2019 FULL-YEAR RESULTS

SHAREHOLDER QUICK GUIDE

Wesfarmers

2019 Full-year Results Shareholder Quick Guide

GROUP PERFORMANCE SUMMARY

We are pleased to provide shareholders with a summary of Wesfarmers Limited's results for the full-year ended 30 June 2019. For more detail, we encourage you to read the relevant announcements lodged with the ASX on 26 August 2019.

Michael Chaney AO
Chairman

Rob Scott
Managing Director

26 August 2019

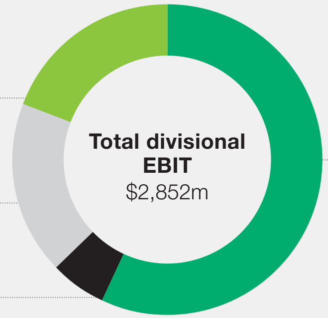
The Group reported a net profit after tax (NPAT) of $5,510 million for the full-year ended 30 June 2019. The reported profit includes post-tax significant items of $3,171 million relating to discontinued operations including gains on the demerger of Coles and disposals of Bengalla, Kmart Tyre and Auto Service (KTAS) and Quadrant Energy, which were completed during the first half of the financial year. NPAT from continuing operations increased 13.5 per cent (excluding significant items in the prior year) to $1,940 million.

It was pleasing to have recorded strong results and improved shareholder returns during a year of portfolio renewal. The successful repositioning of our portfolio for sustainable growth has strengthened our balance sheet while also distributing a special dividend to our shareholders. Importantly, during this period of change, our operating divisions have also continued to generate solid returns while remaining focused on long-term value creation.

After adjusting for the $128 million contribution from the Group's 15 per cent investment in Coles, earnings before interest and tax from the Group's continuing operations increased 7.4 per cent during the year, benefiting from continued growth in Bunnings Australia and New Zealand, Officeworks and Chemicals, Energy and Fertilisers (WesCEF).

The directors declared a fully-franked final ordinary dividend of 78 cents per share, reflecting Wesfarmers' earnings from continuing operations, and Wesfarmers' dividend policy which takes into account available franking credits, current earnings and cash flows, future cash flow requirements and targeted credit metrics. This brings the full-year ordinary dividend to $1.78 per share and total dividends to shareholders this year of $2.78, including the fully-franked special dividend of $1.00 per share paid in April 2019.

Earnings before interest and tax breakdown



Final dividend per share

78¢

Retail

Bunnings generated a solid result that demonstrated the diversity of its customer base and resilience of its product offering. The significant progress in expanding the Bunnings digital offer as well as continued innovation in merchandise, services and deeper commercial engagement were highlights for the year.

For Kmart Group, trading conditions moderated during the year and performance was below expectations. Despite this moderation, Kmart has continued to invest in its customer offer and price leadership position that has delivered strong returns over the long term, while also making good progress in improving its digital offer. Although key elements of the Target range continue to grow, its trading results highlight that Target's customer offer requires ongoing repositioning.

Officeworks achieved another strong year of sales and earnings growth while reinforcing its price leadership position. New and expanded product ranges and enhancements to the online offer continued to improve its seamless customer offer in stores and online, which resulted in continued improvement in customer satisfaction levels.

Industrials

Continued earnings growth in each of our Chemicals, Energy and Fertilisers businesses reflected the continued strong demand from key customers as well as the disciplined capital investments made in each of these businesses over time to improve capacity, productivity and the products offered to our customers.

The performance of the Industrial and Safety business was disappointing, reflecting the impact on Blackwoods' earnings from ongoing investment in customer service and the enterprise resource planning (ERP) system. While the Blackwoods customer experience has improved, successful delivery of the ERP system is required to deliver sustainable earnings growth.

Other businesses

Other businesses and corporate overheads reported earnings of $122 million, compared to a loss of $133 million in the prior year.

This segment now includes the Group's 15 per cent share of Coles' NPAT. Excluding Coles, earnings from this segment increased $127 million, primarily reflecting a $61 million gain relating to the Group's investment in Barminco following its purchase by Ausdrill and the subsequent revaluation of the Ausdrill shares received, receipt of $34 million from the value sharing arrangement entered into as part of the divestment of the Curragh coal mine, higher interest revenue due to higher average cash balances and a reduction in corporate overheads.

Cash flows and financing

Operating cash flows of $2,718 million were 33.4 per cent below the prior year, primarily due to the demerger of Coles and disposals of Bengalla, KTAS and Quadrant Energy. Divisional cash generation from continuing operations remained strong at 97 per cent, in line with the previous year.

The Group's cash realisation ratio declined to 86 per cent, driven by the timing of the Coles demerger, increased non-cash earnings from the Group's investments in associates, the one-off non-cash gain on the Group's investment in Barminco and the gain on property disposals in Bunnings. The Group's 15 per cent share of Coles' NPAT of $128 million impacted the Group's cash realisation ratio as Coles did not pay a dividend during the period.

Gross capital expenditure was $459 million lower than the prior year, primarily due to lower capital expenditure in discontinued operations. Proceeds from property disposals of $529 million were $77 million below the prior year, with the increase in property disposals at Bunnings offset by lower property disposals following the demerger of Coles. The resulting net capital expenditure of $827 million was $382 million or 31.6 per cent below the prior year.

Free cash flows of $2,963 million were 13.4 per cent below the prior year, primarily reflecting the reduction in operating cash flows following the portfolio activity completed during the year.

Outlook

Actions taken during the year to reposition the portfolio have significantly strengthened the balance sheet and enabled the delivery of improved shareholder returns. Given the diversity and resilience of the Group's portfolio, it remains well-placed for a range of economic conditions.

The retail divisions are well-positioned within their respective markets and will continue to invest in their offer to customers to deliver even greater value, quality and convenience. This includes further developing the digital offer to meet the changing needs of customers and to create a platform for expanding addressable markets, while improving operating efficiencies. Bunnings, Kmart Group and Officeworks will remain steadfast in their focus on customers and on managing the businesses for long-term success and value creation.

The performance of the industrial businesses will continue to be subject to international commodity prices, exchange rates, competitive factors and seasonal outcomes. The short-term outlook for WesCEF is generally positive, but earnings beyond this are expected to be adversely affected by an oversupply of explosive grade ammonium nitrate (EGAN) in the Western Australian market.

Wesfarmers will continue to build on its unique capabilities and platforms to take advantage of growth opportunities within its existing businesses, recently acquired investments and other value-accretive transactions. The Group will maintain its disciplined approach to capital allocation and will only pursue growth opportunities that deliver value to shareholders over the long term.

GROUP PERFORMANCE SUMMARY

It was pleasing to record strong results and improved shareholder returns during a year of portfolio renewal.

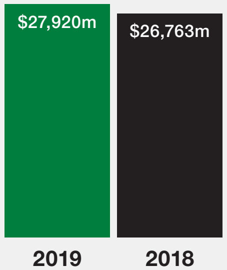
Results from continuing operations

2019 discontinued operations comprise Coles, KTAS, Quadrant Energy and Bengalla. 2018 discontinued operations comprise Curragh and Bunnings United Kingdom and Ireland (BUKI).

Revenue

$27,920m

↑ 4.3%



Earnings before interest and tax

$2,974m

↑ 12.2%
Excluding significant items[1]

Net profit after tax

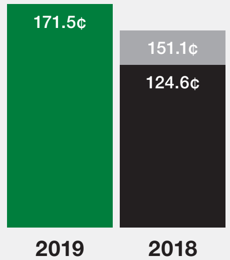
$1,940m

↑ 13.5%
Excluding significant items[1]

Earnings per share

171.5¢

↑ 13.5%
Excluding significant items[1]



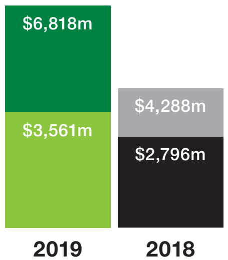
Excluding significant items.[1]
Excluding significant items.[1]
Reported.

[1] 2019 significant items include pre-tax (post-tax) items comprising $2,319 million ($2,264 million) gain on demerger of Coles, $679 million ($645 million) gain on sale of Bengalla, $267 million ($244 million) gain on sale of KTAS, $138 million ($120 million) gain on sale of Quadrant Energy, partially offset by a $146 million ($102 million) provision for supply chain modernisation in Coles. 2018 significant items include Target's non-cash impairment of $306 million ($300 million), and $931 million ($1,023 million) relating to the impairment of BUKI, as well as the $375 million ($375 million) loss on sale of BUKI and $120 million ($123 million) gain on sale of Curragh.

Results including discontinued operations

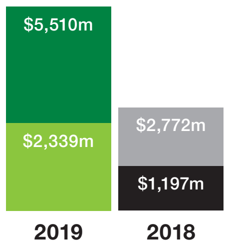
Earnings before interest and tax

$6,818m



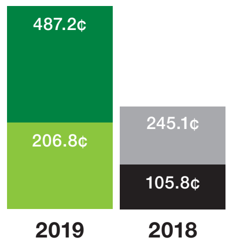
Net profit after tax

$5,510m



Earnings per share

487.2¢



DIVISIONAL PERFORMANCE SUMMARY

BUNNINGS AUSTRALIA AND NEW ZEALAND

Performance

- Total store sales growth of 5.2%; store-on-store sales up 3.9%
- Continued growth in consumer and commercial, all product categories and all major trading regions
- Growth reflected diversity of customer base and resilience of product offering, despite further softening in residential housing
- Continued merchandise innovation, expansion of supply and install, and deeper commercial engagement
- Click and collect offer implemented across Tasmania stores
- Higher than usual property divestment contributions
- 17 new trading locations, including 10 replacement stores

Outlook

- Moderated trading conditions expected to continue
- Bunnings remains well positioned for continued growth in FY2020
- Focus on ongoing development of broader digital capabilities
- Staged rollout of full online transactional offer in Australia and New Zealand
- Long-term value creation supported by broadening commercial markets, ongoing investment in price, increased use of data analytics, category expansion, product innovation and store network growth

KMART GROUP[1]

Performance

Kmart

- Total sales up 1.5%, comparable sales flat
- Lower sales growth in apparel, particularly womenswear, and non-seasonal products; planned exit from DVD category
- Modest growth in home and kids general merchandise
- Initiatives implemented to optimise product flow and store processes to support future growth
- Significant growth in online sales
- Higher operational costs incurred due to supply chain initiatives and increase in stock loss

Target

- Total sales down 1.5% following ongoing store rationalisation, comparable sales down 0.8%
- Offer requires ongoing repositioning
- Sales in 'Best' ranges continued to grow, particularly womenswear, menswear and homewares but more than offset by lower sales in lifestyle, entertainment and beauty
- Continued investment in online offer and strong growth in online sales

Outlook

- Kmart Group remains well positioned for the future
- Key priorities for Kmart include maintaining price leadership, continued enhancement in product range, relentless pursuit of lowest cost and expansion of digital and data capabilities remain
- Target will accelerate plans for a repositioned and more focused customer proposition
- Catch Group acquisition completed in August 2019

[1] Excludes Kmart Tyre & Auto which was sold on 1 November 2018.

OFFICEWORKS

Performance

- Continued focus on providing a safe workplace
- Total sales growth of 7.6%
- Strong sales growth in stores and online
- Strong momentum in the B2B segment
- Continued investment in price leadership and effective management of cost of doing business
- Growth in sales and earnings driven by new and expanded product ranges, enhancement in online and click and collect offer, and continued focus on customer experience

Outlook

- Key focus areas include opening a new Distribution Centre in WA, implementing the new store agreement for team members, continuing to improve the every-channel offer, growing the Geeks2U offer and further building community partnerships
- Earnings growth in FY2020 will be affected by maintaining price leadership and higher team member wages, partially offset by productivity initiatives

Revenue

Bunnings Australia and New Zealand: $13,166m ↑ 5.0%

2019	$13,166m
2018	$12,544m

Kmart Group: $8,598m ↑ 1.1%

2019	$8,598m
2018	$8,505m

Officeworks: $2,314m ↑ 8.0%

2019	$2,314m
2018	$2,142m

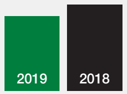
Earnings before interest and tax

Bunnings Australia and New Zealand: $1,626m ↑ 8.1%

2019	$1,626m
2018	$1,504m

Kmart Group: $540m ↓ 13.7%

2019	$540m
2018	$626m



2019 excludes gain on disposal of KTAS.
2018 excludes pre-tax known cash impairment of $306 million in Target.

Officeworks: $167m ↑ 7.1%

2019	$167m
2018	$156m

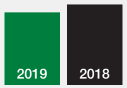
Return on capital (R12)

Bunnings Australia and New Zealand: 50.5%

2019	50.5%
2018	49.4%

Kmart Group: 29.1%

2019	29.1%
2018	32.2%



Officeworks: 17.0%

2019	17.0%
2018	16.6%

DIVISIONAL PERFORMANCE SUMMARY

INDUSTRIALS[1]

Earnings for the Industrials division from continuing operations increased 4.4% to $519 million. During the period, Wesfarmers' interests in Bengalla coal mine and Quadrant Energy (indirect) were divested.

[1] Excludes Bengalla and Quadrant Energy.

Revenue

$3,830m ↑ 7.0%

2019	$3,830m
2018	$3,580m

Earnings before interest and tax

$519m ↑ 4.4%

2019	$519m
2018	$497m

Return on capital (R12)

CHEMICALS, ENERGY AND FERTILISERS[1]

Performance

- Ammonium nitrate (AN) business continued to benefit from ongoing disruption at competing Burrup plant
- Ammonia earnings up due to higher production following a shutdown in prior year and lower input costs
- Sodium cyanide earnings up driven by record production and higher export pricing
- Strong operational performance and favourable market conditions for Kleenheat
- Earnings from Fertilisers increased driven by sales volumes growth following a strong 2018 WA harvest

Outlook

- Production and demand for chemical products expected to remain robust
- Chemicals will continue to benefit from ongoing disruption at competitor plant but beyond this earnings expected to be affected by explosive grade AN oversupply
- Less favourable market conditions expected for Kleenheat
- Short-term outlook for Fertilisers is positive due to late seasonal break in June 2019

[1] Excludes Quadrant Energy.

Revenue

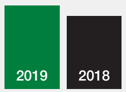
$2,078m ↑ 13.6%

2019	$2,078m
2018	$1,830m

Earnings before interest and tax

$433m ↑ 14.2%

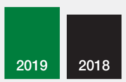
2019	$433m
2018	$379m



Return on capital (R12)

32.6%

2019	32.6%
2018	29.2%



INDUSTRIAL AND SAFETY

Performance

- Below expectations due to Blackwoods' disappointing performance
- At Blackwoods increased demand in mining was offset by lower sales in construction and SME market; earnings decreased due to a lower gross margin and impact of ongoing investment in customer service, enterprise resource planning system, supply chain automation and improving the digital offer
- Workwear Group earnings improved while Coregas earnings marginally up with higher sales offset by higher input costs

Outlook

- Market conditions and demand in Australia expected to remain relatively stable but weakness in New Zealand expected to persist
- Improvement activities at Blackwoods and Workwear Group expected to continue for at least 12-18 months
- Coregas will benefit from growth and annualisation of healthcare offering, moderated by ongoing margin pressure

Revenue

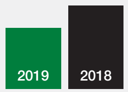
$1,752m ↑ 0.1%

2019	$1,752m
2018	$1,750m

Earnings before interest and tax

$86m ↓ 27.1%

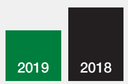
2019	$86m
2018	$118m



Return on capital (R12)

5.8%

2019	5.8%
2018	8.4%



OTHER[1]

Performance

- Other business and corporate overheads reported a profit of $122 million, compared to a loss of $133 million in the prior year
- Earnings from the Group's share of profit from associates increased by $159 million to $215 million, benefiting from the 15% share of Coles' NPAT since demerger on 28 November 2018, as well as a $28 million gain relating to the Group's investment in Barminco following its purchase by Ausdrill and the subsequent revaluation of this interest
- Other corporate earnings of $1 million, compared to a loss of $66 million in the prior year, reflected the remaining $33 million gain on purchase of Barminco by Ausdrill and $34 million from the value sharing arrangement entered into as part of the sale of the Curragh coal mine, as well as a reduction in group insurance costs of $24 million
- Corporate overheads decreased by $14 million

[1] Other includes Coles (15%), flybuys (50%), BWP Trust (25%), Gresham (50%) and Wespine (50%).

2019 Full-year Results Shareholder Quick Guide

Key dates

2019 Full-year results announcement and briefing	27 August 2019
2019 Final dividend	
– Ex-dividend date	30 August 2019
– Record date	5:00pm AWST 2 September 2019
– Last date for receipt of election notice for DIP	5:00pm AWST 3 September 2019
– Payment date and DIP allocation date	9 October 2019
***Annual General Meeting**	14 November 2019

* 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 on 1300 558 062.

Wesfarmers Limited ABN 28 008 984 049

Level 14, Brookfield Place Tower 2
123 St Georges Terrace
Perth, Western Australia
Email: info@wesfarmers.com.au
Website: **www.wesfarmers.com.au**

Follow @wesfarmers on Twitter

WESFARMERS BUSINESSES

Bunnings Australia and New Zealand

Kmart Group

Industrials

Officeworks

Other Activities