2018 FULL-YEAR RESULTS

SHAREHOLDER QUICK GUIDE

Wesfarmers

GROUP PERFORMANCE SUMMARY

We are pleased to provide shareholders with a summary of Wesfarmers Limited's results for the full-year ended 30 June 2018. For more detail we encourage you to read the relevant announcements lodged with the ASX on 14 August 2018.

Michael Chaney AO
Chairman

Rob Scott
Managing Director

14 August 2018

The Group reported a net profit after tax (NPAT) of $1,197 million for the full-year ended 30 June 2018. The reported profit includes a loss from discontinued operations of $1,407 million, which reflects the trading results and significant items for Bunnings United Kingdom and Ireland (BUKI) and Curragh, which were divested during the financial year. NPAT from continuing operations, excluding a $300 million non-cash impairment in Target, increased 5.2 per cent to $2,904 million.

The 2018 financial year was one of significant change for Wesfarmers, with decisive actions taken to reposition the Group's portfolio to deliver sustainable growth in earnings and improved shareholder returns. The three key priorities for the year were to address areas of underperformance, reposition the portfolio and drive opportunities for growth, with good progress made against each of these. The proposed demerger of Coles, and the divestments of Curragh and BUKI during the year, demonstrate a disciplined approach to capital allocation and portfolio management, and will reposition Wesfarmers for the next decade.

The directors declared a fully-franked final ordinary dividend of $1.20 per share, bringing the full-year ordinary dividend to $2.23 per share, in line with the prior year and consistent with Wesfarmers' policy of distributing franking credits to shareholders.

Retail

Retail earnings (from continuing operations and excluding significant items) increased 5.2 per cent during the year, with Bunnings Australia and New Zealand (BANZ), Department Stores and Officeworks achieving very strong results.

The BANZ result was underpinned by sustained sales momentum across all of its market segments, ongoing productivity initiatives and disciplined capital management. Further investments in customer value, the introduction of online transactional capability for special orders, deeper commercial engagement and continued merchandise innovation were highlights.

At Coles, sales momentum in supermarkets steadily improved during the year, driven by growth in customer transactions, units sold and average basket size. Continued improvements in the customer offer delivered earnings growth of 3.0 per cent in the second half, although full-year earnings were below the prior year due to the annualisation of customer investments and the impact of one-off items in the first half. The Coles Liquor transformation was progressed with the business achieving its third consecutive year of sales growth. Revenue and earnings for the Convenience business were lower than the prior year due to lower fuel volumes while store sales continued to grow.

The Department Stores division achieved record underlying earnings under Wesfarmers' ownership, with both Kmart and Target achieving growth on the prior year. Revenue increased 3.6 per cent, with continued strong growth in Kmart partially offset by lower revenue from Target. Kmart invested significantly in the customer offer during the year, delivering greater value and enhanced product ranges. Continued strong execution resulted in double-digit growth in customer transactions and units sold, with earnings growth also driven by ongoing productivity initiatives and investments in the store network. Target made good progress during the year, delivering positive earnings and strong cash generation through disciplined inventory management.

Officeworks' strong performance continued during the year despite the ongoing competitive environment, as it continued to invest in price and merchandise ranges, and enhancements to the store environment and online.

Industrials

Industrial earnings from continuing operations were higher, supported by strong contributions from Chemicals, Energy and Fertilisers (WesCEF) and Bengalla.

Reported earnings for WesCEF were 1.3 per cent lower than the prior year which included one-off gains of $55 million. Excluding these, underlying earnings increased 14.7 per cent to $390 million. Chemicals earnings were higher as the business benefited from unplanned disruptions at the competing Burrup plant, and sales of emulsion as well as new contracts partially mitigated the expiry of a key offtake contract. Energy earnings increased due to higher pricing and continued growth in natural gas retailing, while Fertilisers earnings were lower due to lower margins in a competitive environment.

At the Industrial and Safety business, ongoing productivity initiatives and improved pricing and sourcing disciplines delivered higher earnings, despite a decline in revenue.

During the year, Wesfarmers divested the Curragh coal mine, and an agreement to sell Wesfarmers' 40 per cent interest in Bengalla was announced in August 2018. Bengalla had a strong year, delivering earnings of $172 million, supported by higher thermal coal prices and export sales volumes.

Cash flow

Cash generation remained strong and strict capital disciplines were maintained, further strengthening the Group's balance sheet, with net financial debt reducing to $3,580 million from $4,321 million in the prior year. The Group maintained a strong focus on working capital management resulting in a cash realisation ratio of 100.6 per cent.

Gross capital expenditure of $1,815 million was $134 million higher than last year, reflecting increased investment in new stores in BANZ and the acquisition of the Kmart brand name in Australia and New Zealand. Proceeds from disposals of $606 million were $47 million below last year, which included one-off transactions in Coles and WesCEF. The resulting net capital expenditure of $1,209 million was $181 million or 17.6 per cent higher than the prior year.

Final dividend per share

$1.20

Basic earnings per share

From continuing operations excluding significant items

257¢ ↑ **4.9%**

Outlook

Following the decisive actions taken to address underperformance and reposition the Group's portfolio, Wesfarmers is well placed to deliver sustainable growth in earnings and improved shareholder returns.

Significant progress has been made on the demerger of Coles, which is expected to be completed in November 2018. The post-demerger capital structure, announced in July 2018, is expected to set Coles up for success and provide the business with significant operational and strategic flexibility.

Following the demerger, Wesfarmers will have a portfolio of cash-generative businesses with good momentum and leading positions in growing markets. Continued earnings growth is expected across the Group's retail businesses. Growing addressable markets will remain a focus, along with ongoing improvements in merchandising and service, further enhancements to the customer experience both in-store and online, and investments in value supported by operational efficiencies.

The Industrial businesses will continue to focus on operational efficiencies, cost control and capital discipline. Industrial earnings will continue to be influenced by international commodity prices, exchange rates, competitive factors and seasonal outcomes. Earnings for the Chemicals business in the 2019 financial year are expected to be affected by an oversupply of explosive grade ammonium nitrate in the Western Australian market, subject to competitive factors.

The Group remains generally optimistic and its strong balance sheet position, cash flow generation and capital discipline will continue to be prioritised to take advantage of growth opportunities, if and when they arise, to create value for shareholders over the long-term.

GROUP PERFORMANCE SUMMARY

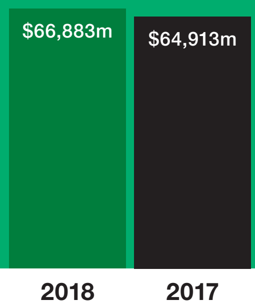
The 2018 financial year was one of significant change for Wesfarmers, with decisive actions take to reposition the Group's portfolio to deliver sustainable growth in earnings and improved shareholder returns.

RESULTS FROM CONTINUING OPERATIONS[1]

Revenue

$66,883m

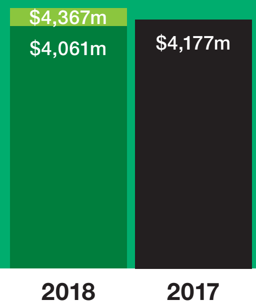
↑ 3.0%



Earnings before interest and tax

$4,367m

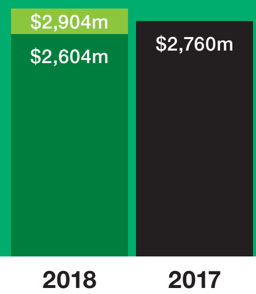
↑ 4.5%
Excluding significant items[2]



Net profit after tax

$2,904m

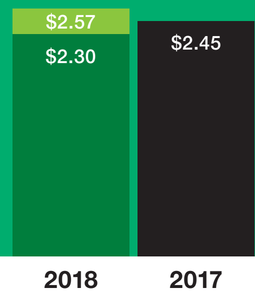
↑ 5.2%
Excluding significant items[2]



Earnings per share

$2.57

↑ 4.9%
Excluding significant items[2]

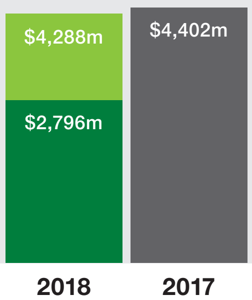


RESULTS INCLUDING DISCONTINUED OPERATIONS[1]

Earnings before interest and tax

$4,288m

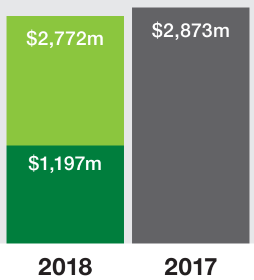
↓ 2.6%
Excluding significant items[3]



Net profit after tax

$2,772m

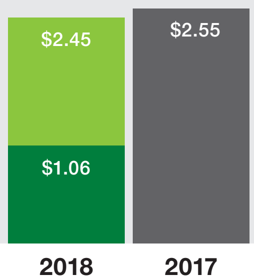
↓ 3.5%
Excluding significant items[3]



Earnings per share

$2.45

↓ 3.8%
Excluding significant items[3]



Excluding significant items.

Reported.

1 Discontinued operations relate to Curragh and Bunnings United Kingdom and Ireland (BUKI) which were disposed of during the financial year.

2 2018 excludes Target's non-cash impairment of $306 million pre-tax ($300 million post-tax).

3 2018 excludes the following pre-tax (post-tax) amounts: $931 million ($1,023 million) of impairments, write-offs and store closure provisions in BUKI; a $375 million ($375 million) loss on disposal of BUKI; $306 million ($300 million) of non-cash impairments in Target; and a $120 million ($123 million) gain on disposal of Curragh.

DIVISIONAL PERFORMANCE SUMMARY

BUNNINGS AUSTRALIA AND NEW ZEALAND

Financial performance

- Total store sales growth of 8.9 per cent and store-on-store sales up 7.8 per cent
- Positive sales growth across consumer and commercial, all trading regions and merchandise categories
- Focus on productivity and leveraging operating costs enabled continued investment in customer value
- Launch of online transactional platform for special orders an enabler to providing customers more convenient access to an even wider choice of products
- Ten net new trading locations opened and further upgrades to the existing network

Outlook

- Well-positioned for continued growth in FY19
- Sales growth in the first half of FY19 will be moderated by the strong trading performance achieved in the previous corresponding period
- Continued focus on driving growth, creating even better experiences for customers and wider community, and leveraging further efficiencies through the core of the business
- Further investment in the store network and developing the digital platform to provide the best offer for customers
- Broadening commercial markets and delivering even more customer value

COLES

Financial performance

- Steadily improving Food and Liquor sales momentum, with an acceleration in comparable sales growth in Q4 to 1.8 per cent
- Sales momentum driven by growth in customer transactions, units sold and average basket size
- Return to earnings growth in the second half
- Food and Liquor deflation of 1.2 per cent largely driven by lower supply-driven fresh produce prices
- Double-digit sales growth in Coles Online, with growth accelerating in the second half
- Coles Express comparable store sales up 4.6 per cent in Q4
- Lower Coles Express earnings for the year driven by lower fuel volumes and ongoing impact from changes to commercial terms in Alliance agreement
- Positive comparable sales growth in Liquor

Outlook

- Sales momentum has continued to build into 1Q19 driven by a successful Little Shop campaign, other promotional initiatives and improved store execution
- Underlying supermarkets business expected to improve; increased EBA costs are expected to be largely offset by cost efficiency benefits
- Liquor to continue to execute on transformation plan
- Coles Express remains committed to growth through a differentiated, market-leading shop offer, as well as a competitive fuel offer
- FY19 capex expected to increase to $600 million to $800 million, subject to net property investment

DEPARTMENT STORES

Financial performance

- **Kmart** sales up 8.0 per cent and comparable sales up 5.4 per cent
  – Strong sales growth supported by double digit growth in customer transactions and units sold as customers responded to improved product offer and price investment
  – Earnings growth driven by sales increases, improved inventory management and productivity improvements in stores and supply chain
  – Opened ten new stores, including one Target conversion, closed two stores and completed 20 store refurbishments
- **Target** total sales down 4.7 per cent and comparable sales down 5.1 per cent
  – Underlying EBIT growth driven by improved trading margins and sales mix, lower shrinkage and productivity improvements across stores and supply chain

Outlook

- Department Stores is well-positioned for the future
- **Kmart** will continue to deliver the lowest prices on everyday items
- **Kmart** aims to deliver profitable growth through increased volumes, improved product offering as well as the expansion of digital strategies
- **Target** will continue to focus on advancing product fashionability and quality, accelerating its online proposition and optimising the store network
- Sale of Kmart Tyre and Auto expected to complete in 1Q19

Bunnings Australia and New Zealand

Revenue

$12,544m ↑ 8.9%

2018	$12,544m
2017	$11,514m

Earnings before interest and tax

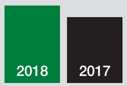
$1,504m ↑ 12.7%

2018	$1,504m
2017	$1,334m

Return on capital (R12)

49.4% ↑ 7.6ppts

2018	49.4%
2017	41.8%



Coles

Revenue

$39,388m ↑ 0.4%

2018	$39,388m
2017	$39,217m

Earnings before interest and tax

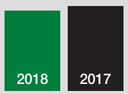
$1,500m ↓ 6.8%

2018	$1,500m
2017	$1,609m

Return on capital (R12)

9.2% ↓ 0.5ppts

2018	9.2%
2017	9.7%



Department Stores

Revenue

$8,837m ↑ 3.6%

2018	$8,837m
2017	$8,528m

Earnings before interest and tax

$660m ↑ 21.5%

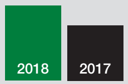
* Excluding Target impairment.

2018	$660m
2017	$543m

Return on capital (R12)

32.8% ↑ 8.7ppts

2018	32.8%
2017	24.1%



DIVISIONAL PERFORMANCE SUMMARY

OFFICEWORKS

Financial performance

- Earnings growth achieved through higher sales across stores and online, and effective management of gross margin and cost of doing business
- Ongoing improvement in customer offer driven by new and expanded product ranges, merchandise layout and store design changes, online enhancements, and a relentless focus on price, range and service
- Strong momentum maintained in business-to-business customer segment

Outlook

- Continue to drive growth and productivity by executing its strategic agenda
- Competitive intensity is expected to remain high
- Well placed to continue to drive growth by enhancing the customer offer through range extension and merchandising initiatives, and extending 'every channel' reach both physically and digitally

INDUSTRIALS*

Earnings were $867 million for the 2018 financial year, $46 million lower than the prior year. The decrease in earnings is primarily due to the sale of the Curragh coal mine, completed on 29 March 2018. Earnings from continuing operations increased 13.3 per cent to $680 million.

*Includes discontinued operations.

Chemicals, Energy and Fertilisers

Financial performance

- Underlying EBIT up 14.7 per cent
- Chemicals earnings higher driven by opportunistic EGAN sales due to production disruptions at the competing Burrup AN plant and improved natural gas input costs
- Kleenheat's earnings increased due to higher global energy prices and continued market share expansion in natural gas retailing
- Fertiliser earnings declined due to lower margins

Outlook

- Production and demand for products is expected to remain robust
- FY19 AN earnings expected to be affected by over supply in WA market, subject to competitive factors
- Continued growth in natural gas retail although at a lower rate due to increased competition

Industrial and Safety

Financial performance

- Blackwoods revenue was marginally below the prior year and earnings were impacted by continued investment in business transformation
- Workwear Group earnings improved due to improved margins from sourcing initiatives
- Despite strong sales, Coregas earnings were lower due to lower margins

Outlook

- Market conditions and demand are expected to remain generally stable
- The transformation of Blackwoods continues, with investments to build capabilities across customer service, supply chain and digital
- The Workwear Group turnaround is nearing completion, with the focus on enhancing the product offer and revenue growth in key channels
- Continued margin pressure is expected in Coregas, offset by growth in healthcare and 'Trade N Go'

Resources

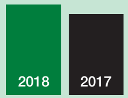
Financial performance

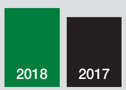
- Decline in revenue (down 3.3 per cent) and EBIT (down 11.4 per cent) due to only nine months' contribution of Curragh coal mine prior to sale, which was completed on 29 March 2018
- Result supported by continued strength in export coal prices
- Higher production and sales volumes from the Bengalla mine to take advantage of the favourable price environment

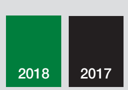
Outlook

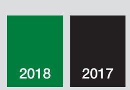
- Agreement to sell Wesfarmers' 40 per cent interest in Bengalla coal mine announced in August 2018
- The sale of the Bengalla interest is expected to be completed in the second quarter of FY19
- Following the sale of Curragh coal mine to Coronado in March 2018, this completes the strategic review of the Resources division

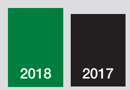
	Officeworks	Industrials	Chemicals, Energy and Fertilisers	Industrial and Safety	Resources
Revenue	$2,142m	$5,269m	$1,830m	$1,750m	$1,689m
Change	↑ 9.1%	↑ 2.1%	↑ 11.7%	↓ 1.5%	↓ 3.3%
2018	$2,142m	$5,269m	$1,830m	$1,750m	$1,689m
2017	$1,964m	$5,161m	$1,639m	$1,776m	$1,746m
Earnings before interest and tax	$156m	$867m	$390m	$118m	$359m
Change	↑ 8.3%	↓ 5.2%	↓ 1.3%	↑ 2.6%	↓ 11.4%
2018	$156m	$867m	$390m	$118m	$359m
2017	$144m	$915m	$395m	$115m	$405m
Return on capital (R12)	16.6%		27.7%	8.4%	74.9%
Change	↑ 1.9ppts		↑ 0.3ppts		↑ 5.9ppts
2018	16.6%		27.7%	8.4%	74.9%
2017	14.7%		27.4%	8.4%	69.0%











SHAREHOLDER INFORMATION

Key dates

2018 Full-year results briefing	15 August 2018
2018 Final dividend	
– Ex-dividend date	20 August 2018
– Record date	5:00pm AWST 21 August 2018
– Last date for receipt of election notice for DIP	5:00pm AWST 22 August 2018
– Payment date and DIP allocation date	27 September 2018
***Annual General Meeting**	15 November 2018

* Dates are subject to change should circumstances require. All changes will be advised to the ASX.

Share registry

Shareholders seeking information about their shareholdings or who wish to manage their shareholdings should contact our share registry, Computershare Investor Services Pty Limited. The registry can assist with queries such as share transfers, dividend payments, the Dividend Investment Plan, and changes of name, address or bank details.

Computershare Investor Services Pty Limited

Shareholder information line:
1300 558 062 (in Australia)
or (+61 3) 9415 4631

www.investorcentre.com/wes

Dividend Investment Plan (DIP)

The DIP provides a convenient way for shareholders to invest their dividends in new fully paid shares in Wesfarmers, without paying brokerage or other costs. At each dividend payment date, dividends on shares nominated to be subject of the DIP are automatically invested in Wesfarmers ordinary shares.

Wesfarmers Investor Centre

The Investor Centre is a dedicated online resource for keeping shareholders informed about our performance. For information such as current and historical share prices, company announcements, reports and presentations, dividend and capital management information and key financial dates, visit **http://www.wesfarmers.com.au/investor-centre**. You can also link to our share registry where you can manage your shareholding.

GO ELECTRONIC

Shareholders are encouraged to elect to receive electronic communications. It's quicker, it reduces costs and it's better for the environment.

Notifications of dividends and payments, notices of meetings, annual reports, shareholder reviews and/or ASX announcements can all be delivered instantly to your email inbox. To receive some or all shareholder communications electronically, contact our share registry, Computershare Investor Services Pty Limited.

Wesfarmers Limited ABN 28 008 984 049

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Wesfarmers businesses

Bunnings

Bunnings Warehouse, Bunnings, Bunnings Trade

Coles

coles, coles.com.au, coles express, Vintage Cellars, first choice liquor, Liquorland, spirit hotels, coles Financial Services

Department Stores

Kmart, Target, Kmart Tyre & Auto Service

Officeworks

Officeworks

Industrials

Wesfarmers Chemicals, Energy & Fertilisers, CSBP, Australian Vinyls, AGA, QNP, EVOL LNG, Kleenheat, Modwood, Quadrant Energy

Wesfarmers Industrial and Safety, Blackwoods, NZ Safety Blackwoods, Workwear Group, coregas, Greencap

Wesfarmers Resources, Bengalla

Other businesses

bwp Trust, Gresham, Wespine