

# ASX CEO Connect Conference

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**Wesfarmers**



# Our primary objective

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**Wesfarmers' primary objective is to provide a satisfactory return to shareholders**

***We believe it is only possible to achieve this over the long term by:***



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Anticipating the needs of our customers & delivering competitive goods & services



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Looking after our team members & providing a safe, fulfilling work environment



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Engaging fairly with our suppliers & sourcing ethically & sustainably



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Supporting the communities in which we operate



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Taking care of the environment



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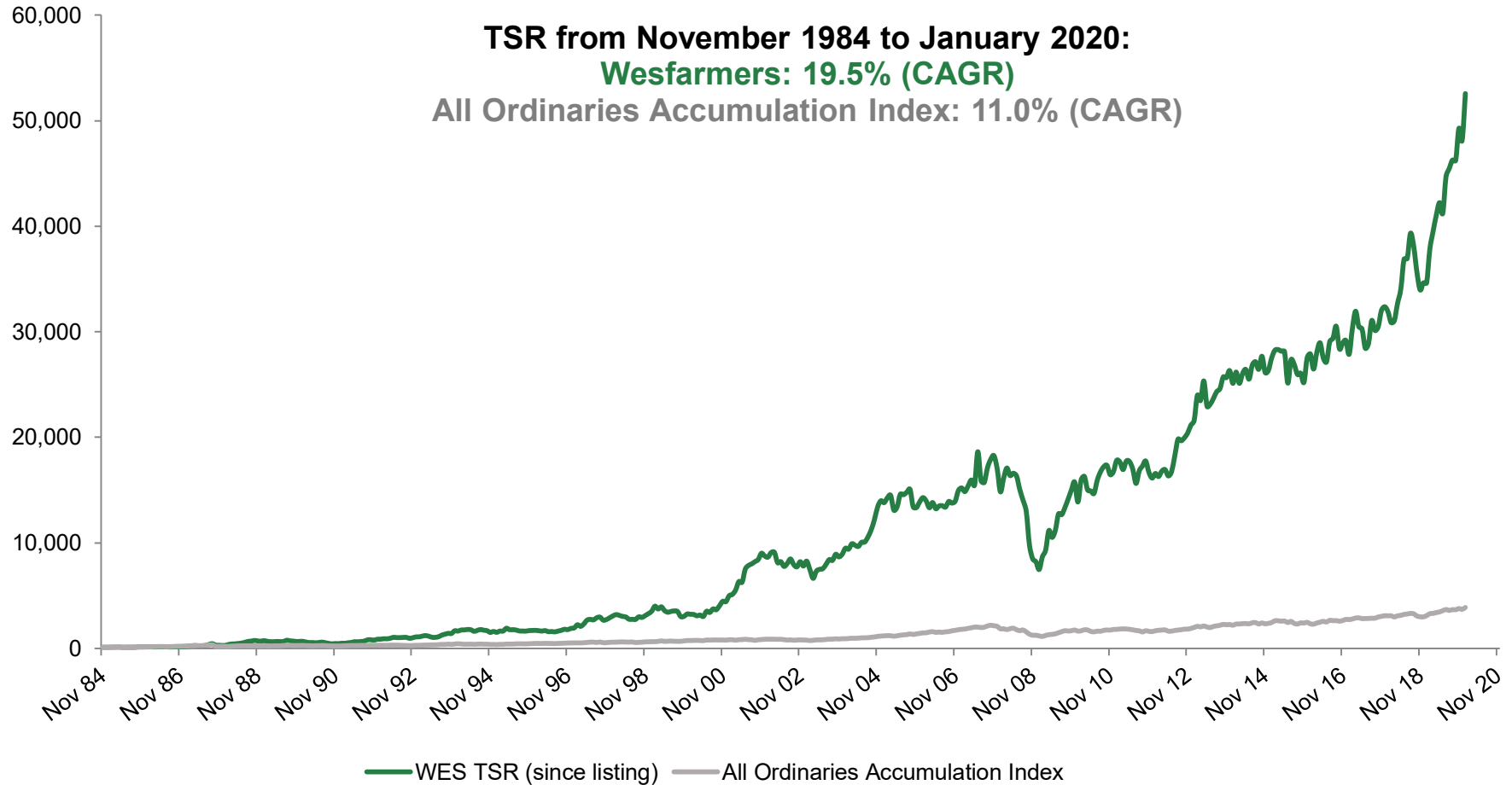
Acting with integrity & honesty in all of our dealings

# Superior long-term financial performance

TSR Index  
(November 1984 = 100)

## Total Shareholder Return<sup>1</sup>

TSR from November 1984 to January 2020:  
**Wesfarmers: 19.5% (CAGR)**  
All Ordinaries Accumulation Index: 11.0% (CAGR)



1. As at 31 January 2020. Assumes 100% dividend reinvestment on the ex-dividend date & full participation in capital management initiatives.

# Wesfarmers portfolio



<p><b>Bunnings</b></p>		<ul style="list-style-type: none"> <li>• Leading retailer of home improvement &amp; outdoor living products in Australia and New Zealand</li> </ul>
<p><b>Kmart Group</b></p>		<ul style="list-style-type: none"> <li>• <b>Kmart</b> is a leading product development &amp; deep discount retailer in apparel &amp; general merchandise</li> <li>• <b>Target</b> offers quality &amp; fashion across apparel, homewares &amp; general merchandise</li> <li>• <b>Catch</b> is a leading Australian online marketplace</li> </ul>
<p><b>WesCEF</b></p>		<ul style="list-style-type: none"> <li>• Strong operational expertise in industrial chemicals, energy solutions and fertilizer manufacture &amp; import</li> <li>• 50% owned joint venture (Covalent Lithium) to develop &amp; operate Mt Holland Lithium project</li> </ul>
<p><b>Industrial &amp; Safety</b></p>		<ul style="list-style-type: none"> <li>• Leading supplier of industrial and safety products</li> <li>• Australia's largest provider of industrial &amp; corporate workwear</li> <li>• Supplier of industrial specialty &amp; medical gases</li> </ul>
<p><b>Officeworks</b></p>		<ul style="list-style-type: none"> <li>• Leading retailer &amp; supplier of office products &amp; solutions</li> <li>• World-class omni-channel offer</li> <li>• Well recognized &amp; trusted brand</li> </ul>
<p><b>Other</b></p>		<p>Other associates &amp; joint ventures including:</p> <ul style="list-style-type: none"> <li>• 10.1% ownership interest in Coles</li> <li>• 50% interest in flybuys, a popular Australian loyalty program</li> </ul>

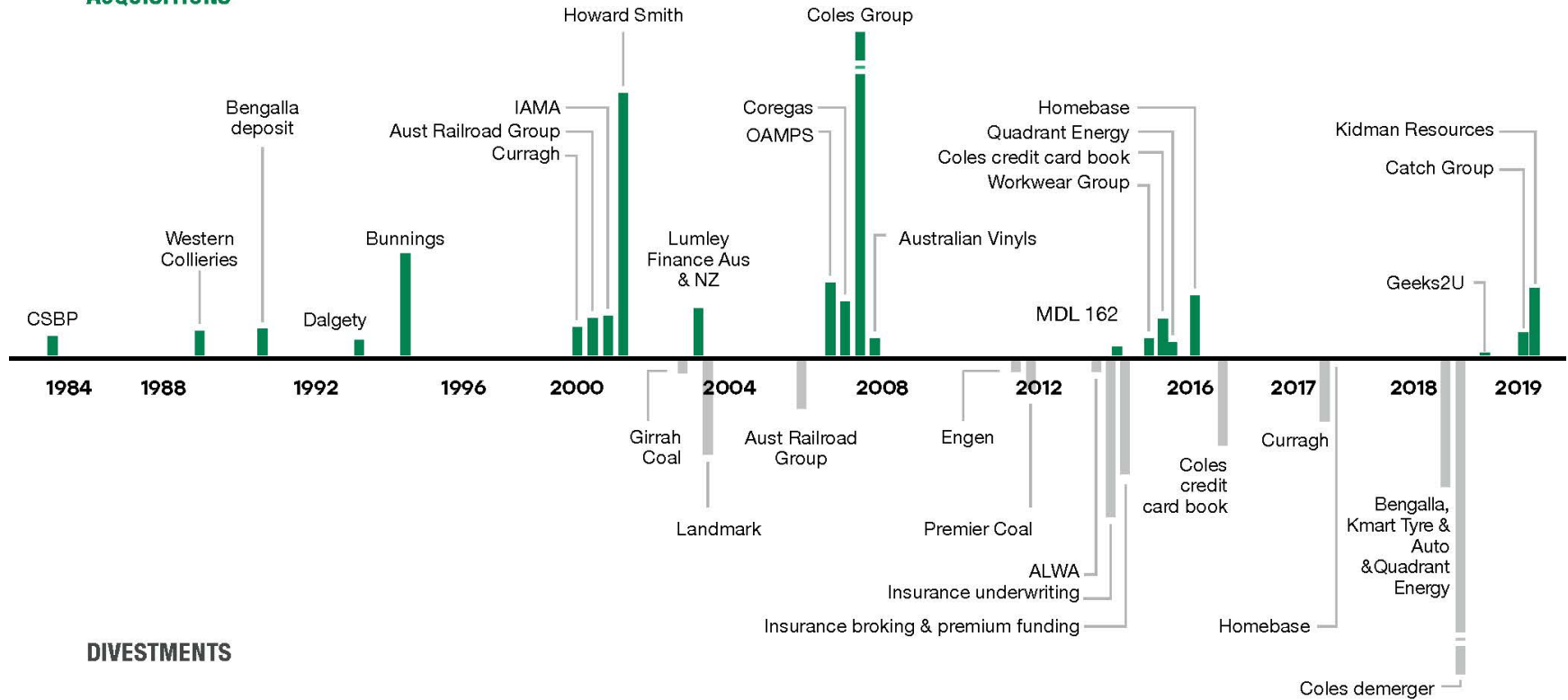
# Approach to capital allocation

The Wesfarmers model provides flexibility to effectively allocate capital to:

1. Portfolio of existing businesses	2. Adjacent opportunities	3. Value-accretive transactions
	 <p>Acquired June 2019</p>	 <p>Acquired September 2019</p> <p>Demerged November 2018</p> <p>Divested December 2018</p> <p>Divested November 2018</p> <p>Divested August 2018</p>

# Transaction history

## ACQUISITIONS



## DIVESTMENTS

# 1H20 Results Highlights

Continuing operations, pre-AASB 16



**\$15,249M**

REVENUE

↑ 6.0%

**\$1,637M**

EARNINGS BEFORE  
INTEREST AND TAX

↓ 0.5%

**\$1,142M**

NET PROFIT  
AFTER TAX

↑ 5.7%

**101.0 cps**

EARNINGS  
PER SHARE

↑ 5.7%

**21.4%**

RETURN ON EQUITY  
ROLLING 12 MONTHS

INCLUDING DISCONTINUED  
OPERATIONS

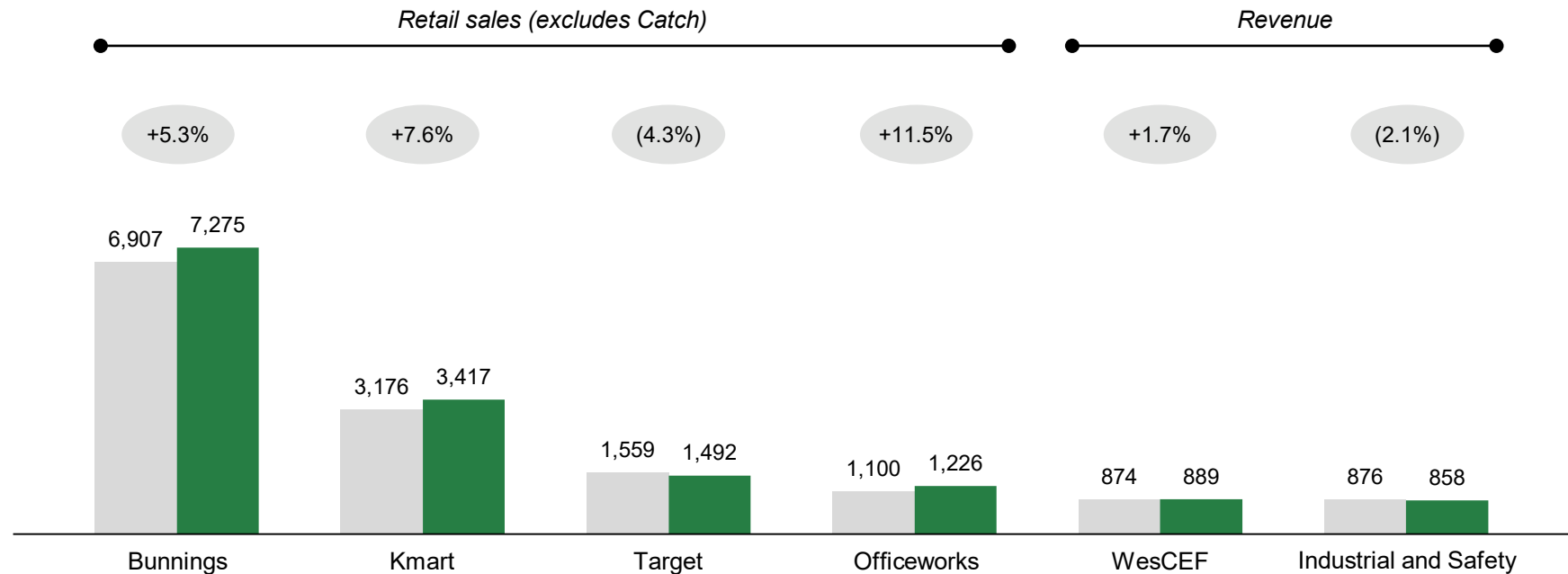
# 1H20 Results Highlights

## Divisional sales performance

### Sales performance (\$m)

Half-year ended 31 December<sup>1</sup>

2018  
2019



- Pleasing momentum across Bunnings, Kmart and Officeworks following strong operational execution and continued focus on customers
- Underpinned by strong growth in online sales of 35%<sup>2</sup> for the half and continued improvement in sales density






1. Continuing operations only

2. Excludes Catch.



# 1H20 Results Highlights

## Divisional earnings performance & return on capital

Earnings Before Tax (EBT) (\$m) Half-year ended 31 December <sup>1</sup>	2019 <i>Pre AASB 16</i>	2018 <i>Reported</i>	ROC (R12 %)	% of divisional EBT
Bunnings	961	932	52.2	
Kmart Group <sup>3</sup>	345	383	25.2	
Officeworks	79	76	16.9	
WesCEF <sup>4</sup>	174	185	26.7	
Industrial & Safety	6	42	3.4	

1. Continuing operations only.

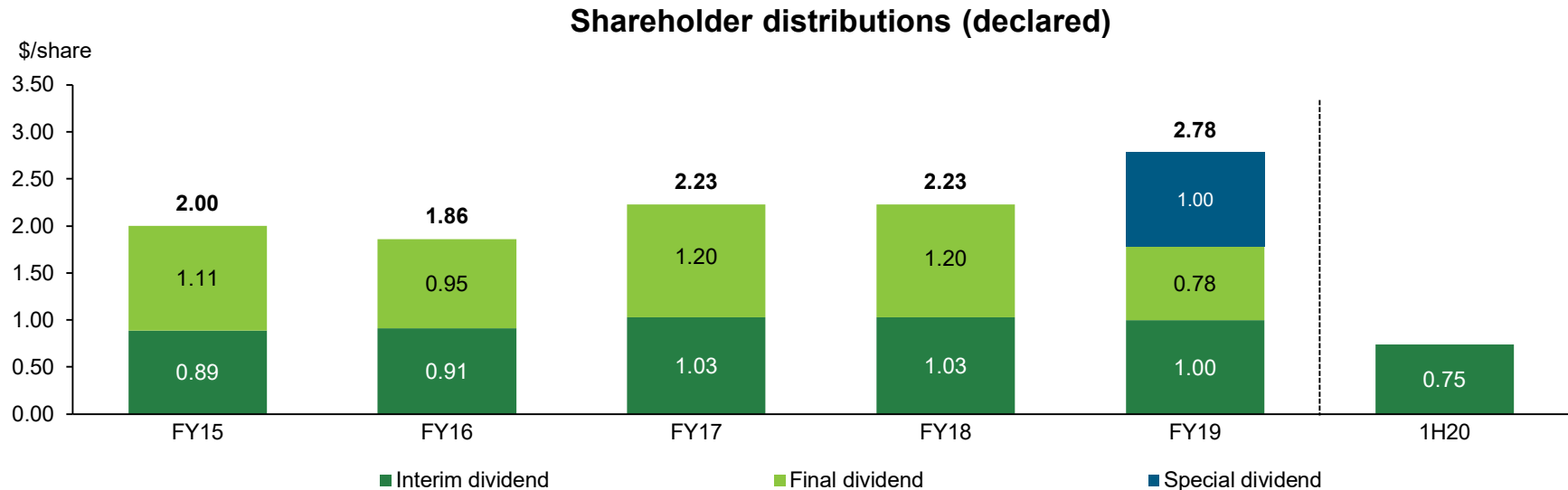
2. Capital employed excludes impact of AASB 16 as lease liabilities and right-of-use balances are not available for the rolling twelve month period.

3. 2019 includes \$9m of payroll remediation costs relating to Target.

4. 2019 Includes \$15m of payroll remediation costs..

# 1H20 Results Highlights

## Dividends



- Strong cash flow performance of businesses support dividend policy
- Dividend distributions subject to franking credit availability, earnings, credit metrics & cash flow
  - Maximising value of franking credits for shareholders
- Fully-franked half-year ordinary dividend of \$0.75 per share
  - Reflects earnings from continuing operations and interest in Coles

# Managing businesses for long-term value creation

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*Our divisions remain focused on long-term value creation*

1

## A relentless focus on customers

- Investing in value
- Improving digital engagement
- Operational excellence
- Engaging with our communities



2

## Investing for the long term

- Constant product innovation
- Improving systems and processes
- Disciplined investments in value-accretive opportunities



3

## Building on unique capabilities & platforms

- Digital platforms
- Expanding addressable markets
- Investing in adjacencies
- Great people



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**Questions?**

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**Wesfarmers**