



2 May 2018

The Manager
Company Announcements Office
Australian Securities Exchange

Dear Manager,

MACQUARIE CONFERENCE BRIEFING PRESENTATION

Following is a presentation that is to be given at the Macquarie Australia Conference in Sydney today, Wednesday, 2 May 2018.

Yours faithfully,

A handwritten signature in black ink that reads "Kim Hunter".

K E HUNTER
ASSISTANT COMPANY SECRETARY



Wesfarmers update – Macquarie conference briefing presentation

Wednesday, 2 May 2018



Group overview

Performance for financial year ending 30 June 2017



Divisional EBIT:



1. Excludes Resources businesses given completion of Curragh sale in March 2018

Immediate priorities

1

Address areas of underperformance

2

Reposition the portfolio

3

Drive opportunities for growth

The Wesfarmers Way

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

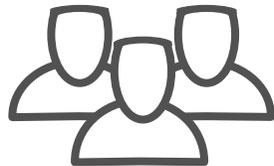
ENABLERS

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

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

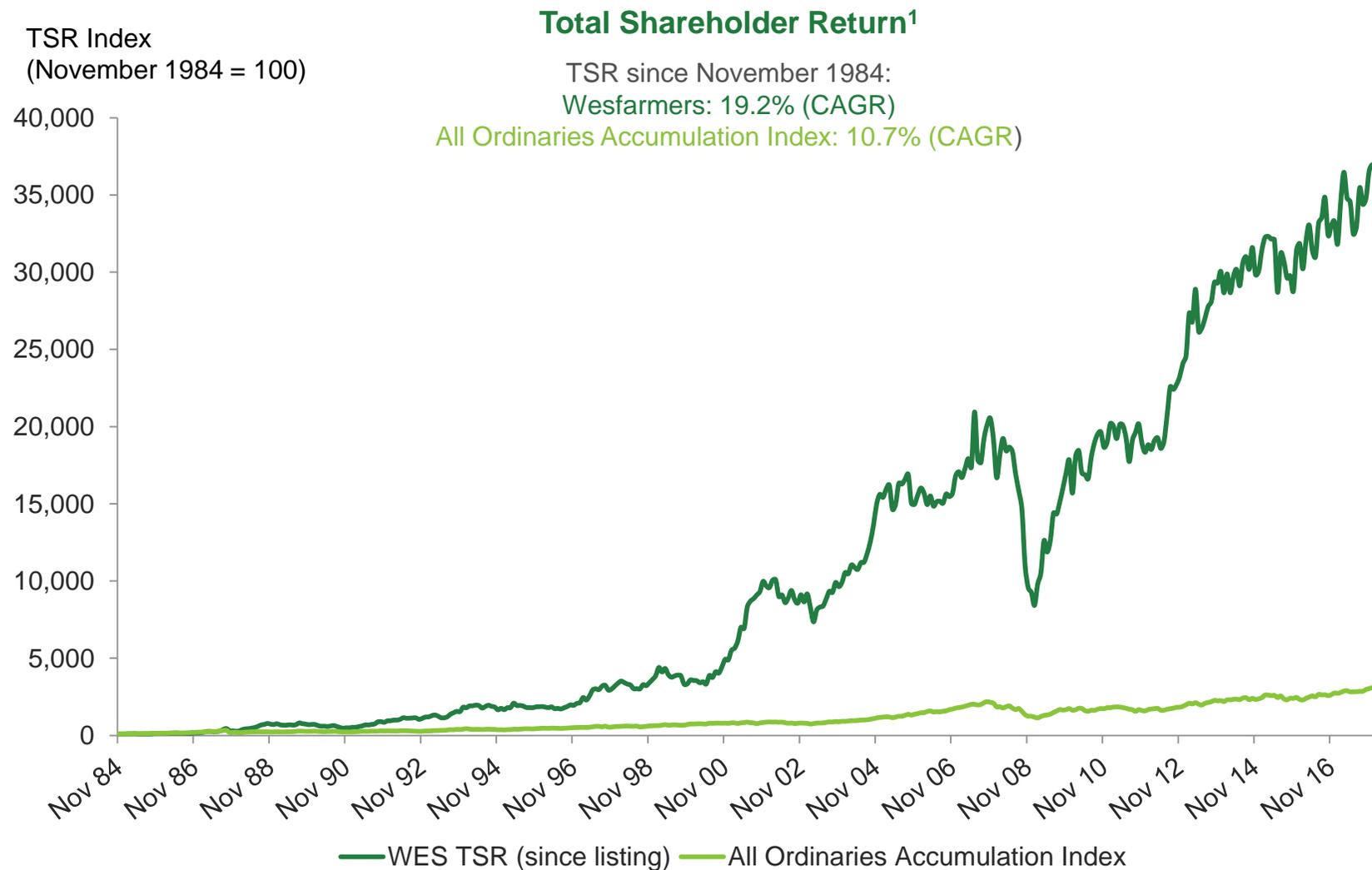
Value accretive transactions

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

Superior long term financial performance



1. Assumes 100% dividend reinvestment on the ex-dividend date & full participation in capital management initiatives; as at 31 March 2018
Source: Annual report & IRESS

Group performance update

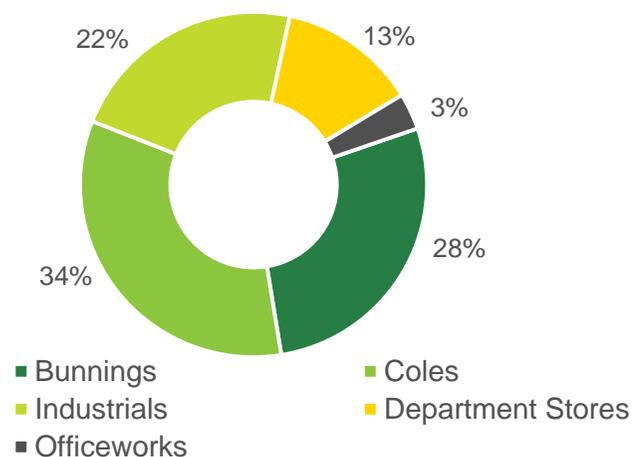


Group financial performance

- Record first half operating cash flows of \$2.9b
 - Proactive working capital management
 - Improvement in cash realisation ratio to 132.6% in 1H18^{1,2}
- Continued strong momentum in Bunnings Australia & New Zealand, Kmart & Officeworks
- Addressing areas of underperformance
 - Target earnings stabilised, repositioning of merchandise offer continues
 - Review of Bunnings UK & Ireland in progress
- Industrials demonstrating continued operational excellence & provides a platform for future inorganic growth
- Intention to demerge Coles announced March 2018

Half-year ended 31 December (\$m)	2017	2016
Revenue	35,903	34,917
EBITDA (exc. significant items) ¹	3,000	3,064
EBIT	1,113	2,429
EBIT (exc. significant items) ¹	2,350	2,429
NPAT	212	1,577
NPAT (exc. significant items)¹	1,535	1,577
Return on Equity ³ (R12, %)	12.0	10.2

Divisional EBIT (R12 Dec 17)^{1,4}



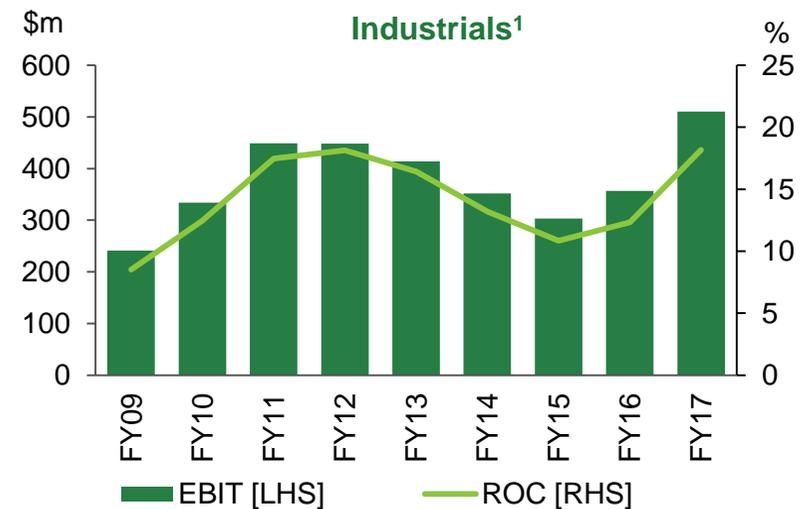
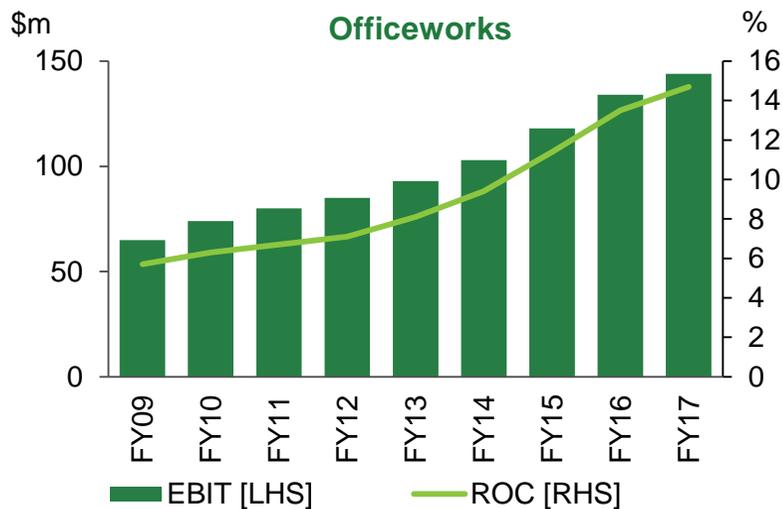
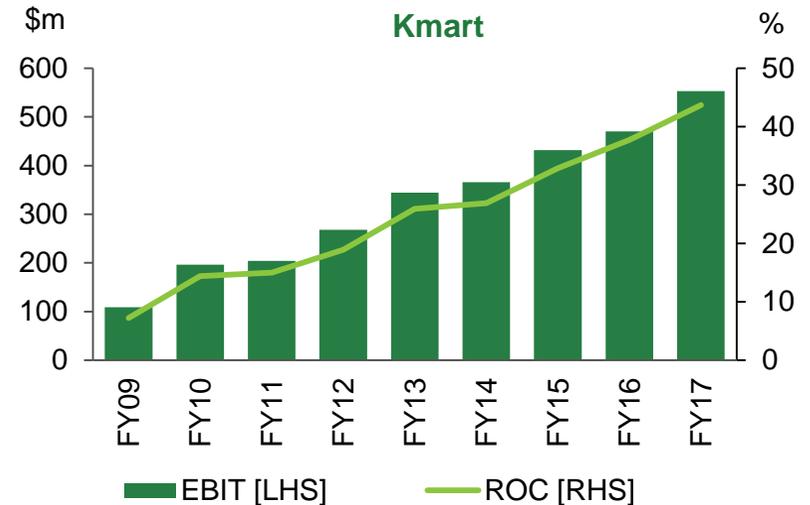
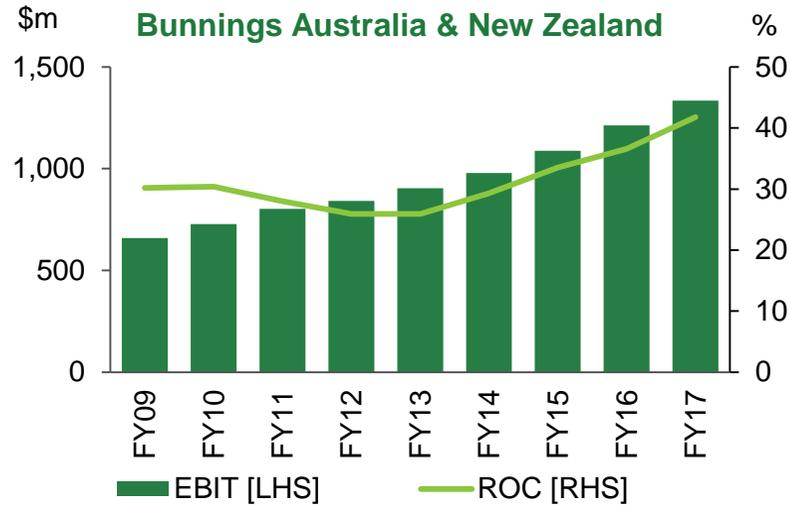
1. 2017 excludes the following pre-tax (post-tax) amounts: \$931m (\$1,023m) non-cash impairments, write-offs & provisions for Bunnings UK & Ireland & a \$306m (\$300m) non-cash impairment of Target

2. Operating cash flows as a percentage of net profit after tax, before depreciation & amortization & significant items

3. 2017 excludes post-tax significant items of \$1,323 million. 2016 excludes post-tax non-cash impairments of \$1,844 million

4. As at 31 December 2017

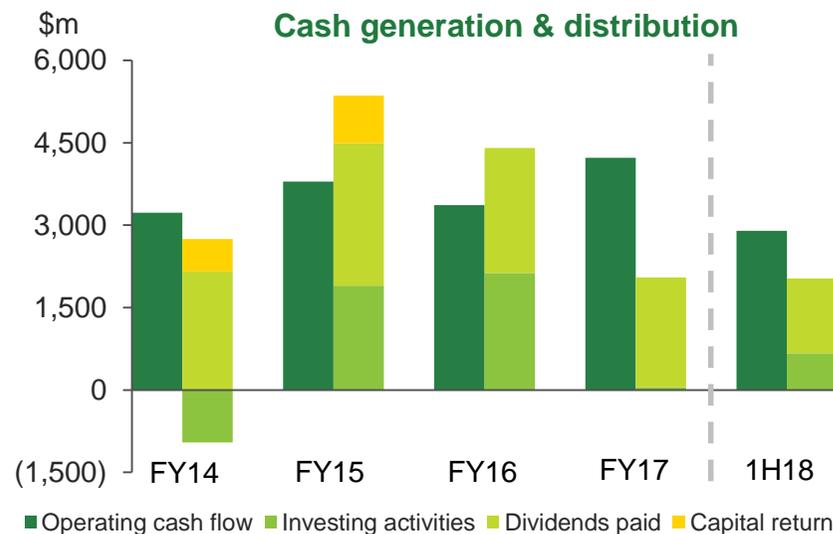
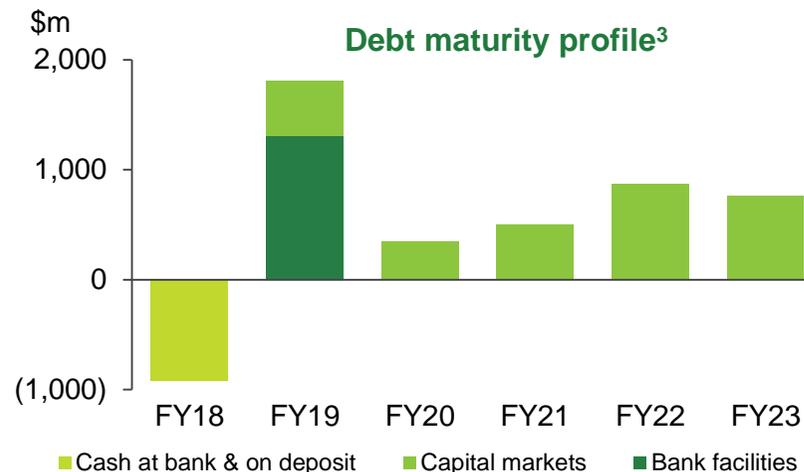
Returns-focused growth



1. Excludes Resources businesses given completion of Curragh sale in March 2018

Balance sheet & debt management, cash generation

- Balance sheet strengthened
 - Net financial debt¹ of \$3.3b as at 31 March 2018, down from \$4.3b at 30 June 2017
 - Sale of Curragh completed March 2018
- Strong improvements in credit metrics
 - Cash interest cover at 28.8 times²
 - Fixed charges cover at 3.0 times²
- Strong & stable credit ratings
 - Moody's A3 (stable outlook)
 - Standard & Poor's A- (stable outlook); outlook revised from negative to stable in September 2017
- Ability to act opportunistically
- Highly cash generative portfolio supporting investment & shareholder distributions



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

2. As at 31 December 2017. Excludes pre-tax significant items of \$1,237m

3. As at 31 March 2018

Reshaping the portfolio



Demerger rationale

Repositioning Wesfarmers & Coles for the next decade

- Wesfarmers is targeting a higher capital weighting toward businesses with strong earnings growth prospects
 - Successful turnaround of Coles has been delivered; future long term growth expected to be more moderate
- Facilitating enhanced focus on organic growth opportunities & value accretive transactions, with greater impact
- Divisional autonomy means Coles already operates as a standalone business responsible for strategy formation & execution
- Delivering shareholders an investment in two companies with different investment attributes
- Coles is expected to be attractive to shareholders seeking earnings growth with defensive characteristics
 - Strong cash generation & resilient earnings
- Extends Wesfarmers' long history of proactive portfolio management

Dec 17 (R12) capital employed contribution



Dec 17 (R12) EBIT contribution¹



1. Excludes significant items

Retained stake in flybuys & Coles

A leading Australian loyalty program



+6m

active
households

+8m

active
members

+20

leading
partners

Alignment supports greater value creation

- flybuys to be an ongoing partnership between Wesfarmers & Coles
 - Greater access to capital & resources
- Strengthen existing loyalty program through ongoing relationship between flybuys & Wesfarmers' businesses
- Deliver better value to customers
- Develop new business & partnership opportunities
- Better utilisation of data & digital assets

Supports development of broader digital & data capabilities

Richer customer engagement

Advanced analytics

*End-to-end business
improvement*

Summary



Summary

- Continued focus on delivering a satisfactory return to shareholders over the long term
- 2018 a year of change to reset the portfolio
- Reinforce disciplines & competitive advantages within the Wesfarmers Way
- Focus on developing great talent & teams, leveraging data & digital capability
- Opportunities to deliver superior returns from investment in existing businesses
- All investment activity subject to rigorous & disciplined approach
- Continue to build value for all stakeholders & reinforce strong corporate reputation

Questions



Wesfarmers