2019 Half-Year Results
Debt Investor Update

Wesfarmers

Group Performance Overview

Long-term shareholder returns

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:

- **Anticipating the needs of our customers & delivering competitive goods & services**
- **Looking after our team members & providing a safe, fulfilling work environment**
- **Engaging fairly with our suppliers & sourcing ethically & sustainably**
- **Supporting the communities in which we operate**
- **Taking care of the environment**
- **Acting with integrity & honesty in all of our dealings**

Progress on strategic agenda: 1H19 highlights

Portfolio management – significant repositioning

- Demerger of Coles
- Sale of Bengalla
- Sale of Kmart Tyre & Auto
- Sale of stake in Quadrant Energy

Talent – key appointments

- Ian Bailey, MD Kmart Group
- Marina Joanou, MD Target
- Sarah Hunter, MD Officeworks
- Naomi Flutter, EGM Corporate Affairs
- David Cheesewright (ex-Walmart) as strategic adviser

Data & digital

- Group leadership conference (top 160)
- Build out of Advanced Analytics Centre & use case development
- Formalised flybuys JV with Coles & appointment of new CEO
- Record penetration & strong growth (34%) in online sales

Financial overview

Half-year ended 31 December ($m)	Reported	Excluding significant items[2]	Variance to pcp (exc. significant items[2])
Results from continuing operations[1]			
Earnings before interest & tax	1,645	1,645	*9.5%*
Net profit after tax	1,080	1,080	*10.4%*
Basic earnings per share (cps)	96	96	*10.5%*
Results including discontinued operations[1]			
Earnings before interest & tax	5,482	2,232	*(5.0%)*
Net profit after tax	4,538	1,479	*(3.6%)*
Basic earnings per share (cps)	401	131	*(3.5%)*
Dividend per share (cps)	100	100	*(2.9%)*
Special dividend per share (cps)	100	100	*n.a.*

- Results reflect a period of significant change following successful completion of actions taken to reposition Group's portfolio
- Reported net profit after tax (NPAT) of $4,538m for the half, including post-tax significant items of $3,059m; NPAT from continuing operations increased 10.4% to $1,080m
- Fully-franked ordinary interim dividend of $1.00 per share & fully-franked special dividend of $1.00 per share
- Strong balance sheet & portfolio activity supports capital management while preserving capacity to take advantage of value-accretive growth opportunities if & when they arise

1. 2018 discontinued operations include Coles, Kmart Tyre & Auto (KTAS), Bengalla & Quadrant Energy. 2017 discontinued operations include Curragh & Bunnings UK & Ireland (BUKI).
2. 2018 excludes pre-tax (post-tax) significant items comprising $2,312m ($2,252m) gain on demerger of Coles, $679m ($583m) gain on sale of Bengalla, $267m ($219m) gain on sale of KTAS, $138m ($107m) gain on sale of Quadrant Energy, partially offset by a $146m ($102m) provision for supply chain automation in Coles. 2017 excludes Target's pre-tax (post-tax) non-cash impairment of $306m ($300m). Results including discontinued operations also exclude pre-tax (post-tax) significant items of $931m ($1,023m) relating to BUKI.

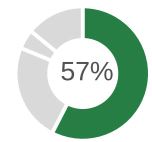
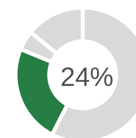
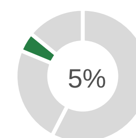
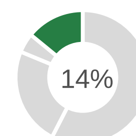
Group performance summary

Half-year ended 31 December ($m)	2018	2017	Var %
Results from continuing operations[1]			
EBIT	1,645	1,196	*37.5*
EBIT (excl. significant items)[2]	1,645	1,502	*9.5*
Net profit after tax	1,080	678	59.3
Net profit after tax (excl. significant items)[2]	1,080	978	*10.4*
Earnings per share (excl. significant items)[2] (cps)	95.5	86.4	*10.5*
Results including discontinued operations[1]			
EBIT	5,482	1,113	*n.m.*
EBIT (exc. significant items)[2,3]	2,232	2,350	*(5.0)*
Net profit after tax	4,538	212	*n.m.*
Net profit after tax (excl. significant items)[2,3]	1,479	1,535	*(3.6)*
Earnings per share (excl. significant items)[2,3] (cps)	130.8	135.6	*(3.5)*
Operating cash flow	1,987	2,897	*(31.4)*
Net capital expenditure	678	686	*(1.2)*
Free cash flow	2,393	2,228	*7.4*
Half-year ordinary dividend (cps)	100	103	*(2.9)*
Special dividend (cps)	100	-	*n.a.*
Net financial debt[4]	324	3,864	*(91.6)*

n.m. = not meaningful

1. Discontinued operations relate to Coles, KTAS, Bengalla & Quadrant Energy which were disposed of during 1H19, & Curragh & BUKI which were disposed of during FY18.
2. 2018 excludes pre-tax (post-tax) significant items comprising $2,312m ($2,252m) gain on demerger of Coles, $679m ($583m) gain on sale of Bengalla, $267m ($219m) gain on sale of KTAS, $138m ($107m) gain on sale of Quadrant Energy, partially offset by a $146m ($102m) provision for supply chain automation in Coles.
   2017 excludes Target's non-cash impairment of $306m ($300m).
3. 2017 excludes pre-tax (post-tax) significant items of $931m ($1,023m) relating to BUKI.
4. Interest bearing liabilities less cash at bank, on deposit & in short term investments, net of cross-currency interest rate swaps & interest rate swap contracts.

Divisional earnings summary

EBIT ($m) Half-year ended 31 December	2018	2017	Var %	Var $m	% of divisional EBIT
Bunnings Australia & New Zealand	932	864	*7.9*	*68*	
Kmart Group (continuing operations)[1]	383	398	(3.8)	(15)	
Including KTAS[2]	393	415	*(5.3)*	*(22)*	
Officeworks	76	68	*11.8*	*8*	
Industrials (continuing operations)[3]	227	233	*(2.6)*	*(6)*	
WesCEF	*185*	*181*	*2.2*	*4*	
Industrial & Safety	*42*	*52*	*(19.2)*	*(10)*	

1. Excludes KTAS.
2. Includes KTAS for period of ownership (divested 1 November 2018). 2017 includes full six month contribution from KTAS.
3. Excludes Quadrant Energy & Resources (Bengalla & Curragh).

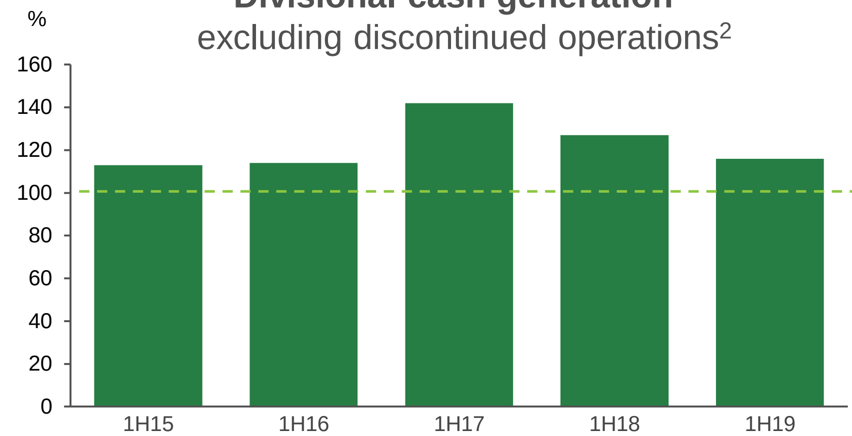
Operational highlights

- Bunnings: Continued sales growth in consumer & commercial, in all product categories & across all major trading regions; growth was achieved despite high levels of growth in 1H18, high rainfall on the East Coast & softening in conditions in the residential housing market
- Kmart Group
  - Kmart: Strong double digit sales growth in online offer supported by extended click & collect service & introduction of buy now pay later offering; customer feedback remained strong, reflected in increased units sold
  - Target: Earnings growth delivered through improved trading margins reflecting increased levels of direct sourcing, lower markdowns, improved sales mix & the benefit of annualised cost savings
- Officeworks: Strong revenue & EBIT growth; continued focus on customer offer & investments in ‘every channel’ strategy
- Chemicals, Energy & Fertilisers: Chemicals earnings benefited from strong WA EGAN demand due to continued disruption at the competing Burrup plant; Fertilisers earnings improved due to favourable late season conditions

Operating cash flows

- Divisional cash generation[1] excluding discontinued operations remains strong at approximately 115%[2]
- Operating cash flows of $1,987m impacted by demerger of Coles
  - Coles operating cash flow $526m lower than prior corresponding period, reflecting removal of Coles earnings in December & the usual working capital unwind
  - Payment of tax instalments in December, relating to pre-demerger trading
- The determination of Coles' net debt of $2.0bn at time of demerger took into account the seasonality of operating cash flows
- Group cash realisation ratio of 98.5%[3], impacted by the timing of the demerger of Coles, timing of property sales, reduction in income tax payable as well as one-off non-cash gains on investment in Barminco

Divisional cash generation[1]
excluding discontinued operations[2]



1. Divisional operating cash flows before tax after net capital expenditure divided by divisional EBIT.
2. Includes contribution from KTAS & Quadrant
3. Operating cash flows as a percentage of net profit after tax, before depreciation, amortisation & significant items.

Working capital & free cash flows

- Positive working capital result lower than 1H18
  - Timing of Coles demerger during seasonal inventory build & removal of the usual working capital unwind during December
  - Non-repeat of significant inventory reduction in Target in 1H18
  - Timing of Bunnings property sales impacting receivables
- Free cash flows of $2,393m, $165m above prior half-year
  - Net proceeds from disposals totalling $1.1bn offset by lower operating cash flows from removal of divested businesses, demerger of Coles & transfer of Coles' cash on hand & in transit

Half-year ended 31 December ($m)	2018	2017
Cash movement inflow/(outflow)		
Receivables & prepayments	73	(169)
Inventory	(687)	(452)
Payables	930	1,317
Total	**316**	**696**
Working capital cash movement		
Retail	362	837
Industrials & Other	(46)	(141)
Total	**316**	**696**

Capital expenditure

- Gross capital expenditure, including discontinued operations, decreased $49m to $955m
  - Higher capital expenditure in Coles
  - Investment in Coregas healthcare

  Offset by:
  - Decrease in Kmart Group capital expenditure due to brand acquisition in 1H18
  - Timing of new stores in Bunnings
- Proceeds from property disposals decreased $41m to $277m:
  - Bunnings property disposals of $237m
- Net capital expenditure decreased marginally to $678m
- FY19 net capital expenditure of $750m to $950m expected (including discontinued operations), subject to net property investment

Half-year ended 31 December ($m)[1]	2018	2017	Var %
Bunnings	240	275	*(12.7)*
Kmart Group	119	197	*(39.6)*
Officeworks	20	11	*81.8*
WesCEF	32	30	*6.7*
Industrial & Safety	46	19	*n.m.*
Other	2	1	*n.m.*
Gross capital expenditure	**459**	**533**	***(13.9)***
Sale of PP&E	(245)	(226)	*8.4*
Net capital expenditure	**214**	**307**	***(30.3)***
Net capital expenditure in discontinued operations[2]	464	379	*22.4*
Group (including discontinued)			
Gross capital expenditure	955	1,004	*(4.9)*
Sale of PP&E	(277)	(318)	*(12.9)*
Net capital expenditure - Group	**678**	**686**	***(1.2)***

1. Capital investment provided on a cash basis.
2. Discontinued operations include Coles, KTAS, Bengalla & Quadrant Energy in 2019 & Curragh & BUKI in 2018.

Outlook

Outlook

Operational

- BANZ well positioned for continued growth; moderated trading conditions are expected to continue
- The Kmart Group is well positioned for the future; in the short term earnings will be affected by moderated trading momentum & continued focus on customer value in Kmart & ongoing transformation in Target
- Officeworks to continue to focus on execution of strategic agenda; variable trading conditions expected to continue & competitive pressure expected to remain strong
- Production & demand for WesCEF products is expected to remain robust; AN to continue to benefit from ongoing disruption at competing Burrup plant but medium term earnings will be affected by an oversupply of EGAN in WA
- Industrial & Safety market conditions & demand in Australia expected to remain generally stable, but weakness in New Zealand & UK markets expected to persist

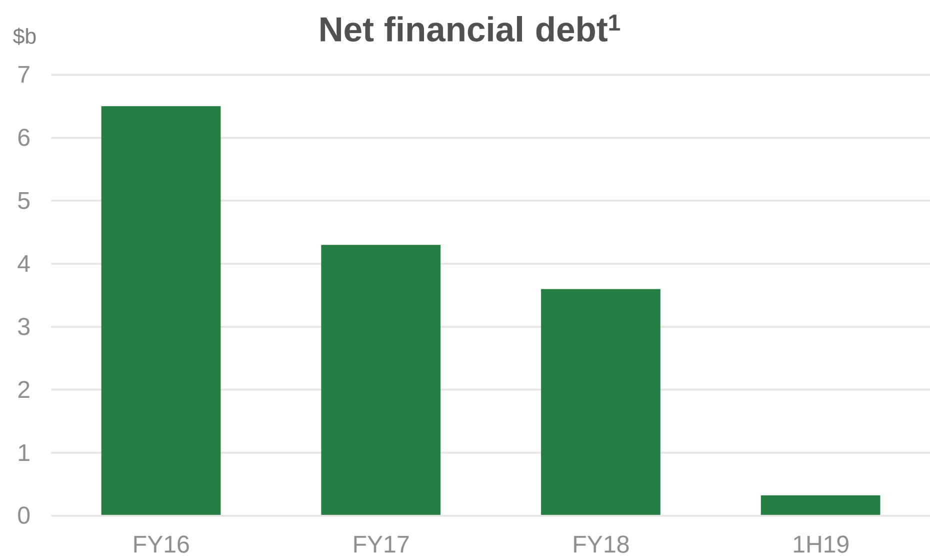
Group

- Following successful repositioning of the portfolio, Wesfarmers has a very strong balance sheet & is well placed to deliver improved shareholder returns
- Despite cautious trading conditions, businesses within the portfolio are well positioned to continue to deliver long term growth in shareholder value
- The retail divisions will remain focused on customers & on managing the businesses for long term success & value creation
- Continued focus on leveraging data & digital capabilities, developing great talent & teams, & driving entrepreneurial initiative

Debt Management

Maintaining strong balance sheet and credit ratings

- Continued strength in Group's debt position
  - Net financial debt[1] of $0.3b as at 31 December 2018
  - Net financial debt[1] down from $3.6b at 30 June 2018; significantly decreased from $3.9b at 31 December 2017
  - Strong liquidity position, supported by $2.8b of undrawn bank facilities
- Strong credit ratings: Moody's A3 (Stable); Standard & Poor's A- (Stable)
- Maintaining prudent capital structure and strong credit rating is important to Wesfarmers



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

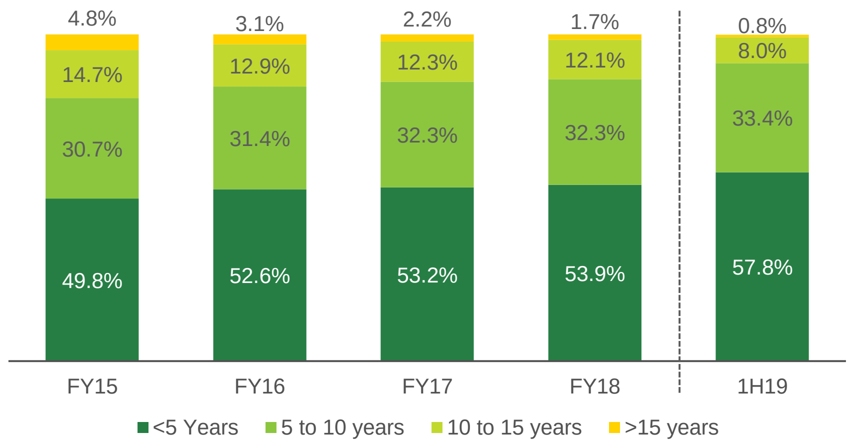
Financial discipline is core to Wesfarmers' strategy

- Recent activities
  - November 2018: Demerger of Coles completed; received $2b
  - November 2018 & December 2018: Divestments of Kmart Tyre and Auto, Quadrant Energy & Bengalla; received net proceeds totalling $1.1b
- Future debt maturities
  - March 2019: A$500m seven-year domestic bonds
  - Ongoing extension of bank facilities
- Future activities
  - Continue to monitor debt capital markets for favourable issuance opportunities subject to financing requirements

Management of lease portfolio

- Undiscounted lease commitments totalled $8.6b & represent 74% of Group fixed financial obligations as at 31 December 2018
  - Undiscounted lease commitments reduced by more than $9b following the demerger of Coles
- Shorter average lease tenure of 5.3 years[1] (FY18: 5.8 years), complemented by extension options to maintain security of tenure
  - Reflects demerger of Coles & disciplined management of leases in remaining retail businesses
- Continued focus on lease-adjusted return on capital as a key hurdle for divisions

Weighted average lease terms



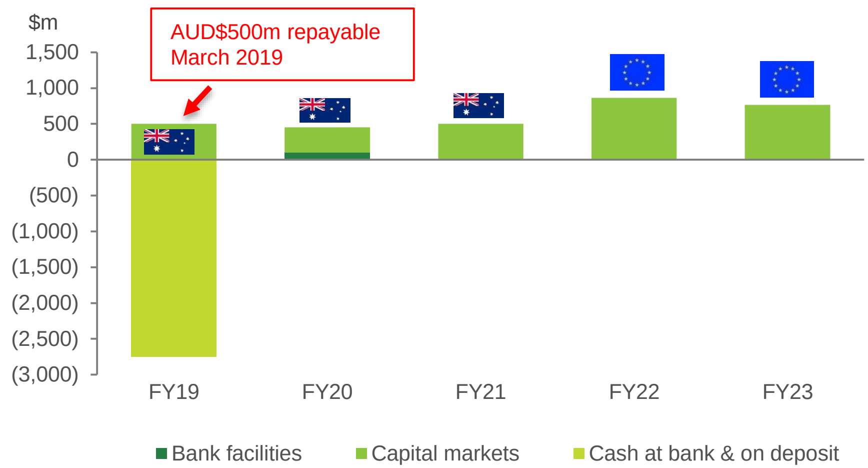
Fixed financial obligations[1]

1. Average lease tenure calculated as weighted average of dollar commitments by year. Excludes discontinued operations.
2. Represents future undiscounted minimum rentals payable under non-cancellable operating leases.

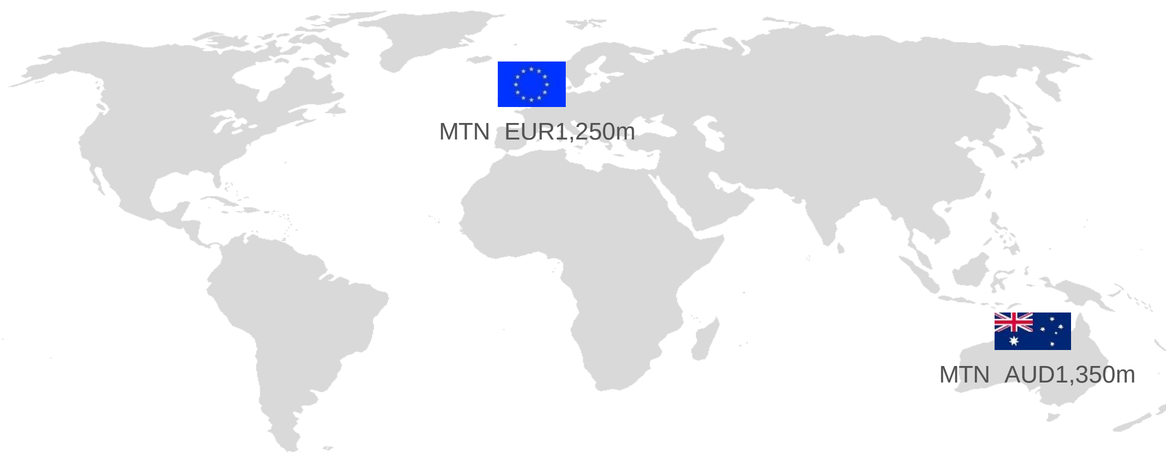
Pro-active debt management

- Continued focus on maturity profile & maintaining liquidity headroom in revolving bilateral bank facilities
- Commitment to ensure diversity of funding sources, including the domestic & international debt capital markets
- Standard terms & conditions across all DCM programmes

Debt maturity profile as at 31 December 2018

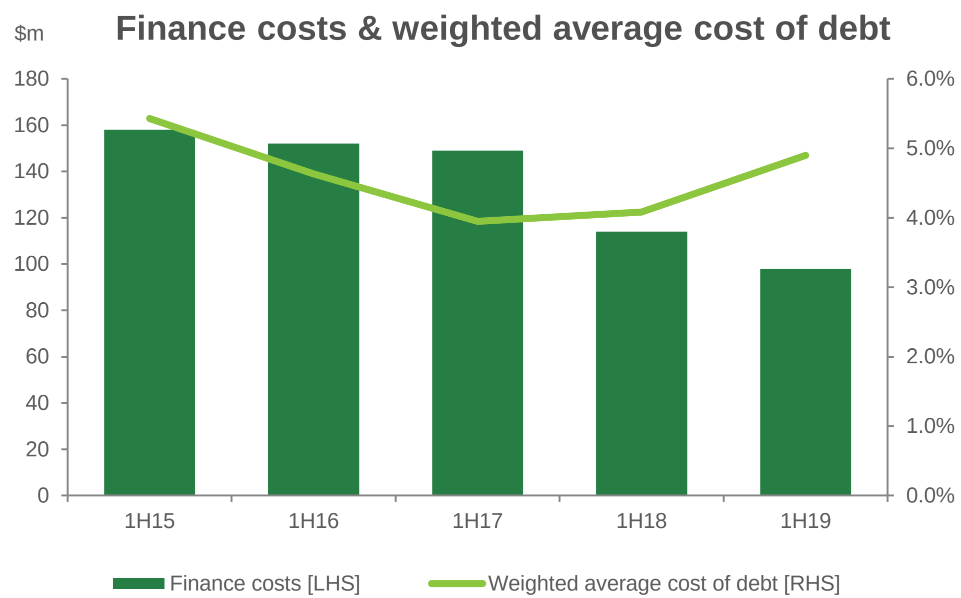


DCM Funding Sources as at 31 December 2018



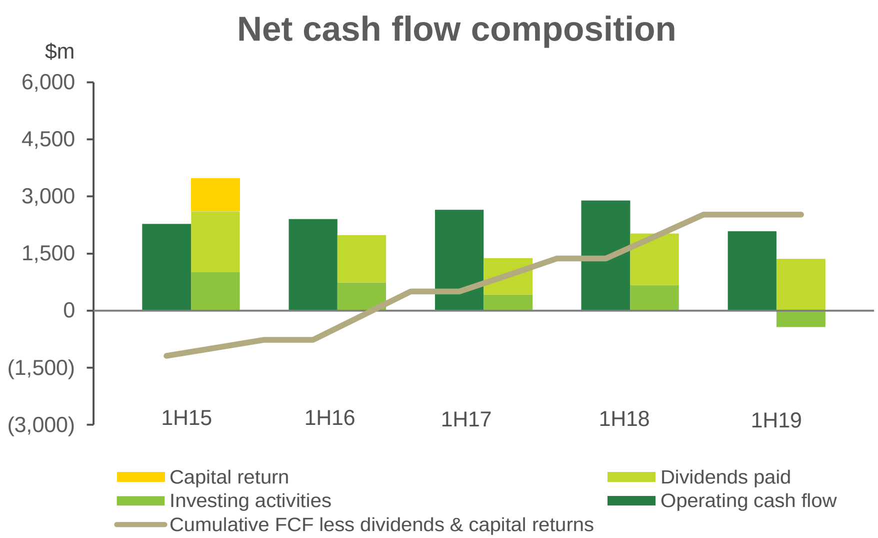
Reduced funding costs

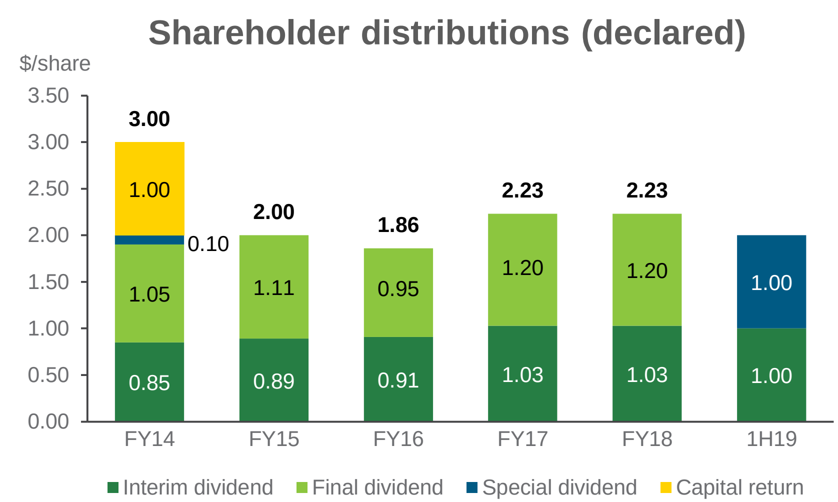
- Finance costs decreased by 14.9% to $97m in 1H19 due to lower average debt levels
- All-in effective borrowing cost 4.90% in 1H19 (1H18: 4.08%)
  - Increased weighting of higher cost bonds as lower cost bank debt was repaid



Dividends

- Dividend policy takes into account through the cycle free cash flow requirements & debt refinancing
- Fully-franked ordinary interim dividend of $1.00 per share & fully-franked special dividend of $1.00 per share (total dividend amount of $2.3b)
  - Distributes profits from asset disposals
  - Takes into account available franking credits, strong balance sheet, robust credit metrics & cash flow generation
  - Preserves balance sheet capacity to take advantage of value-accretive growth opportunities if & when they arise
- Focus on maintaining strong credit metrics





Questions

Appendix:
2019 Half-Year Results Briefing Presentation (Operational Extract)

Wesfarmers

Bunnings Australia & New Zealand

Bunnings Australia & New Zealand performance summary

Half-year ended 31 December ($m)	2018	2017	Var %
Revenue	**6,909**	**6,566**	***5.2***
EBITDA[1]	1,027	953	*7.8*
Depreciation & amortisation	(95)	(89)	*(6.7)*
EBIT[1]	**932**	**864**	***7.9***
EBIT margin[1] (%)	13.5	13.2	
RoC (R12, %)	50.2	47.0	
Safety (R12, TRIFR)	12.0	15.8	
Total store sales growth[2] (%)	5.5	10.1	
Store-on-store sales growth[2] (%)	4.0	9.0	

1. Includes net property contribution for 2018 of $51m & 2017 of $30m.
2. 2018 growth reflects the six months to 31 December 2018 relative to the six months to 31 December 2017. 2017 growth reflects the 6 months to 31 December 2017 relative to the 6 months to 31 December 2016.

Bunnings Australia & New Zealand overview

- Revenue growth of 5.2%
  - Total store growth of 5.5%; store-on-store growth of 4.0%
  - Continued growth in consumer & commercial, in all product categories & across all major trading regions
  - Growth was achieved despite high levels of growth in 1H18, high rainfall on the East Coast & softening in conditions in the residential housing market
- EBIT increased 7.9%
  - Ongoing focus on cost control
  - Higher property contribution
- RoC (R12) increased 3.2 ppt
  - Ongoing investment in network
  - Property recycling program
  - Eight new warehouse stores opened including four replacement stores
  - 18 upgrades & expansions completed

Bunnings Australia & New Zealand overview

- Strong progress on strategic agenda
- Driving growth
  - Continued investment in customer value
  - Product range expansion & innovation
  - Ongoing network & layout refresh work
- Better experiences
  - Click & collect pilot trial underway
  - PowerPass mobile app introduced
  - Expansion of installation offer
  - Increased in-store workshops & activities
- Efficiency through the core
  - Continued safety focus, reduced injury frequency
  - Using analytics to drive productivity & inventory optimisation

Bunnings Australia & New Zealand outlook

- Moderated trading conditions are expected to continue
- Well positioned to continue to drive growth
  - Investing further in customer value
  - Broadening product ranges
  - Expanding service offerings
- Continued development of digital capability
  - Significant increase in digital investment
  - Expansion of click & collect offer
  - Building towards full online transactional offer for Australia & New Zealand
- 14 new stores under construction
- Six upgrades & expansions to be completed

Kmart Group

Kmart Group performance summary

Half-year ended 31 December ($m)	2018	2017	Var %
Revenue[1]	**4,639**	**4,604**	***0.8***
EBITDA[1]	480	497	*(3.4)*
Depreciation & amortisation[1]	(97)	(99)	*2.0*
EBIT[1]	**383**	**398**	***(3.8)***
EBIT (including KTAS)[2]	**393**	**415**	***(5.3)***
EBIT margin[1] (%)	8.3	8.6	
RoC[3] (R12, %)	33.9	25.6	
Safety[3] (R12, TRIFR)	21.0	24.2	
Kmart[3]			
Total sales growth[4] (%)	1.0	9.0	
Comparable sales growth[4] (%)	(0.6)	5.8	
Target			
Total sales growth[5] (%)	0.3	(6.2)	
Comparable sales growth[5] (%)	0.5	(6.5)	

1. 2018 excludes KTAS trading performance & gain on disposal of KTAS. 2017 excludes a pre-tax non-cash impairment of $306m in Target.
2. 2018 includes KTAS trading performance & excludes gain on disposal of KTAS. 2017 includes KTAS for full six months and excludes a pre-tax non-cash impairment of $306m in Target.
3. Excludes KTAS. The increase in ROC also reflects lower capital employed as a result of non-cash impairments in Target in June 2016.
4. 2018 growth reflects the 27 week period 25 June 2018 to 30 December 2018 & the 27 week period 26 June 2016 to 31 December 2017.
   2017 growth reflects the 27 week period 26 June 2017 to 31 December 2017 & the 27 week period 27 June 2016 to 1 January 2017.
5. 2018 growth reflects the 27 week period 24 June 2018 to 29 December 2018 & the 27 week period 25 June 2016 to 30 December 2017.
   2017 growth reflects the 27 week period 25 June 2017 to 30 December 2017 & the 27 week period 26 June 2016 to 31 December 2017.

Kmart Group overview

- Revenue increased 0.8% to $4,639 million[1]
- **Kmart:**
  - Total sales growth of 1.0%
  - Modest decline in comparable sales driven by underperformance in apparel, lower growth in non-seasonal products & exit from DVD category
  - Strong double digit sales growth in online offer supported by extended click & collect service & introduction of buy now pay later offering
  - Customer feedback remained strong, reflected in increased units sold
- **Target:**
  - Continued reset of product, price & range
  - Improved quality of sales mix & growth achieved in womenswear a highlight
  - Good momentum & sales growth in online proposition driven by improved availability & increased rates of customer conversion

1. Excludes KTAS

Kmart Group overview

- Earnings decreased by 3.8% to $383m[1]
  - **Kmart** earnings declined primarily due to increased store & supply chain expenses resulting from additional stores, increased units sold, underlying cost inflation & implementation of revised product flow through the supply chain to reduce congestion in stores
  - **Target** earnings growth delivered through improved trading margins reflecting increased levels of direct sourcing, lower markdowns, improved sales mix & the benefit of annualised cost savings
- Improved inventory & working capital management within both brands
- Disciplined & integrated management of the store network:
  - **Kmart:** opened three new stores (including one replacement) & completed 20 store refurbishments
  - **Target:** opened one previously committed new store, closed eight stores & progressed store renewal trials & space resets

1. Excludes KTAS

Kmart Group outlook

- Kmart Group is well positioned for the future
- In the short term earnings will be affected by moderated trading momentum & continued focus on customer value in Kmart & ongoing transformation in Target
- **Kmart** will continue to focus on:
  - Creating a great place to shop that is simple to run & delivering better products at even lower prices
  - Maintaining lowest price leadership & continued improvements to the product offer
  - Relentlessly pursuing lowest cost & increasing operational productivity
  - Accelerating initiatives to improve the digital customer offer
  - Continuing to invest in the store network
- **Target** to continue to advance its business transformation focused on improving quality of its ranges, accelerating the online proposition & optimising the store network including by progressing store renewal trials & space resets

Officeworks

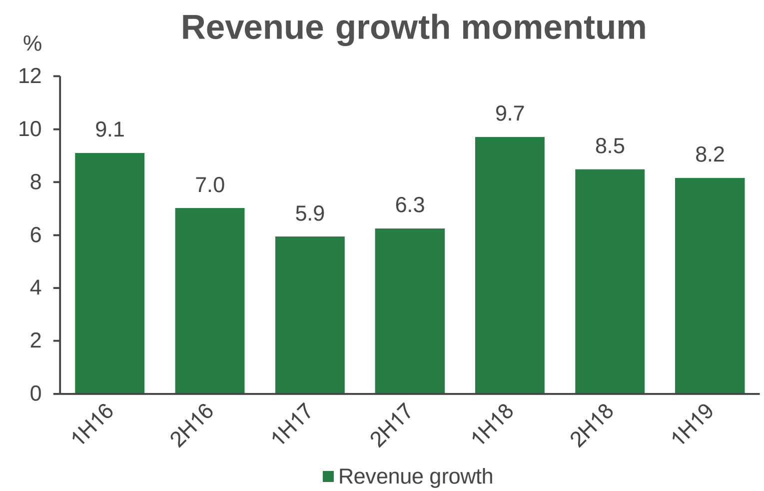
Officeworks performance summary

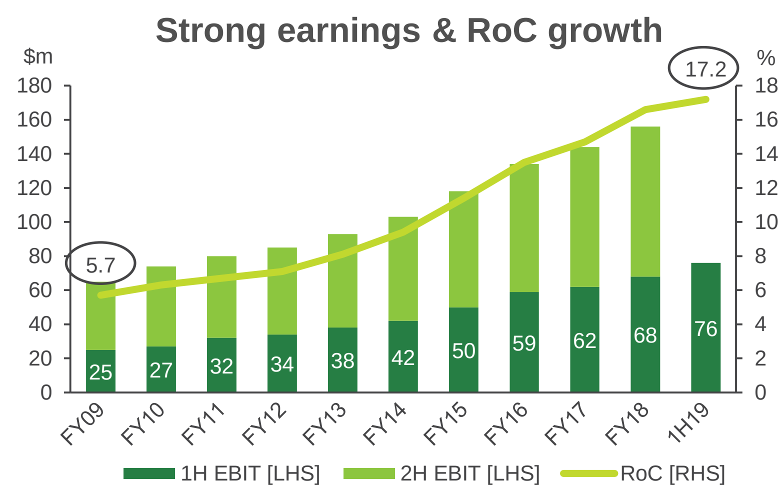
Half-year ended 31 December ($m)	2018	2017	Var %
Revenue	**1,100**	**1,017**	***8.2***
EBITDA	90	80	*12.5*
Depreciation & amortisation	(14)	(12)	*(16.7)*
EBIT	**76**	**68**	***11.8***
EBIT margin (%)	6.9	6.7	
RoC (R12, %)	17.2	15.7	
Safety (R12, TRIFR)	11.0	10.7	
Sales growth[1]	8.2	9.8	

1. 2018 growth reflects the six months to 31 December 2018 relative to the six months to 31 December 2017. 2017 growth reflects the 6 months to 31 December 2017 relative to the 6 months to 31 December 2016.

Officeworks overview

- Strong headline results
  - Revenue growth of 8.2%
    - Strong sales growth in stores & online
    - Ongoing improvement in sales density
  - EBIT growth of 11.8%
    - Effective gross margin & CODB management
  - RoC (R12) up 1.5 ppts to 17.2%
- Strong focus on customer offer
  - Relentless focus on price, range & service
  - Merchandise layout & store design changes
  - New & expanded product ranges
- Continued investment in 'every channel' strategy
  - Two new stores, ongoing online investment
  - Strong momentum maintained in B2B segment





Officeworks outlook

- Continued focus on execution of strategic agenda
  - Strengthen & expand the customer proposition by continually adding new products & services
  - Extend ‘every channel’ reach – physical & digital
  - Enhance productivity & efficiency through effective cost control & working capital improvements
  - Invest in talent, diversity & safety
  - Make a positive difference in the community
- Variable trading conditions expected to continue & competitive pressure expected to remain strong

Industrials

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

Wesfarmers Industrial and Safety
Blackwoods
NZ Safety Blackwoods
WORKWEAR GROUP
coregas
GREENCAP

Industrials performance summary (continuing operations)

Half-year ended 31 December ($m)		2018	2017	Var %
Revenue	Chemicals, Energy & Fertilisers	874	764	*14.4*
	Industrial & Safety	876	869	*0.8*
	Total	**1,750**	**1,633**	***7.2***
EBITDA	Chemicals, Energy & Fertilisers[1]	221	216	2.3
	Industrial & Safety	61	73	*(16.4)*
	Total	**282**	**289**	***(2.4)***
EBIT	Chemicals, Energy & Fertilisers[1]	185	181	*2.2*
	Industrial & Safety	42	52	*(19.2)*
	Total	**227**	**233**	***(2.6)***

1. Excludes Quadrant Energy, which was divested in November 2018.

Chemicals, Energy & Fertilisers performance summary

Half-year ended 31 December[1] ($m)		2018	2017	Var %
Revenue[2]	Chemicals	502	439	*14.4*
	Energy	233	223	*4.5*
	Fertilisers	139	102	*36.3*
	Total	**874**	**764**	***14.4***
EBITDA		**221**	**216**	***2.3***
Depreciation & amortisation		(36)	(35)	*(2.9)*
EBIT		**185**	**181**	***2.2***
EBIT[3] (including Quadrant Energy)		**190**	**188**	***1.1***
External sales volumes[4] ('000 tonnes)	Chemicals	546	494	*10.5*
	LPG	75	81	*(7.4)*
	Fertilisers	301	253	*19.0*
RoC (R12, %)		29.4	26.9	
Safety (R12, TRIFR)		5.3	3.8	

1. Excludes Quadrant Energy unless otherwise stated.
2. Excludes intra-division sales.
3. 2018 includes a five month contribution from Quadrant Energy, which was divested in November 2018.
4. External sales exclude AN volumes transferred between chemicals & fertilisers business segments.

Chemicals, Energy & Fertilisers overview

- Modest earnings growth & improved capital efficiency increased RoC by 2.5 ppt
- Chemicals earnings slightly lower
  - Strong WA EGAN[1] demand due to continued disruption at competing Burrup plant but AN[2] earnings impacted by increasing ammonia input costs & customer discounts to secure contracted offtake
  - Ammonia impacted by an unplanned production disruption partially offset by higher ammonia prices & lower gas input costs (new gas supply contract commenced late in prior period)
  - Higher volumes of lower margin traded chemicals contributed to sales revenue growth
  - Higher earnings for sodium cyanide as a result of higher domestic volumes & export margins
- Energy earnings higher
  - Increased Kleenheat earnings driven by higher Saudi CP[3] & further growth in natural gas retail customers during the period, partially offset by lower domestic LPG sales volumes
- Fertilisers earnings improved due to favourable late season conditions

1. Explosive grade ammonium nitrate.
2. Ammonium nitrate.
3. Contract price.

Industrial & Safety performance summary

Half-year ended 31 December ($m)	2018	2017	Var %
Revenue	**876**	**869**	***0.8***
EBITDA	61	73	*(16.4)*
Depreciation & amortisation	(19)	(21)	*9.5*
EBIT	**42**	**52**	***(19.2)***
EBIT margin (%)	4.8	6.0	
RoC (R12, %)	7.5	8.3	
Safety (R12, TRIFR)	7.3	6.4	

Industrial & Safety overview

- Revenue 0.8% higher than prior corresponding period
  - Blackwoods revenue broadly in line, with increased Australian revenues from stronger mining demand offset by weakness in construction & New Zealand market
  - Workwear Group revenue lower due to timing of uniform sales & macroeconomic weakness in UK market
  - Coregas revenue increased due to demand in the bulk sales channels
- Earnings of $42m, 19.2% down on prior corresponding period
  - Blackwoods earnings decreased due to ongoing investment in customer service, data & digital & supply change transformation activities; strong improvement in customer service metrics achieved during H1
  - Workwear Group earnings benefited from one-off insurance proceeds
  - Coregas earnings slightly lower due to higher material & freight costs

Industrials outlook

Chemicals, Energy & Fertilisers

- Production & demand for products expected to remain robust
- AN to continue to benefit from ongoing disruption at competing Burrup plant but medium term earnings will be affected by an oversupply of EGAN in WA
- Growth in natural gas retail is expected to moderate due to increased competition in the WA market
- Fertiliser earnings dependent on seasonal break but sentiment is positive for WA growers
- Earnings will continue to be impacted by international commodity prices, exchange rates, competitive factors & seasonal outcomes

Industrial & Safety

- Australian conditions & demand expected to remain generally stable, but weakness in New Zealand & UK markets expected to persist
- Performance improvement activities to continue in Blackwoods, Workwear Group & Greencap for the next 12 to 18 months, including data & digital transformation, enhancing supply chain efficiency & building merchandising capability
- Coregas expected to benefit from recent new business wins in healthcare sector; competitive intensity remains high

Wesfarmers