

21 April 2008

The Manager  
Company Announcements Office  
Australian Securities Exchange

Dear Sir,

**PRESENTATION TO BE GIVEN AT AN INVESTOR BRIEFING, SYDNEY**

Following is a presentation that is to be given at an investor briefing (entitlement offer and business overview) in Sydney on 22 April 2008.

Yours faithfully,



L J KENYON  
COMPANY SECRETARY

Enc.

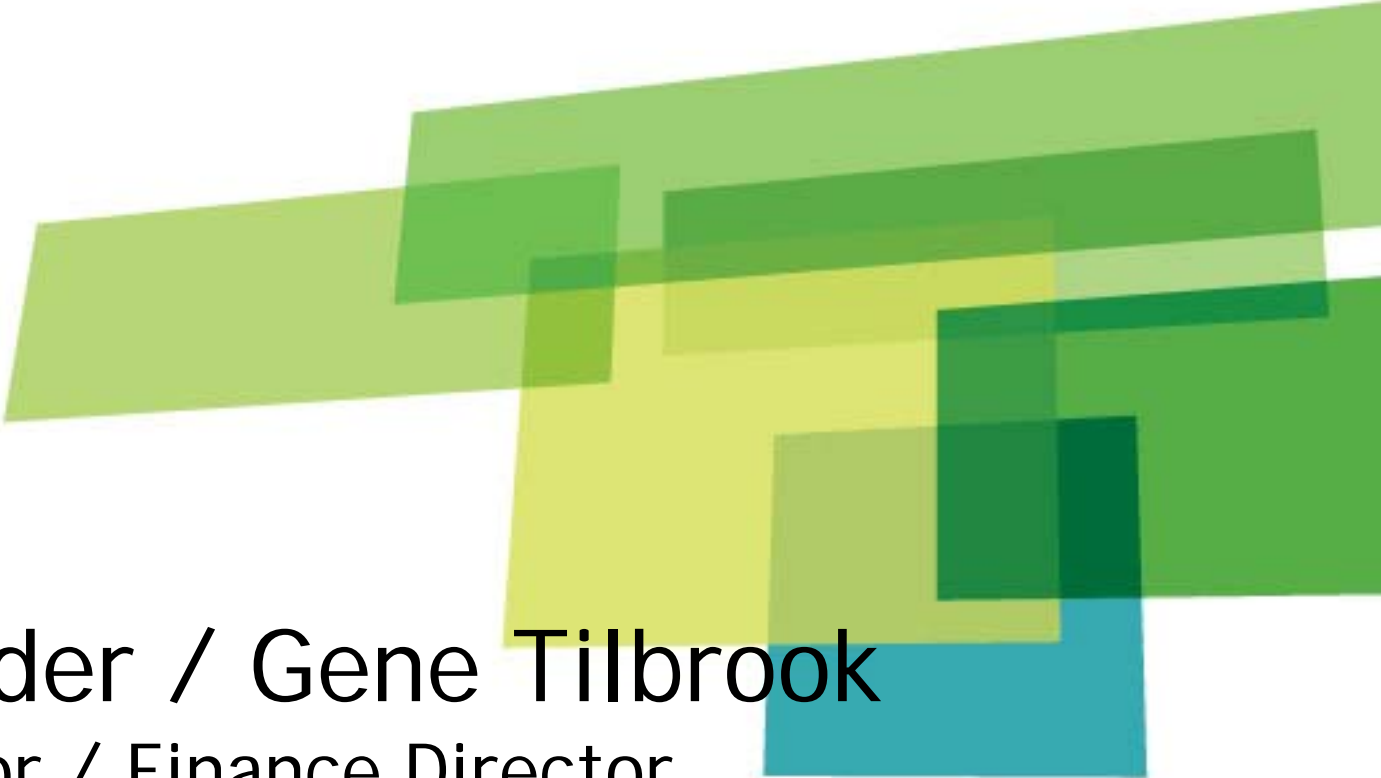
# Investor Briefing

## Entitlement Offer & Business Overview

22 April 2008

Westin Hotel, Sydney





Richard Goyder / Gene Tilbrook  
Managing Director / Finance Director

# Disclaimer

The accelerated entitlements offer of new Wesfarmers ordinary shares (the **Entitlement Offer**) in Wesfarmers Limited (ABN 28 008 984 049) (**Wesfarmers**) is made:

- to eligible institutional shareholders of Wesfarmers in an institutional offering memorandum distributed to those shareholders on 21 April 2008 (**IOM**); and
- to eligible retail shareholders of Wesfarmers in a prospectus lodged with the Australian Securities and Investments Commission on 21 April 2008 (**Prospectus**).

This presentation does not constitute an invitation to apply for shares under the Entitlement Offer and does not contain any application form for the Entitlement Offer. Anyone eligible and wishing to apply for shares under the Entitlement Offer will need to (as applicable) apply in accordance with the IOM, or complete the application form that will be in, or will accompany, the Prospectus. Neither this presentation nor anything contained in it shall form the basis of any contract or commitment and it is not intended to induce any person to engage in, or refrain from engaging in, any transaction.

The Prospectus has been lodged with the Australian Securities and Investments Commission. A copy of the Prospectus will be sent to eligible retail shareholders in early May. Copies of the Prospectus are also available for download at Wesfarmers' website at [www.wesfarmers.com.au](http://www.wesfarmers.com.au) or can be obtained (free of charge) by calling the information line (1300 558 062 (Australian line) or +61 3 9415 4631 (from outside Australia) at any time between 8.30 am and 7.30 pm (AEST), Monday to Friday). Offers of the shares under the Entitlement Offer to eligible retail shareholders will be made in, or accompanied by, a copy of the Prospectus. In deciding whether to take up the offer of shares, eligible retail shareholders should consider the Prospectus.

The information in this presentation (which will be lodged with the Australian Securities Exchange as a continuous disclosure notice on 21 April 2008) is for general information purposes only. This presentation does not purport to contain all the information that a prospective investor may require in evaluating a possible investment, and prospective investors should conduct their own independent investigation and assessment of the Entitlement Offer and the information contained in, or referred to in, this presentation. The information is not financial product advice and has been prepared without taking account of any person's investment objectives, financial situation or particular needs. Anyone eligible and wishing to apply for the Entitlement Offer should refer to the IOM or Prospectus (as applicable) and seek appropriate advice before deciding whether to invest in the Entitlement Offer.

This presentation contains "forward-looking" statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors that are in some cases beyond Wesfarmers' control. These risks, uncertainties and factors may cause actual results, performance or achievements to differ materially from those expressed or implied by the forward-looking statements and from past results, performance or achievements. Wesfarmers cannot give any assurance that the assumptions upon which management based its forward-looking statements will prove to be correct, or that Wesfarmers' business and operations will not be affected by other factors not currently foreseeable by management or beyond its control."

Wesfarmers reserves the right to cancel, or vary the timetable of, the offer of the Entitlement Offer.

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# Equity Raising

- Wesfarmers has funding commitments in place to refinance all of the outstanding Coles acquisition bridge facility
  - Fully underwritten 1 for 8 accelerated pro-rata entitlement offer to raise ~\$2.5 billion
  - Bank commitments obtained to refinance the remaining \$0.8 billion
- \$29.00 Offer price
  - 21.6% discount to Wesfarmers share price at last close<sup>1</sup>
  - 19.6% discount to theoretical ex-entitlements price

1. Based on Wesfarmers closing price of \$36.97 as at 16 April 2008



# Equity Raising Rationale

- Wesfarmers believes an equity raising is in the best interests of shareholders

✓	<b>Funding Certainty</b>	<ul style="list-style-type: none"><li>• Fully underwritten entitlement offer</li><li>• Avoids locking in unfavourable long-term debt facilities</li></ul>
✓	<b>Strengthens Balance Sheet</b>	<ul style="list-style-type: none"><li>• Brings gearing to lower end of target range given current market environment</li><li>• Strengthens Wesfarmers' balance sheet and provides financial flexibility going forward</li></ul>
✓	<b>Benefits Shareholders</b>	<ul style="list-style-type: none"><li>• All Eligible Shareholders can participate equally in the Offer</li><li>• Opportunity for Eligible Shareholders to increase investment on attractive terms</li><li>• Non-participating shareholders may receive value in respect of their Entitlements<sup>1</sup></li></ul>

1. A number of shares equal to lapsed or ineligible entitlements of shareholders will be placed into an institutional or retail bookbuild as applicable. Any premium above the Offer Price achieved in these bookbuilds will be remitted to those relevant shareholders on a pro-rata basis



# Equity Raising Investment Highlights

## Attractive Terms

- Allows shareholders to increase their investment at an Offer Price of \$29.00 per share
  - 19.6% discount to theoretical ex-entitlements price

## Access to Dividends

- Fully franked dividends of at least \$2.00 per share for the 2008 and 2009 financial years is expected<sup>1</sup>
- Strong cashflow generation

## Leading Businesses

- High quality portfolio of businesses with both short-term and long-term growth opportunities
- Opportunity to substantially enhance Coles earnings

## Proven Business Model

- Shareholder focused business model
- Disciplined acquisition strategy and integration track record
- Strong financial and operational performance

## Financial Strength and Discipline

- Strengthened balance sheet and financial flexibility going forward
- Investment grade capital structure

1. Subject to the availability of retained earnings and franking credits



# Coles

- Significant business change required
- Integration largely complete
- New management team to drive performance turnaround



## Strategies

1. New business operating model
2. Capture logistics and IT efficiencies
3. Key strategic customer programmes
4. Investment in store network

## Trading Update

- Total food and liquor growth of 5.2% in Q3
- Comp store sales growth of 3.2% (31 Dec to 13 April)

## Outlook

- Positive comparable store sales growth, but early days
- Continued focus on retail basics
- Significant business improvement programme





# Home Improvement and Office Supplies

## Bunnings

- Bunnings continuing to perform strongly
  - Consumer sentiment dampening
- Focus on delivering on strategic agenda



### Strategies

1. Profitable sales growth
2. Improving customer service
3. Innovation & improvement of the offer
4. Team member performance
5. Business improvements to lower costs

### Trading Update

- Cash store-on-store sales growth of 11.0% (1 January to 13 April)
- Modest growth in trade

### Outlook

- Continuing cash sales growth
- Ongoing network development



# Home Improvement and Office Supplies Officeworks

- Integration largely complete
- Facing sales and margin pressure as trading conditions tighten



## Strategies

- 1.Strategy reset work well advanced
- 2.Defining core offer
- 3.Positive actions underway
  - Store format trials
  - Range enhancements
  - Store teams lifting in-store disciplines

## Trading Update

- Modest sales growth of 3.3% (31 Dec to 13 April)
- Margins constrained by competitive forces
- Clearing obsolete inventory

## Outlook

- Trading conditions tightening
- Traction from strategy reset expected in 2008/2009



# Target

- Positioned for any potential slow down in retail spending
  - Inventory well controlled in difficult trading conditions



## Strategies

1. Focus on fundamentals
2. Brand relaunch
3. Differentiation
4. Store network development
5. Team member performance
6. Business improvements

## Trading Update

- 9.2% total sales growth in Q3
- 5.4% comp store sales growth (15 weeks to 13 April)

## Outlook

- Enhanced store network
- Continuing focus on customers



# Kmart

- Decision to retain Kmart and invest in the business
  - Business can now focus on longer term strategy



## Strategies

1. Customer value proposition
2. Accelerate new store openings and develop new store concept
3. Focus on cost control
4. Build team capability

## Trading Update

- 5.0% sales growth in Q3
- Comp store sales growth of 2.9% (31 Dec to 13 April)

## Outlook

- Trading conditions expected to be tougher
- Product offer is healthy and will continue to evolve



# Resources

- Resources to benefit from record export coal prices
- Expansion projects and feasibility studies underway
- Volumes continue to be impacted by infrastructure constraints

**URRAGH**

 **Premier Coal**

 **BENGALLA**

## Industry Update

1. Record coal prices for FY09
2. Cost pressures expected to continue
3. Ongoing rail and port constraints

## Trading Update

- 4% year on year cash production cost increase
- Curragh maintained lowest quartile cash cost position (hard coking coal)

## Outlook

- Significant increase in earnings in 2008/09





# Insurance

- Insurance industry facing challenges
- Continuing consolidation of brokers/distribution



## Strategies

1. Building the best team
2. Leverage distribution network
3. Pursue acquisition opportunities
4. Business improvement
5. New business initiatives

## Trading Update

- Underwriting business impacted by higher incidence of claims and adverse weather
- Modest earnings growth in broking

## Outlook

- Underwriting margins under pressure
- Further bolt on opportunities in insurance broking
- Turnaround of Lumley NZ



# Chemicals & Fertilisers

- Positioned to capitalise on strong chemicals demand
- Fertiliser earnings dependent on winter rainfall



## Strategies

1. Kwinana Ammonium Nitrate duplication
2. Sodium cyanide expansion
3. Continue to develop liquid fertiliser strategy

## Trading Update

- Fertiliser sales up 18% on pcp in 9 months to March
- Continuing strong chemicals demand from resources sector

## Outlook

- Seasonal factors over next two months critical for 2007/08 fertilisers result
- Completion of AN duplication and debottlenecking projects



# Industrial & Safety

- Continuing to build stronger business foundations
  - Continuing improvements across the supply chain
- Enhanced focus on growth



**Blackwoods Paykels**  
NZ'S LARGEST RANGE OF ENGINEERING SUPPLIES AND TECHNICAL SERVICES



**NZ Safety**  
Specialists In Safety & Protection



**Packaging House**  
Building partnerships, delivering solutions



**protectorsafety**

## Strategies

1. Reposition businesses
2. Redesign the logistics model
3. Improve margins and rapidly reduce capital base
4. Focus on growth

## Trading Update

- Good sales growth despite mixed trading conditions
- Uplift across most product categories

## Outlook

- Good earnings growth expected
- Ongoing review of acquisition opportunities





# Energy

- WA LNG project progressing on budget
  - 2009 contribution
- Sale of UNIGAS interest completed



## Strategies

1. Improve - existing businesses
2. Expand - deliver projects
3. Evaluate - new opportunities

## Trading Update

- Strong international energy prices
- Subdued market for some industrial gas customers and geographical segments

## Outlook

- Dependent on international energy prices & LPG content in DBP
- Investments for long term growth



# Refinancing Programme Complete

- Wesfarmers has funding commitments in place to refinance the \$4.0 billion Coles acquisition bridge facilities

	\$bn
US Notes (5 year) – Completed 10 April 2008	~ 0.7
Net proceeds from Entitlement Offer – Fully underwritten	~ <b>2.5</b>
New debt commitments – At ~1% margin including fees	~ 0.8
<b>Total</b>	<b>~ 4.0</b>

- Wesfarmers has also secured commitments to renew its \$1.0 billion working capital facility
- Average margin for all 1-3 year financing < 1.0%, including fees



# Strengthened Financial Position

- Strengthens Wesfarmers' balance sheet against a backdrop of volatile debt markets
  - Pro-forma gearing of 47.6% (ND/E)
  - Brings gearing to lower end of target range
  - Stronger balance sheet will improve interest coverage
- Reinforces Wesfarmers' investment grade capital structure

\$ million	As at 31 December 2007	Pro-forma as at 31 December 2007 <sup>1</sup>
Cash at Bank	453	453
<b>Total Assets</b>	<b>37,110</b>	<b>37,110</b>
Borrowings	12,054	9,541
<b>Total Liabilities</b>	<b>20,558</b>	<b>18,027</b>
<b>Equity</b>	<b>16,552</b>	<b>19,083</b>
<b>Gearing (ND/E)</b>	<b>70.1%</b>	<b>47.6%</b>

1. Adjusted for the Entitlement Offer



# Dividend Guidance

## Dividend Guidance Maintained

- Fully franked dividends of at least \$2.00 per share in FY08 and FY09, subject to the availability of retained earnings and franking credits

## FY08 Final Dividend

- New Wesfarmers Ordinary Shares issued under the Offer will be entitled to Wesfarmers' FY08 final dividend payable in September 2008
  - Expected to be at least \$1.35 per share

## Dividend Investment Plan

- Expected to be maintained for the FY08 final dividend, but will not be underwritten



# WPPS

- Eligible holders of WPPS entitled to participate in the Offer on the same terms as eligible Wesfarmers ordinary shareholders
  - Entitled to subscribe for 1 New Wesfarmers Ordinary Share for every 8 WPPS held

## Adjustment to WPPS Terms

- WPPS terms provide for an adjustment in the event of an Entitlement Offer
- The Wesfarmers Board has determined to adjust the WPPS terms to maintain the relative values of WPPS and Wesfarmers Ordinary Shares
  - Cap price of \$45.00 per share to be reduced to \$43.92
  - Floor price of \$36.00 per share to be reduced to \$35.14
- Grant Samuel has advised the adjustment is fair, reasonable and appropriate



# Questions

