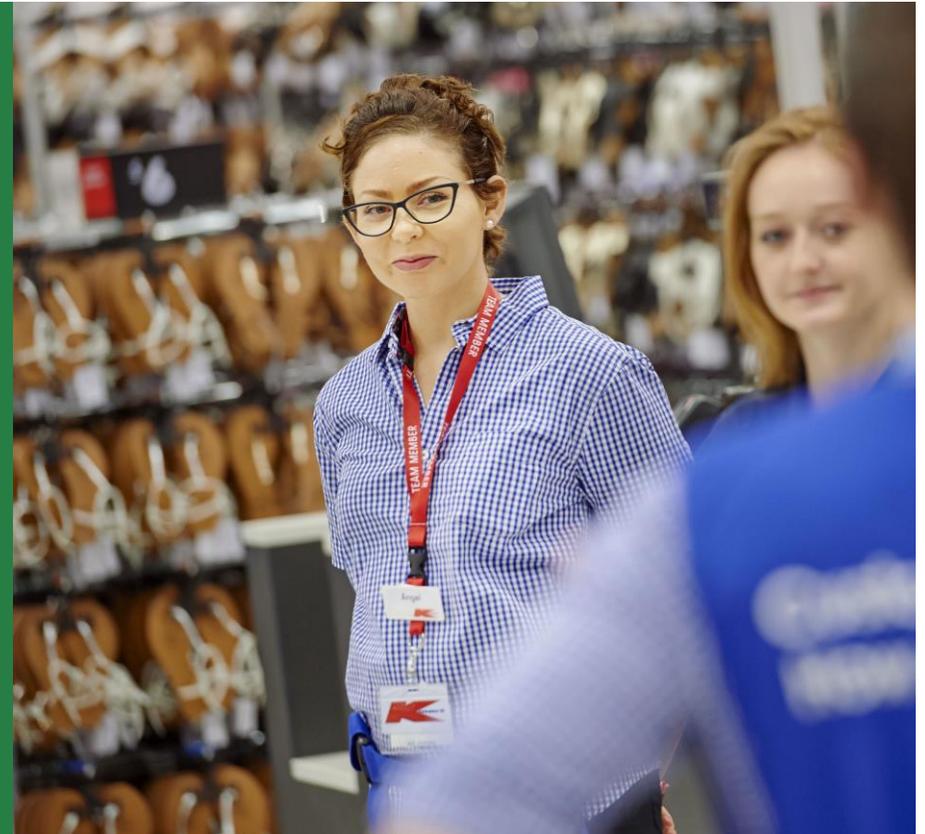


Outlook

- FY17 reflects a transitional year
 - High levels of seasonal stock (>\$100 million) in the first half
 - Cost base reset to enable acceleration of operating model change (EDLP completion)
 - Improve merchandise disciplines, including planning systems investment
 - Complete EDLP transition, reduce SKUs & inventory levels, & improve range quality
 - Focus on profitable sales (exiting unprofitable ranges & options) & volume/365 lines
 - Moderated capital expenditure, including renewal review & reset
 - Working capital focus to drive improved cash flow generation

Kmart

Ian Bailey
Managing Director, Kmart



Business overview

- 209 Kmart stores across Australia & New Zealand
- 248 Kmart Tyre & Auto service centres in Australia
- 30,000 team members
- More than 160 million customers per annum
- Relentless focus on lowest price
- Well established sourcing capability
- Revenue in excess of \$4.5 billion
- Sustained growth in earnings
(five year EBIT CAGR of 20.6% to 30 June 2015¹)
- Return on Capital remains strong
(36.6% at 31 December 2015, up 7.6%)

¹ FY11 – FY15



Our Vision



Growth strategy remains consistent

Our Strategy to help us achieve Our Vision



Product, Price & Promotion

- Lowest price leadership
- Better product
 - Improve quality consistency
 - Improve product aesthetics
- Continue to enhance the current range architecture
- Continue to develop multi-channel platform



Place

- Continue the store refurbishment program
 - Approximately 40 stores per annum for the next two years
- Strong new store pipeline
 - Opening approximately 10 new stores per annum
- End to end productivity improvements to continuously reduce CODB



Kmart



Customer

- Have customer needs at the heart of what we do
- Increased focus on customer insights



People

- High Performing Culture
 - Kmart's values & UGRs
 - Deliver results
 - Integrity
 - Customers come first
 - Teamwork
 - Boldness

Our Values & UGRs

to encourage the Right Behaviours



Outlook

- Become more customer-centric
- Continue to lead on price
- Continue to improve our products
- Continued investment through the refurbishment program & store openings
- Develop & enhance the multi-channel offer
- Increase productivity to reduce CODB
- Continued management of exchange rate impacts



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



Agenda

- Ongoing value creation through vision & purpose
- Financial performance
- Market overview
- Customer offer
- 'Every channel' strategy
- Strategic agenda
- Outlook

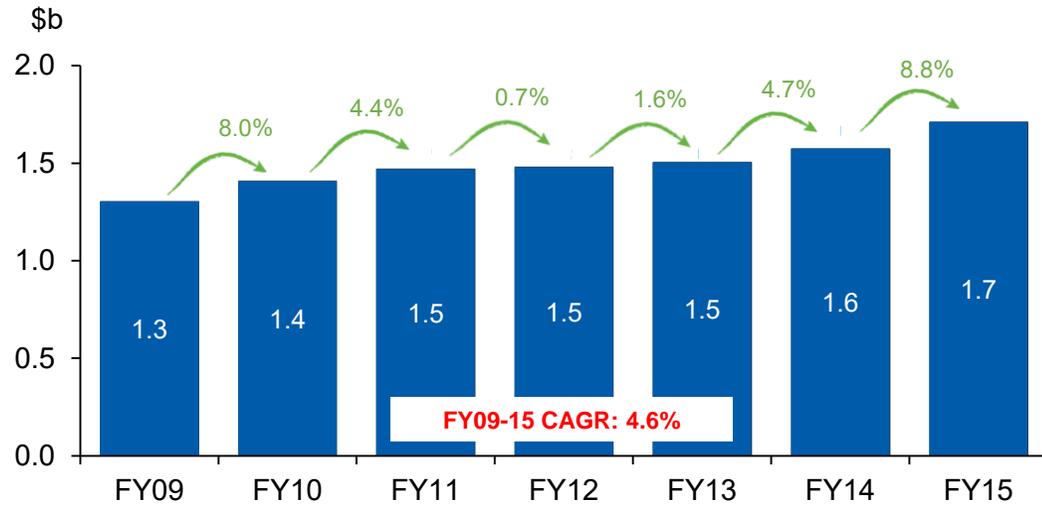
Ongoing value creation through vision & purpose

- Utilising our strengths to execute the agenda
 - Strategic clarity – Lowest Prices, Widest Range, Great Service
 - Leverage competitive advantage / core capabilities
 - ‘Every channel’ offer
- Relentless & consistent focus on delivering
 - A compelling customer offer – the ‘one stop shop’
 - A strong ‘every-channel’ proposition – anywhere, anytime, anyhow
 - An engaged team focused on providing great service
 - Strong relationships with stakeholders – customers, suppliers, community
 - Sustainable satisfactory returns to shareholders



Financial performance

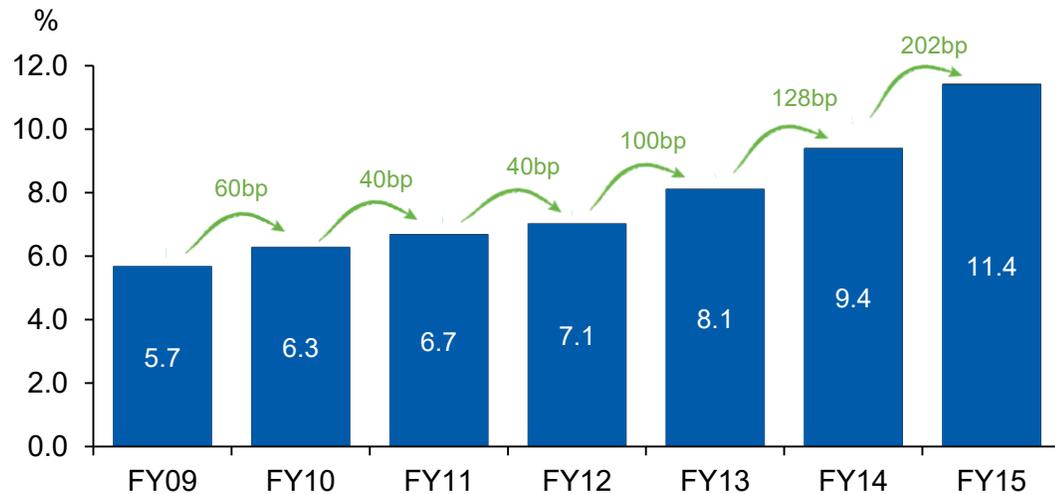
Headline Sales



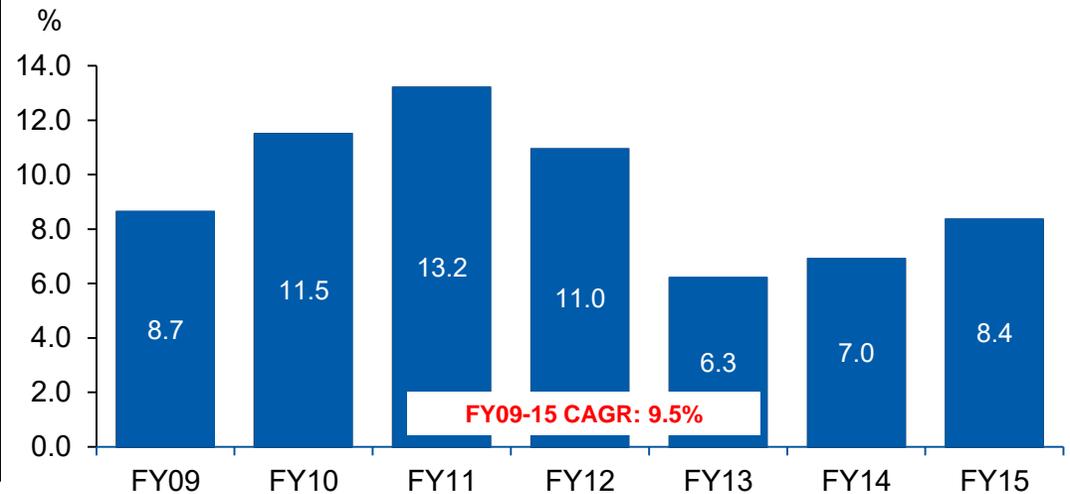
Earnings before Interest & Tax



Return on Capital



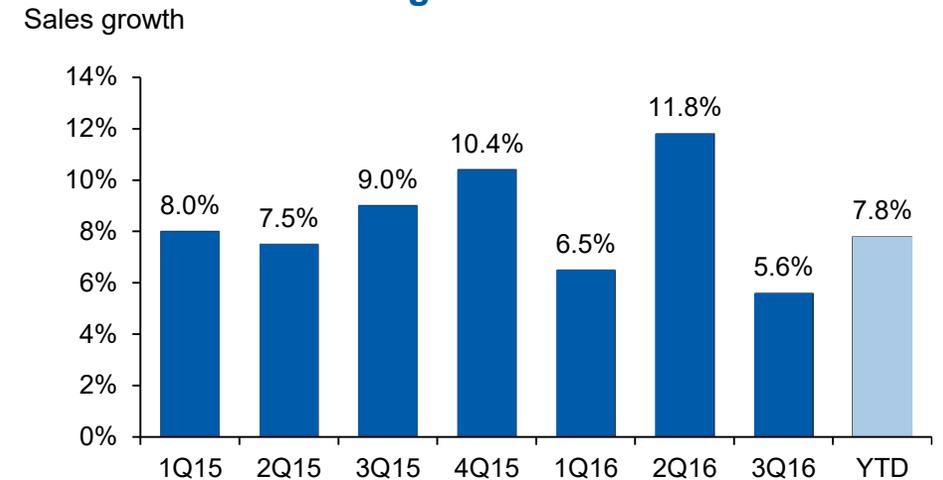
Headline Transaction Growth



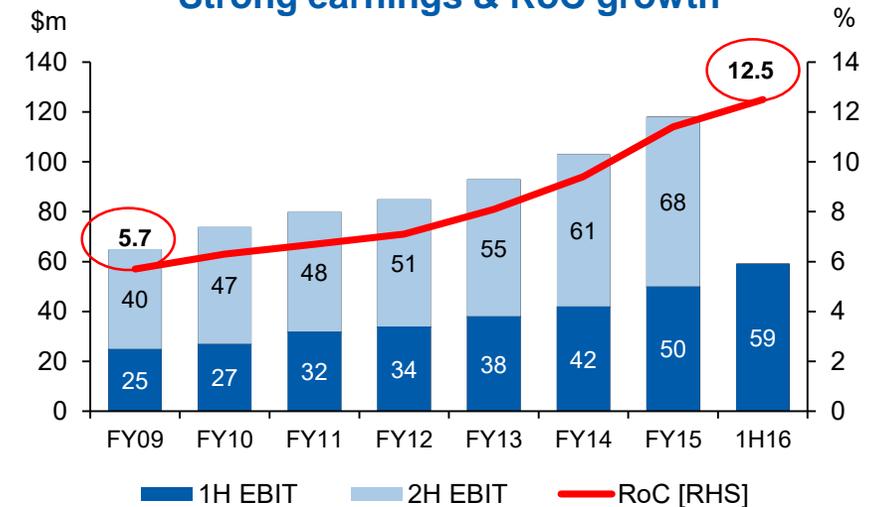
Financial performance

- 3Q16 sales growth of 5.6%, 7.8% YTD¹
 - Store sales growth maintaining momentum
 - » 16 consecutive halves of store transaction growth
 - » Five new stores opened YTD
 - Annualised online² sales c. \$300 million
 - ‘Every Channel’ investment continues to resonate
- 1H16 performance
 - EBIT growth of 18.0%
 - RoC (R12) = 12.5%
 - » Uplift of 202bps on pcp (growth of 19.2%)

Sales growth momentum

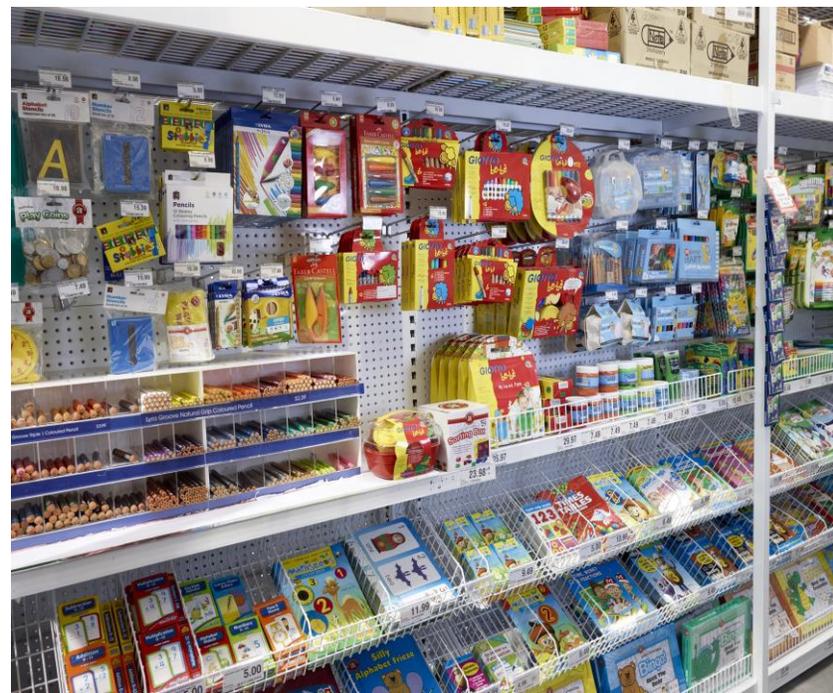
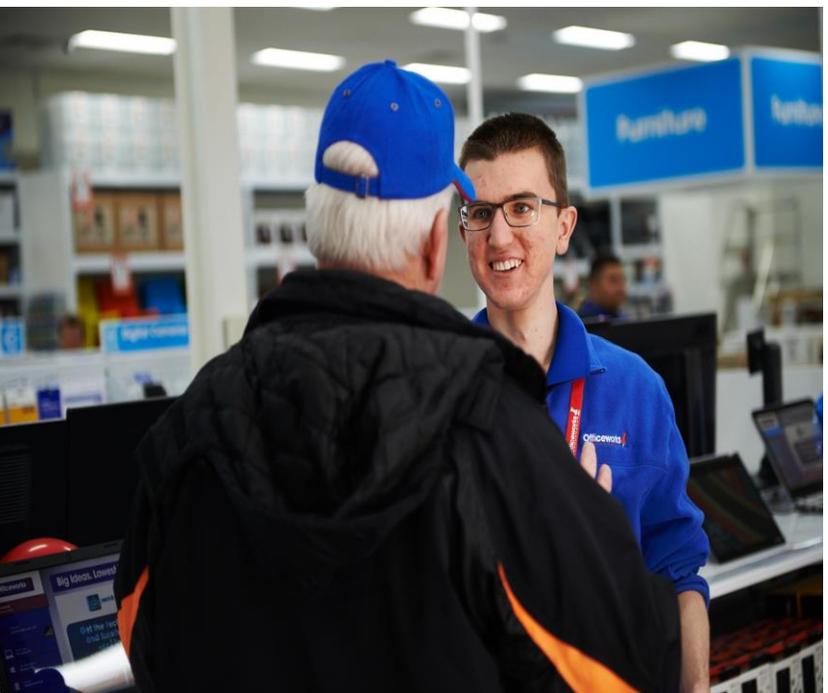


Strong earnings & RoC growth



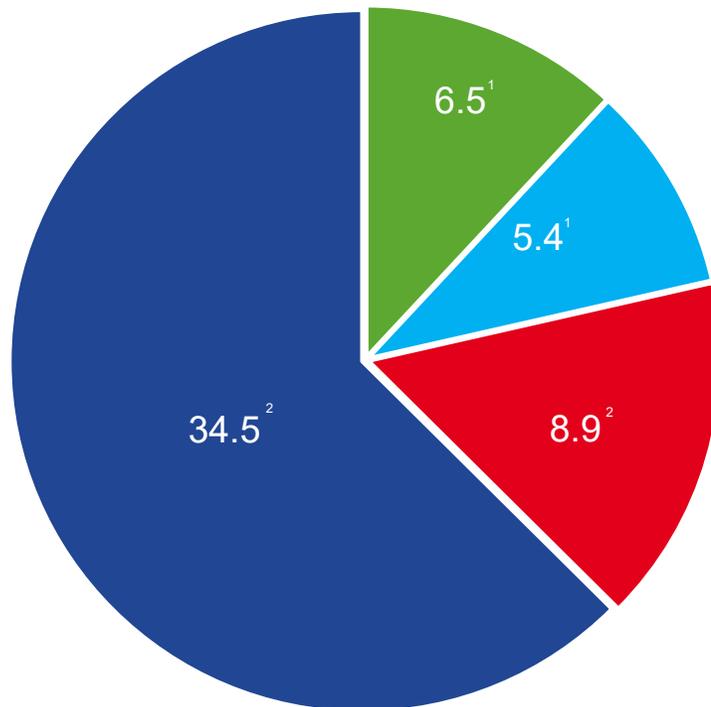
¹ As at 31 March 2016

² Includes website & call centre sales



Market overview

Growing addressable market (\$ billion)



- Office Products Market – Core**
(Writing Instruments, Paper, Computer Consumables, Business Machines, Filing, Labels, Envelopes, Pads & Books)
- Office Products Market – Non-Core**
(Catering & Cleaning, Office Furniture, Printing & Digital Services, Packaging, Work Wear & Safety)
- Information, Communication & Technology Market**
(Desktop & Laptop Computers, Tablets, Software & Network Suppliers, Telecommunication Supplies)
- Product & Service Adjacencies / Extensions**
(Postal & Courier Services, Managed Tech Services, Education Supplies, etc.)

Addressable Market > \$55 billion

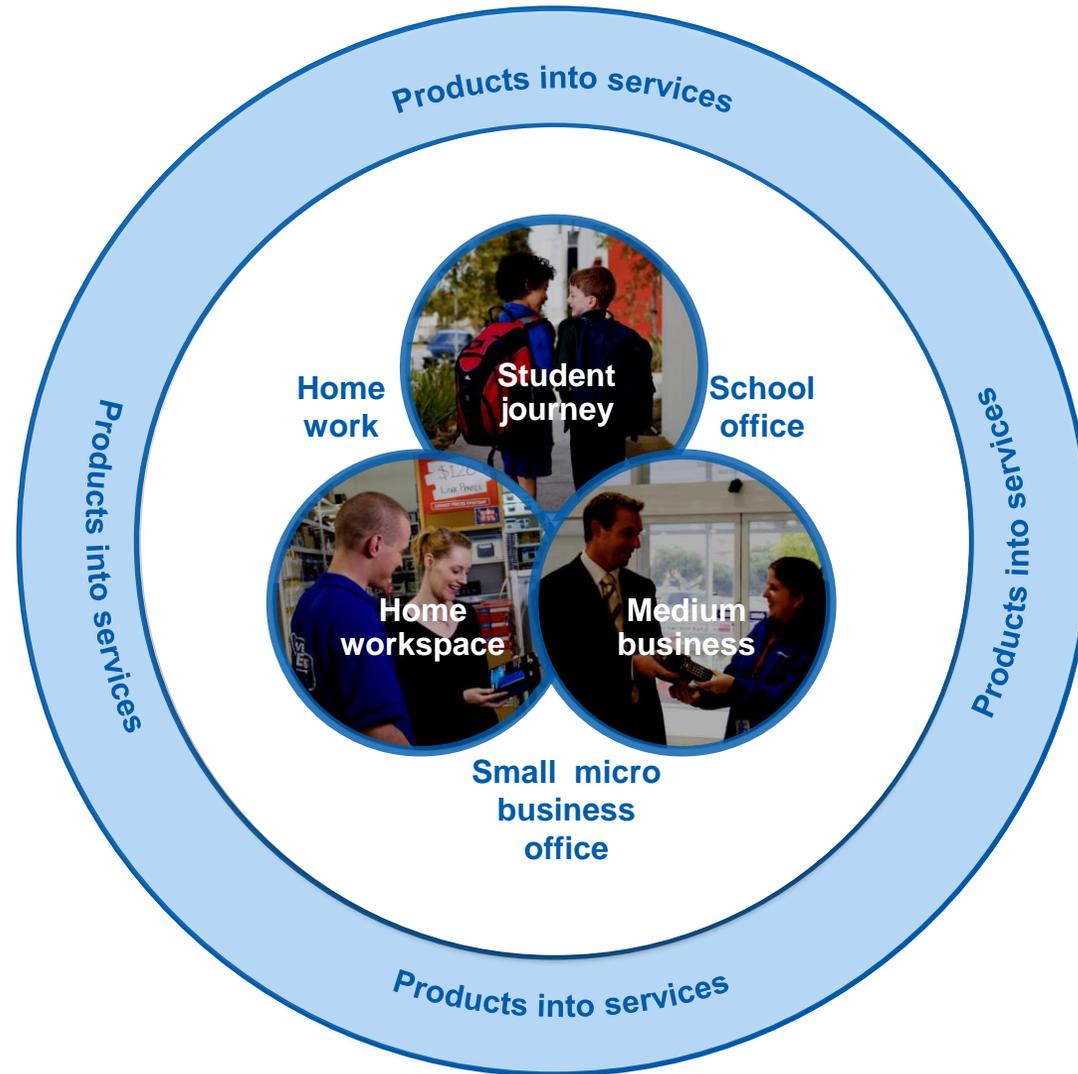
¹ Penfold Research's Office Products in Australia, Market Update Report, 2015

² Officeworks estimate, 2016

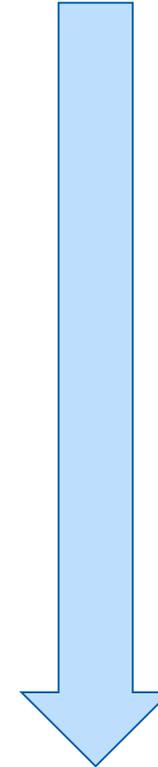
Competitors by customer segment



Customer offer



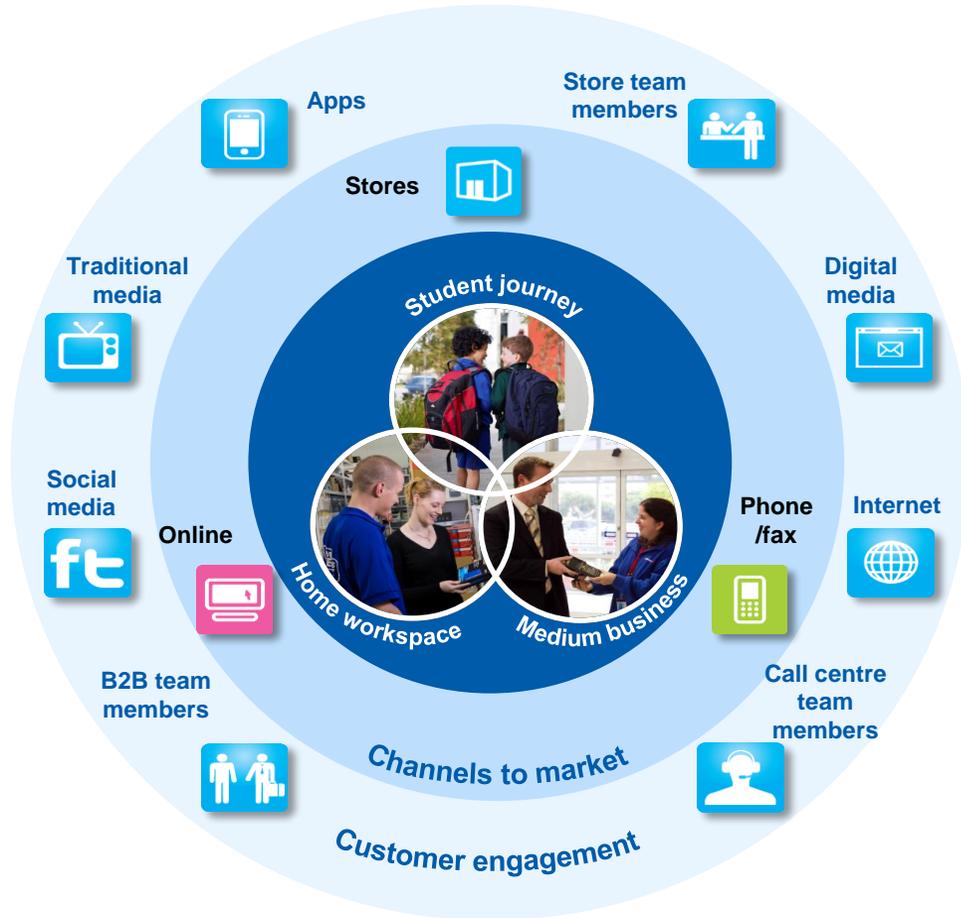
DIY
'Do it yourself'



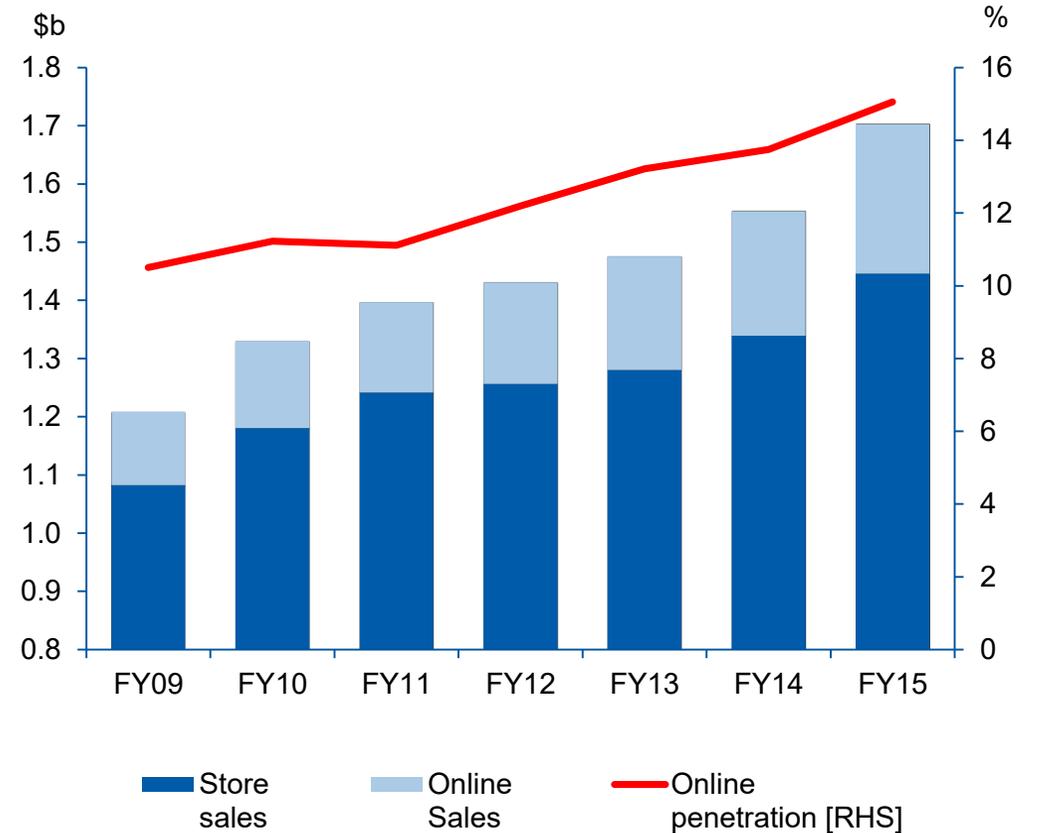
DIFM
'Do it for me'

'Every channel' strategy

Every channel



Sales growth in stores & online¹



¹ Excludes Harris Technology. Online includes website & call centre

Our strategic agenda



Strengthen & expand the customer offer

- Rollout new / expanded ranges
 - Learning aides, educational resources, art, home / office automation, 3D print, etc
 - Exclusive international brands (e.g. Jonathon Adler)
 - National & private brands
 - Expand non-core categories
- Continue to add inspiration, innovation & differentiation
 - Enhance choice by adding ‘want’ to ‘need’
- Strengthen position in furniture
- Continuing investment in value to deliver lowest prices
- ‘Every channel’ investment & reinvestment



Extend our 'every channel' reach

Expanding the store network

- 5 - 7 new stores per annum
- Refine the CBD store concept
- Regional expansion
- Alternative store formats

Enhancing the online experience

- Make it easy for customers
- Improved mobile experience
- Enhanced information / recommendations

Growing presence in the B2B market

- More account managers on the road & in-store
- Extending same day delivery into regional markets

Clicks & Bricks working together

- Seamless experience
- 'Click & collect' ~20% of online orders
- In-store kiosk
 - Buy online, pay in-store

Embed great service in every channel

- Making it easier for customers to shop through 'every channel'
 - New point of sale system (incl. mobile POS)
 - New self-serve print & copy offer
 - New in-store online ordering kiosk
 - Improved online offer (incl. mobile)
 - Improved 'click & collect' offer
- Making it easier for our team to provide great service
 - Additional service hours through ongoing task reduction & process efficiencies



Do things better

Working Capital Improvement

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

Improve Space Utilisation

- Disciplined range review process
- Optimised in-store layouts
- Add / expand categories

Improve CODB & Productivity

- Reduce non-value adding tasks
- Supply chain enhancements
- GNFR focus

Refresh / Reshape the Store Network

- Ongoing investment in layout & design
- Disciplined store assessment

Invest in talent, diversity & team safety

- Ongoing investment in leadership development programs
- Continue to enhance the diversity of the team
 - Optimise recruitment practices
 - Identify & prepare future leaders
 - Build Indigenous engagement
- Rigorous approach to safety behaviours & outcomes
 - Ongoing task specific safety campaigns
 - Data driven decision making to take the next step in reducing AIFR¹

¹ All Injury Frequency Rate



Make a positive difference in the community

Responsible Sourcing

- Committed to highest sourcing standards
- Sedex¹ membership for international & local suppliers - good progress being made
- > 75% of private label paper products FSC certified or recycled



Environment

- Retro-fitting LED lighting in stores
- Six million ink & toner cartridges recycled to-date
- Clean Up Australia volunteering & sponsorship

Community Partnerships

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

¹ Supplier Ethical Data Exchange

Improve & increase value-adding services

- Creating a compelling point of differentiation
 - One stop shop
 - Supporting products with complementary services
- Ongoing enhancement in print & copy offer
- Drive awareness & repeat transactions for Mailman
- Deliver services to help customers to start, run & grow their business



Outlook

- Continue focus on disciplined execution of strategic agenda
 - Driving 'every channel' improvement
 - Providing customers with a compelling offer – 'one stop shop'
 - Delivering great customer service through an engaged team
 - Providing best value
 - Building strong relationships with stakeholders
- Variable trading conditions to continue
 - Customer & business confidence expected to remain subdued
 - Competitive pressure expected to remain strong



Q&A – Officeworks

Mark Ward
Managing Director, Officeworks

Michael Howard
Chief Financial Officer, Officeworks



Industrials

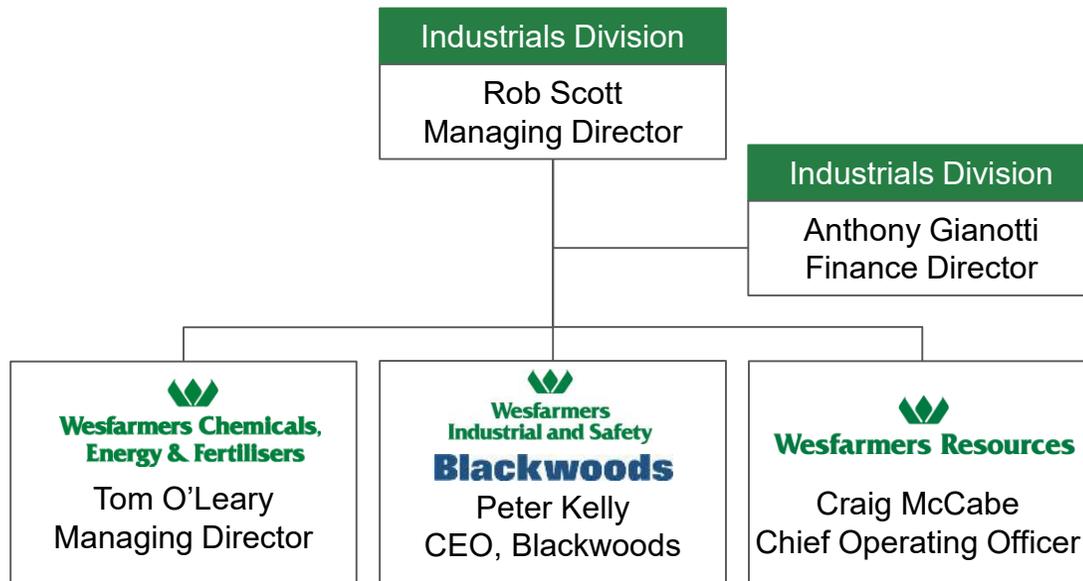
Rob Scott
Managing Director, Industrials



Increasing the focus on the Group's industrial businesses

Leadership & governance

- Retain operational autonomy & focus in three businesses
- Leverage insights & capabilities in talent, safety, sustainability & business development



Focus on shareholder value creation

- Improving ROC in existing businesses
- Addressing areas of financial underperformance
- Focusing on cost & productivity
- Strong capital discipline
- Generating new revenue streams
- Evaluating growth opportunities

Delivering improvements in safety

- Focused on improving health, safety & environmental performance across Industrials
- **Chemicals, Energy & Fertilisers:** Ongoing safety improvements & continued environmental focus
- **Industrial & Safety:** Improvements in both LTIFR & TRIFR
- **Resources:** No lost time injuries in the 20 months to 31 May 2016

	LTIFR ¹		TRIFR ²	
	May 2016 (R12)	May 2015 (R12)	May 2016 (R12)	May 2015 (R12)
WesCEF	2.6	2.2	6.2	6.5
WIS	1.4	2.7	8.0	11.3
Resources (ex Bengalla)	0	0.3	4.5	4.2

¹ Lost Time Injury Frequency rate

² Total Recordable Injury Frequency rate

Industrial & Safety

Rob Scott
Managing Director, Industrials



The WIS portfolio – building a platform for growth

Before

Blackwoods	Safety specialists	Industrial Specialists	Workwear Group

After



Industrial Gas



B2B industrial & safety supplier

Workwear & uniforms

Drivers for change

Performance

- EBIT & ROC decline since peak in FY12
- Weak sales & margin in specialist businesses

Market

- High exposure to large mining & heavy industrial customers
- Reduction in industrial capex & move from build to operate
- Customer focus on cost management & procurement efficiencies

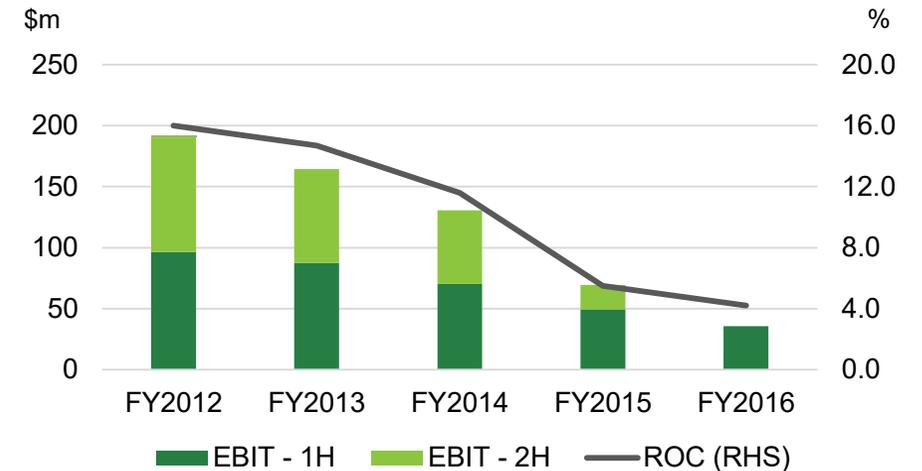
Business model

- Complex business model with 14 separate & sub-scale businesses
- Limited customer service insights
- Gaps & duplications in product range
- Opportunities to improve pricing & margin management

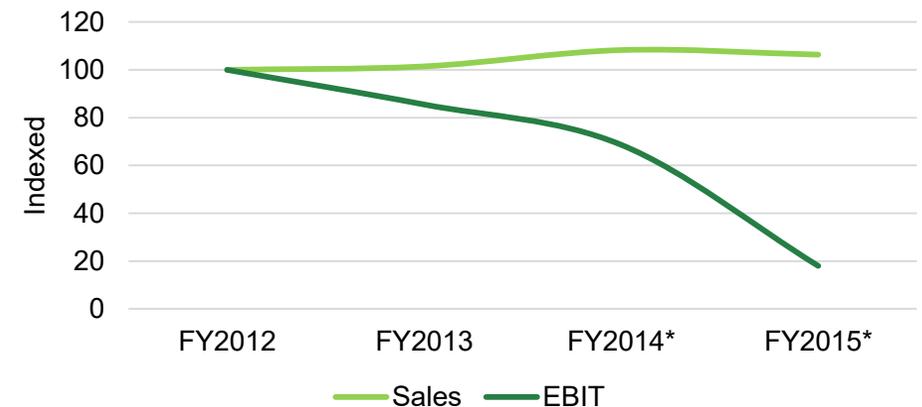
Capabilities

- Under-developed sourcing & category management capabilities
- Opportunities to improve digital, telephony sales & service platforms
- Limited new business focus beyond national key accounts

WIS EBIT & ROC



Specialist & Services Sales & EBIT

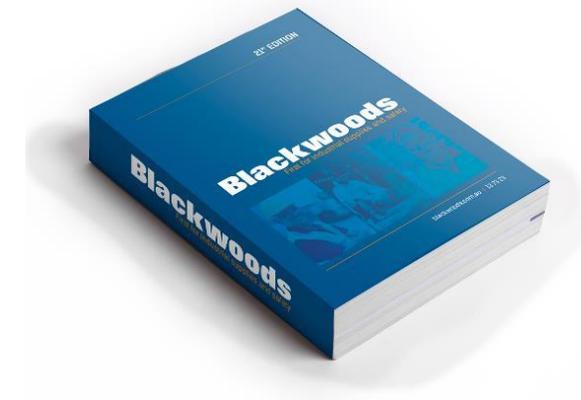
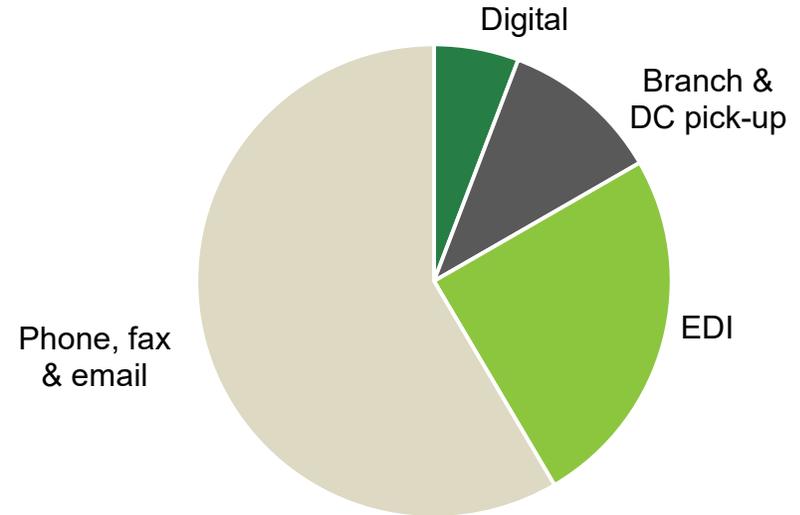


* Includes Greencap, acquired in November 2013

Simplifying Blackwoods Australia – a more customer-centric business

- 5 brands consolidated into the new Blackwoods
 - 17 branch & 7 DC mergers
 - Leverage national merchandising & supply chain capabilities
 - Approximately 600 FTE reduction
 - Reduce complexity in operations, structure & brand
- Eliminate internal competition & duplication
- Increased focus on customers' needs & channels to market
- Foundations set to create a strong platform for future growth

Sales by channel (May 2016, R12)



Case study – Our safety specialist offer

Provides customers with tailored products & technical support

New

11,000+

7,000+

Technical support

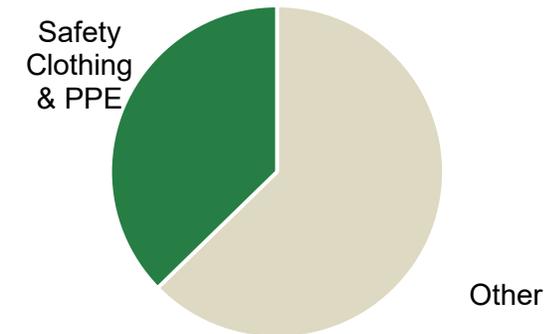
Consolidating spend

'Assess, train, equip'

- Blackwoods safety catalogue
- Preferred products
- Own brand products including custom-made products to suit customers' needs
- 12 safety specialists who provide advice to customers via email, phone, and/or on-site
- General & customer-specific product guides
- Cross-sell across all categories
- Enable customers to consolidate their MRO spend
- Assess – risk management, workplace monitoring, PPE fit for purpose assessments & customer audits
- Train – PPE usage, equipment selection & maintenance, safety programs
- Equip – fit for purpose selection advice, after sales expertise & support

More than 50% of sales to safety customers are in other categories

Safety customers – sales by categories (May 2016 R12)



EYE & FACE PROTECTION SELECTOR GUIDE

Protective devices do not provide unlimited protection. This information is intended to assist in identifying and selecting the types of eye and face protection that are available. Their capabilities and limitations for the hazards listed. This guide is not intended to be the sole reference in selecting the proper eye and face protection.

HAZARD	PRIMARY PROTECTION	SECONDARY PROTECTION
IMPACT - CHIPPING, GRINDING, MACHINING, MASONRY WORK, BIVETING, & SANDING Flying fragments, objects, large chips, particles, sand, dirt, etc.	Safety glasses Positive Seal Safety glasses (PSS)	Face shield worn over spectacles or goggles (Clear Protection)
HEAT - FURNACE OPERATIONS - POURING, CASTING, HOT DIPPING, GAS CUTTING, & WELDING Hot sparks	Goggles with direct or indirect ventilation Positive Seal Safety glasses (PSS)	Safety glasses
Splash and irritating mists High temperature exposure	Goggles with direct or indirect ventilation Goggles with indirect ventilation level up or cover face	Positive Seal Safety glasses (PSS) Safety glasses To be worn under the Face Shield
CHEMICAL - ACID AND CHEMICAL HANDLING, DEGREASING, PLATING Splash and irritating mists	Goggles with indirect ventilation level up or cover face Face shield worn over spectacles or goggles	Safety glasses Positive Seal Safety glasses (PSS)

IMPACT PROTECTION RATING	SAFETY GLASSES & GOGGLES	FACE SHIELDS & VISORS
High Impact and Very High Impact is applicable to most only. Vision use the only available products that can be used for the level of protection. Face shields can be worn over spectacles or goggles to provide dual protection.	MEDIUM IMPACT Tested for impact on an oval or side oval 42mm.	HIGH IMPACT Tested for impact on an oval or side oval 42mm.

ASSESS TRAIN EQUIP

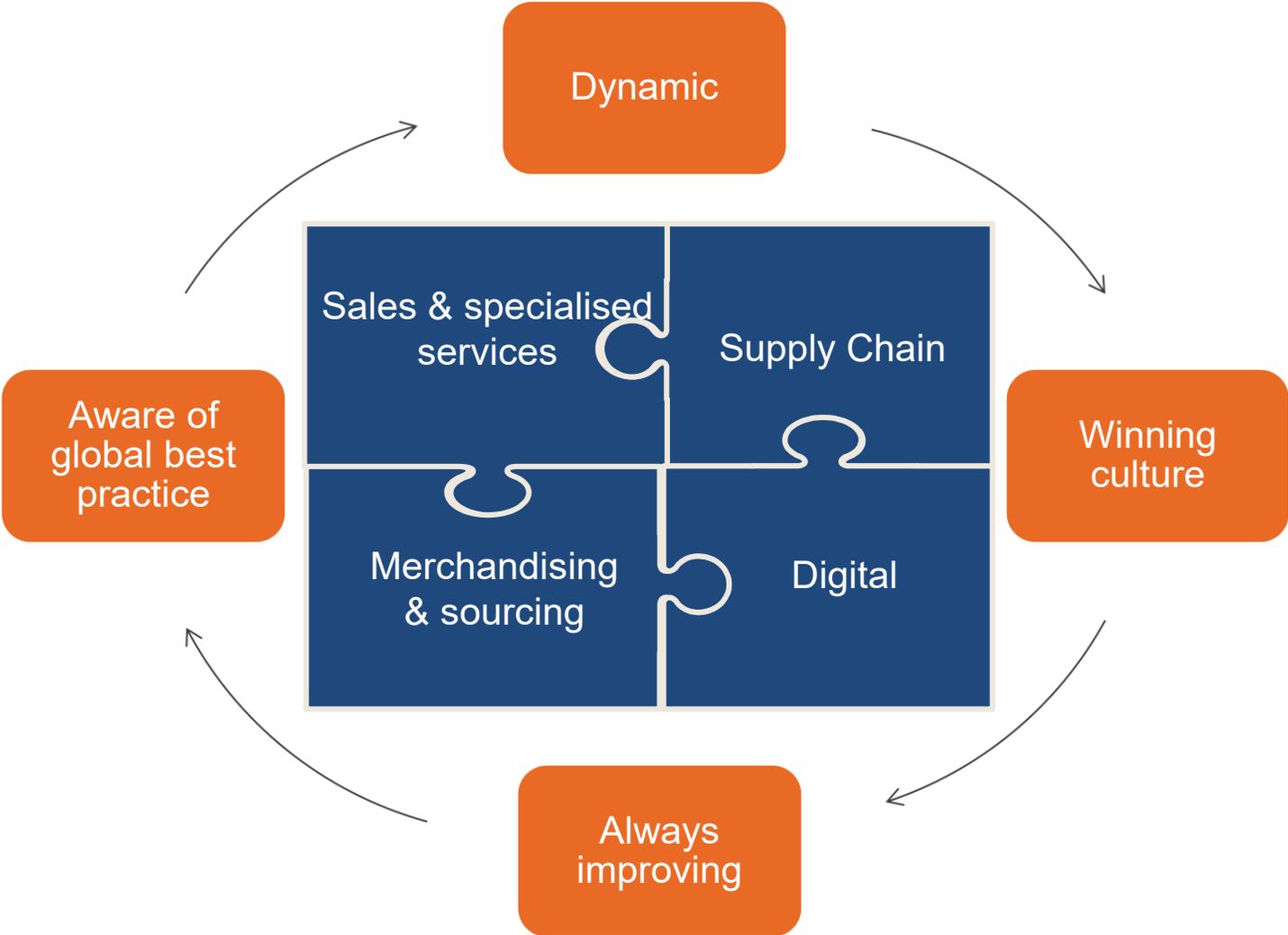
HAZARD	PRIMARY PROTECTION	SECONDARY PROTECTION
DUST - WOODWORKING, BUFFING, GENERAL DUSTY CONDITIONS Nuisance dust	Goggles with direct or indirect ventilation	Respiratory conditions and the restricted ventilation of a protector can cause lenses to fog. Respiratory clearing may be required.
OPTICAL RADIATION Welding - Electric Arc Standard Welding helmet or Electro-trolic Version	Welding helmet over spectacles or goggles	Positive Seal Safety glasses (PSS)
Welding Gas Standard Welding helmet or Electro-trolic Version	Welding goggles	Positive Seal Safety glasses (PSS)
Cutting	Welding helmet over spectacles Welding goggles	Positive Seal Safety glasses (PSS)
Teach brazing and or soldering	Welding goggles	Positive Seal Safety glasses (PSS)
Sun Glare	Safety Glasses offering Sun Glare protection	

Blackwoods SAFETY

137323 / blackwoods.com.au

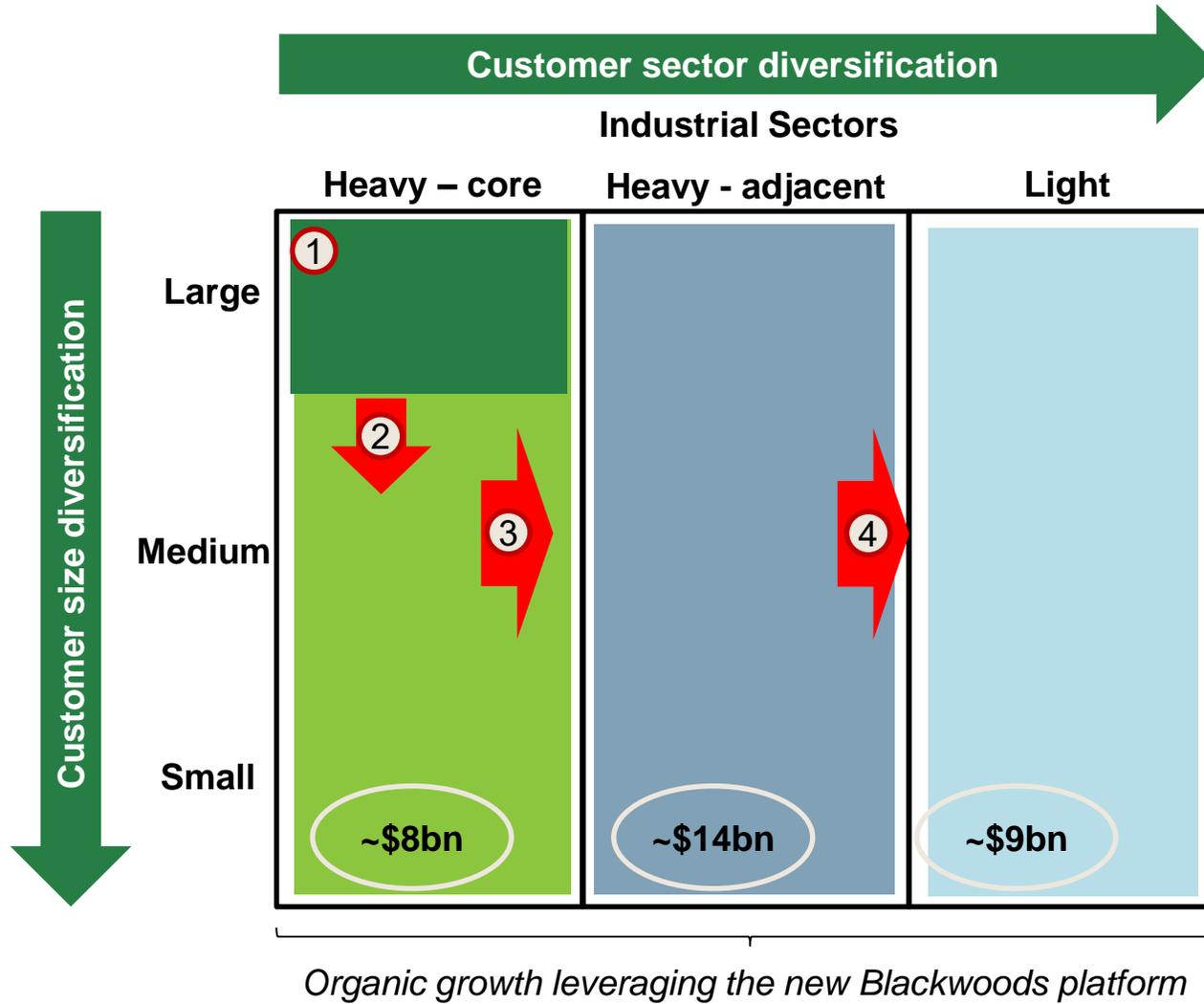
The new Blackwoods – a more customer-centric & competitive platform

Focusing on the areas that deliver value to our customers & strengthen our competitive position



Growth strategy

The addressable market for the new Blackwoods platform is ~\$31 billion



Growth opportunities

- ① Sell existing (& new) products to existing customers
- ② Grow medium customer base in core Heavy Industrial markets
- ③ Grow customer base & penetration of adjacent markets
- ④ Leverage core Blackwoods platform to grow 'Light' sectors

Turnaround New Zealand & Workwear Group & grow Coregas

NZ Safety Blackwoods

- Similar challenges in New Zealand driving transformation
 - New brand leverages market leadership in safety while enabling expansion across new categories
 - 33 branch consolidations & renewals
 - New integrated merchandising range
 - New digital platform & trading app

WORKWEAR GROUP

- Australia's largest provider of industrial & corporate workwear
- Underperforming in industrial wear
- Shifting focus from integration to turnaround
 - New leadership teams including a new GM
 - Reducing complexity & improving speed to market
 - Improving range & pricing architecture
 - Results-driven culture

coregas

- Fastest growing national industrial gas distributor
- Establishing multiple channels to serve customers of all sizes
 - **Blackwoods gas** – a robust channel to serve large customers
 - **Trade N Go gas** – a unique offer for the 'Trades' market, partnering with Bunnings
- Continuous improvements in sales & supply chain processes & competencies

Industrial & Safety outlook

- Market conditions in traditional industrial customer segments expected to remain challenging in the near term
- Continue implementation of the new Blackwoods platform
 - 
 - Continue to grow share in core markets & extend into adjacent segments & mid-market
 - Improve specialist offer through the right range at the right price & value-add solutions & services
 - Improve category management & sourcing capabilities
 - Lower sourcing costs & grow strategic supplier relationships
 - Complete DC integrations
 - Continuous improvements in supply chain capabilities
 - Develop & launch new digital capabilities
- ‘Fit for Growth’ to unlock the cost & efficiency benefits of a consolidated platform
 - One-off restructuring costs of approximately \$35 million in FY16
 - ~\$35 million annualised cost savings with ~\$20 million achieved in FY16
 - Some cost savings to be reinvested in improving capabilities

Chemicals, Energy & Fertilisers

Rob Scott
Managing Director, Industrials



Business overview

Chemicals



Ammonium nitrate



Ammonia



Sodium cyanide



PVC / Specialty chemicals / Decking

Fertilisers



Chemicals, Energy & Fertilisers

Energy



LPG / LNG



Natural gas / Electricity



Oil & Gas

Chemicals

Significant improvement in earnings & ROC following successful capital investments programs

Business	Current environment	Strategies
  (50%)	<ul style="list-style-type: none"> • Lower global ammonia prices • Growing WA EGAN market • WA AN market over-supply from FY17 • AN business underpinned by contractual offtake 	<ul style="list-style-type: none"> • Continue to maximise plant operating capacity & minimise unit cost • Optimise AN returns through: (1) contract extensions, (2) new volumes in growing EGAN market, (3) export capability, & (4) fertilisers volume diversion
 (75%)	<ul style="list-style-type: none"> • Increasingly competitive global market • Strong competitive advantage in domestic market 	<ul style="list-style-type: none"> • Optimise sales mix • Improve plant yields & maximise production
	<ul style="list-style-type: none"> • Closure of PVC manufacturing in Laverton 	<ul style="list-style-type: none"> • Transitioning to import trading model in 2H16 • Increasing focus on technology & marketing in Modwood

Consecutive recent strong harvests driving solid results in Fertilisers

Business



Current environment

- Solid farm production outlook
- Evolving distribution model & changing channels to market
- Strong relationships with growers in increasingly competitive market
- Earnings dependent on seasonal break & timing of nitrogen application
- Return to normal seasonal conditions expected

Strategies

- Strengthen channels through supporting agents
- Expand direct service capabilities
- Ongoing product innovation
- Continuing investment in service offerings

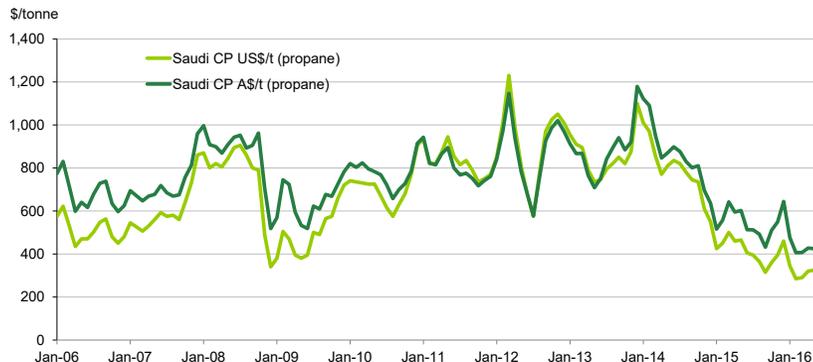
Services offering



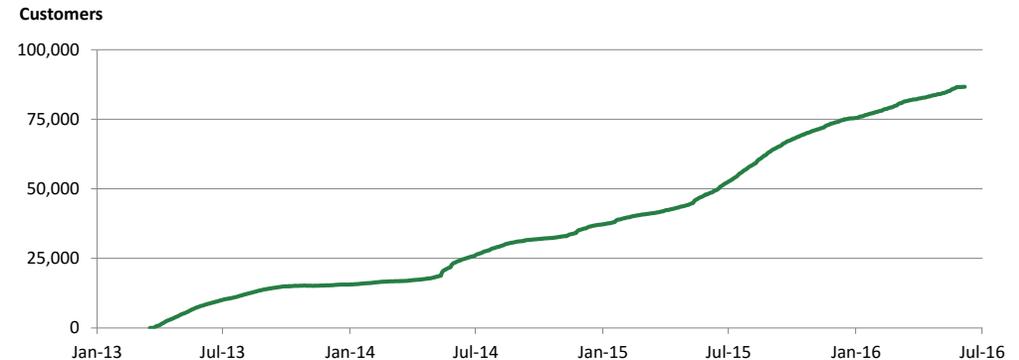
Growing relevance of natural gas & electricity earnings

	Current environment	Strategies
LPG & LNG  	<ul style="list-style-type: none"> Challenging low energy price environment Declining LPG market 	<ul style="list-style-type: none"> Continue to lower costs of doing business & raw materials inputs
Natural gas & electricity 	<ul style="list-style-type: none"> Growing market share & profitability in natural gas retailing business 	<ul style="list-style-type: none"> Continue to grow market share in natural gas retailing Prepare for Full Retail Contestability in the WA electricity market

Saudi CP remains relatively low



Strong growth in Natural Gas retail customers

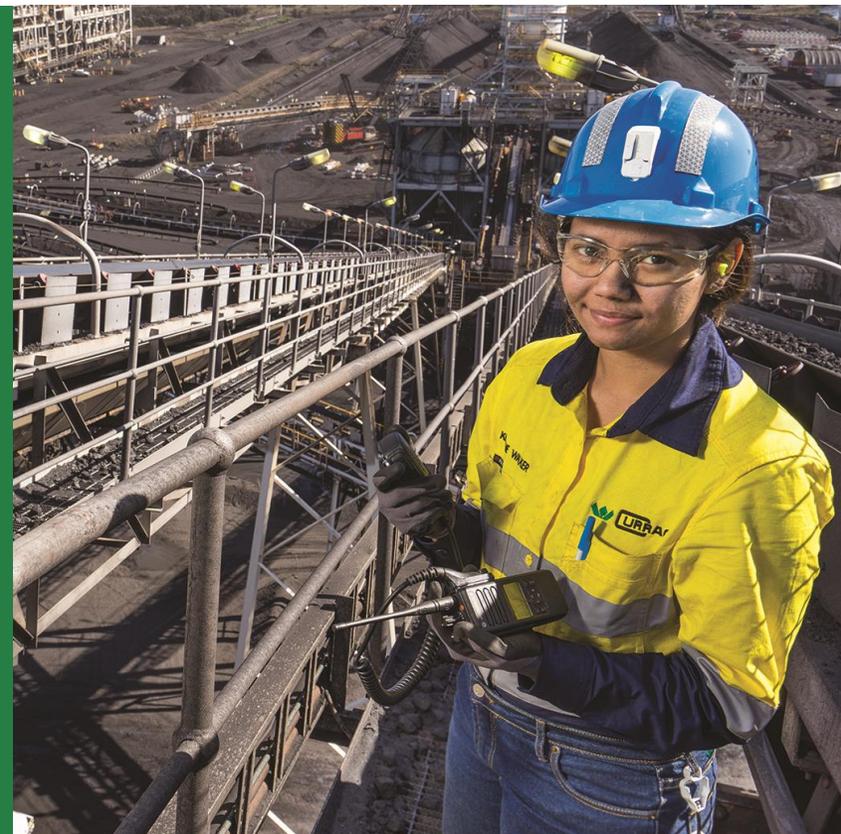


Chemicals, Energy & Fertilisers outlook

- Recent capacity expansions & favourable seasonal conditions for fertilisers support strong expected result in FY16
- Expect a return to normal seasonal conditions & more subdued divisional earnings growth in FY17 & beyond
- Performance continues to be dependent on international commodity prices, exchange rates & seasonal outcomes

Resources

Rob Scott
Managing Director, Industrials



Two world-class coal mines

Curragh

- 100% equity interest (QLD)
 - Metallurgical coal for offshore steel-making
 - Steaming coal for domestic power generation
- Lowest quartile of Australia Free on Board (FOB) cash costs excluding Stanwell Corporation obligations
- Stanwell Corporation obligations expire in approximately 2025
- Coal exported through RG Tanna & Wiggins Island Coal Terminal ('WICT')
 - 1.5mtpa or 7.5% of take-or-pay obligations through WICT
- 49% investment IRR to date

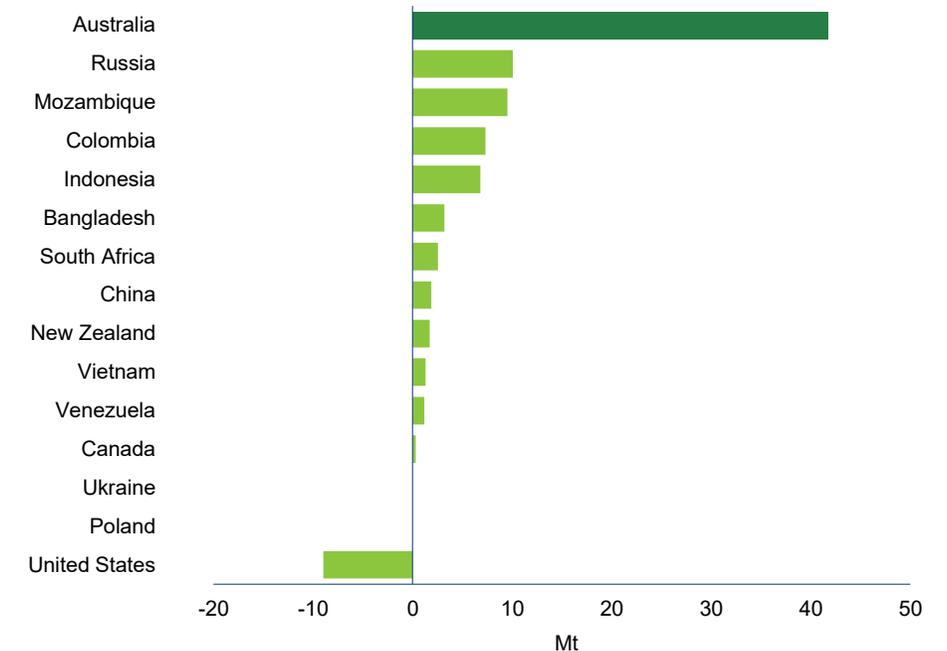
Bengalla

- 40% equity interest (NSW)
 - Export steaming coal for Asia
- Lowest quartile producer
- Management change in FY16 following New Hope Group's acquisition of Rio Tinto's 40 per cent interest in Bengalla
 - Internalisation of management functions at Bengalla Mining Company now complete
- Operating at 10.7mtpa ROM capacity

Metallurgical coal market update

- Spot price volatility is being driven by fluctuating Chinese import demand & trader speculation
 - Chinese policy intervention has increased short-term steel demand
 - Volatility & uncertainty expected to continue
- Market over-supply expected to continue in the short-to-medium term
- Australia is expected to capture the majority of future metallurgical coal demand growth

Australia to capture majority of demand growth Metallurgical coal exports (2016–2035)

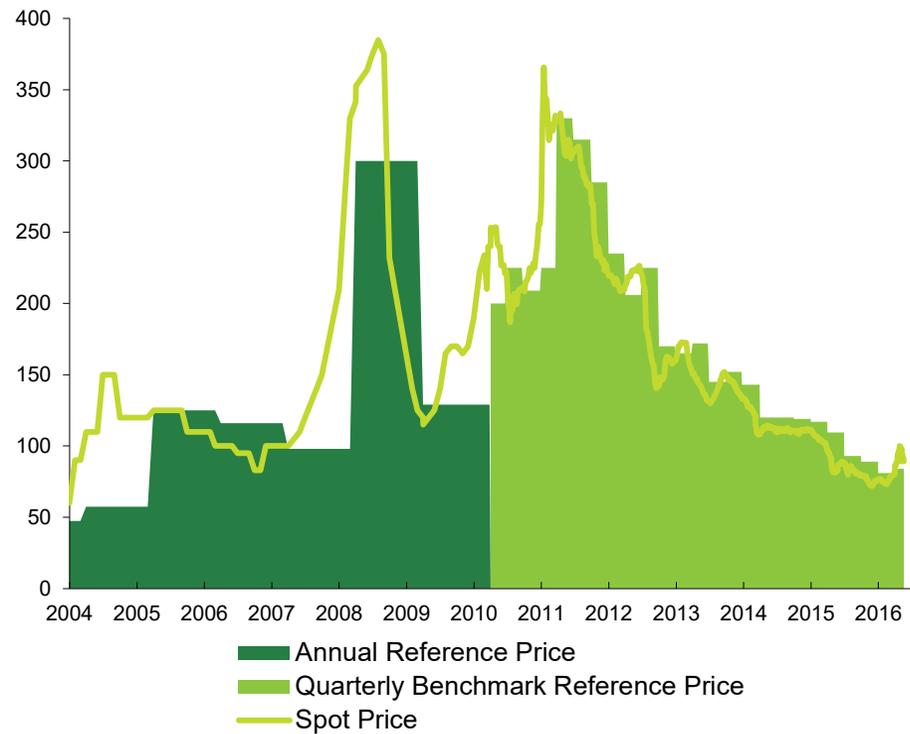


Source: Wood MacKenzie Coal Market Services

Australian export coal market prices

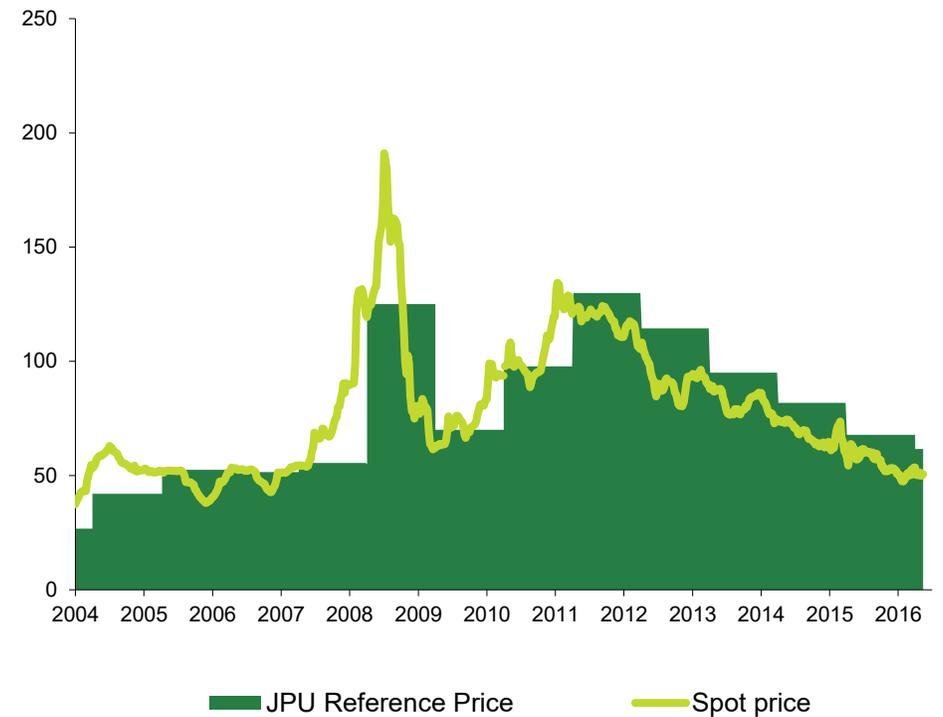
Australian export metallurgical coal market prices

US\$/tonne (nominal) FOB Australia (annual verse spot)



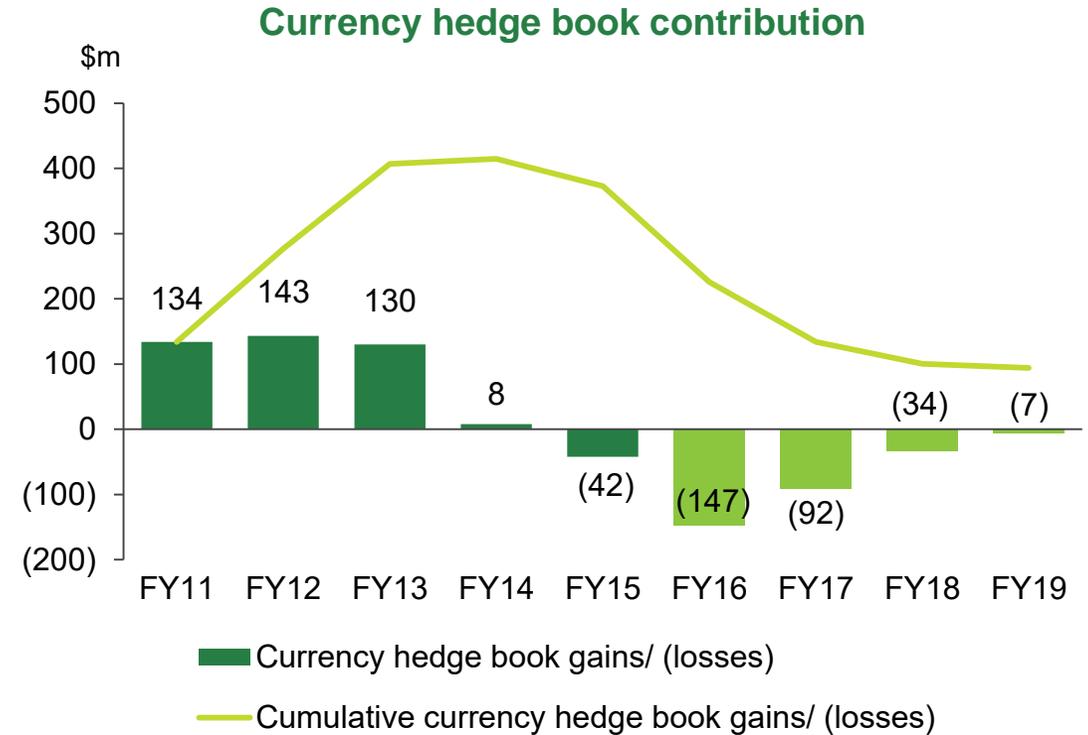
Australian export steaming coal market prices

US\$/tonne (nominal) FOB Australia (annual verse spot)



FX hedging profile

- Historical materiality of Resources' contribution to Group earnings supported FX hedging
- Forward points (AUD:USD interest rate differential) previously contributed to FX gains
- During FY16, reduced hedge book size as AUD depreciated & interest rates converged
- Hedges now fully closed out, in line with major Australian coal competitors
- Locked in the following existing exposures
 - FY17: (\$92m)
 - FY18: (\$34m)
 - FY19: (\$7m)



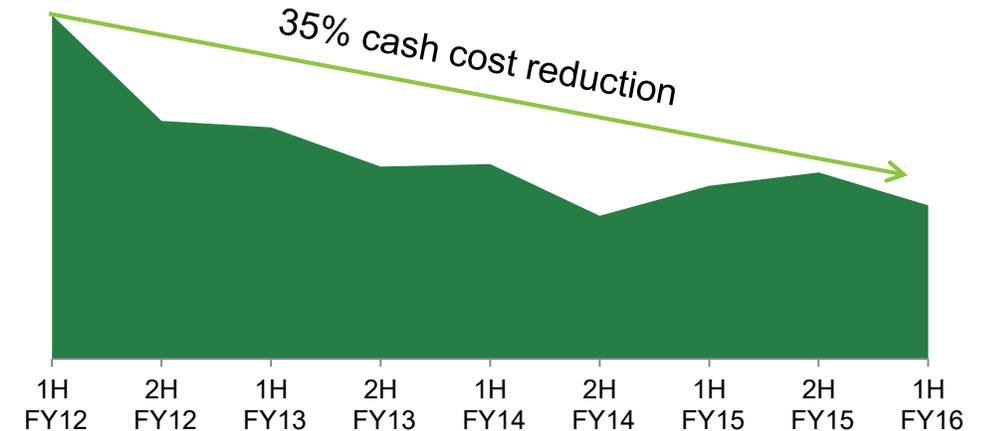
Reinforcing cost & capital discipline

- Brisbane office restructure implemented in June 2016, reducing corporate support FTEs by 30 per cent

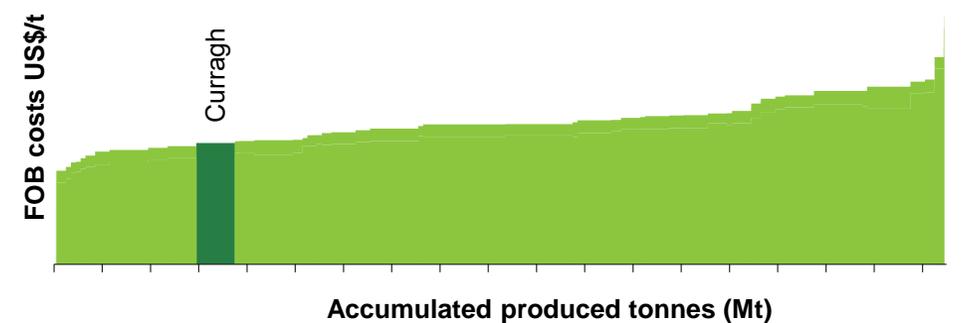
Curragh Expert Panel Review commissioned in Q3 FY16

- An intensive mining process, productivity & market utilisation review was undertaken based on global mining best practice
- Identified a number of potential opportunities
- Further detailed work, including a life of mine plan, is underway to validate opportunities
- Benefits to be realised over next three years
- Initial realisation of identified benefits to commence in 2H17

Curragh cash costs per tonne (excl. carbon tax)



HCC mines – relative unit FOB cash costs



Source: AME

Resources outlook

- Export market conditions expected to remain challenging in the near term
- Curragh's coal supply obligations to Stanwell will continue to impact earnings whilst low export prices prevail
- Short-term overcapacity in thermal coal continues to impact current pricing
- Continue strong focus on operational productivity, cost control & capital discipline
- Curragh's production volume in the second half will be significantly lower as a result of a number of wet weather events that restricted operations at the mine
 - Metallurgical coal sales volume for FY16 is forecast to be approximately 7.5 million tonnes
- Curragh impairment charge expected to be at the upper end of the \$600m to \$850m (pre-tax) range announced in May 2016, based on current market coal price forecasts
- Curragh impairment will reduce FY17 depreciation & amortisation by approximately \$90m

Q&A - Industrials

Rob Scott
Managing Director, Industrials

Anthony Gianotti
Finance Director, Industrials

Tom O'Leary
Managing Director, Chemicals, Energy & Fertilisers





Wesfarmers