News Release

Wesfarmers

25 August 2023

2023 Full-year results

Highlights

Year ended 30 June ($m)	2023	2022	Variance %
Revenue	43,550	36,838	*18.2*
Revenue (excluding Wesfarmers Health)	38,238	35,598	*7.4*
Earnings before interest and tax	3,863	3,633	*6.3*
Net profit after tax	2,465	2,352	*4.8*
Basic earnings per share (cps)	217.8	207.8	*4.8*
Operating cash flows	4,179	2,301	*81.6*
Full-year ordinary dividend (fully-franked, cps)	191	180	*6.1*
Sustainability highlights			
Total recordable injury frequency rate[a] (TRIFR)	11.3	9.2	
Aboriginal and Torres Strait Islander team members[a] (#)	3,689	3,601	
Scope 1 and 2 emissions, market-based (ktCO_2e)	1,196.7	1,225.7	
Operational waste diverted from landfill[a] (% total waste)	71.6	69.6	
Gender balance, board and leadership team (women % total)	48	48	

[a] 2022 excludes Wesfarmers Health.

Wesfarmers Limited has reported a statutory net profit after tax (NPAT) of $2,465 million for the full year ended 30 June 2023, an increase of 4.8 per cent on the prior year.

Wesfarmers Managing Director Rob Scott said the results for the year demonstrate the strength of the Group's operating model and the quality of the portfolio, which provides a unique mix of resilience and growth.

"Wesfarmers' financial results were underpinned by strong divisional earnings growth of 12.9 per cent for the year, as the Group's operating businesses continued to respond well to trading and market conditions," Mr Scott said. "Wesfarmers maintained its focus on long-term shareholder returns and continued to advance key growth projects during the year, while also taking proactive steps to drive productivity and efficiency across its businesses.

"The Group's largest divisions performed particularly well during the year, with solid earnings reported in Bunnings, and strong earnings growth in Kmart Group and WesCEF.

"It was also pleasing to see significant earnings growth in Officeworks, which is realising the benefits from productivity investments over recent years. Wesfarmers Industrial and Safety continued to improve and the new Health division accelerated its transformation activities. While the Catch result was disappointing, investments to date are benefitting Group digital and e-commerce initiatives, and actions taken during the year supported progress in the second half.

"Overall, Wesfarmers' NPAT growth of 4.8 per cent reflected strong combined divisional earnings growth, partially offset by a significant change in non-cash property revaluations recorded at the Group level.

"As a result of the strong full-year result, the Wesfarmers Board has determined to pay a fully-franked final dividend of $1.03 per share, bringing total fully-franked ordinary dividends for the year to $1.91 per share, an increase of 6.1 per cent on the prior year."

As operating conditions and customer behaviours continued to normalise during the year, the Group's retail businesses benefitted from their well-established value credentials and strong omnichannel offers.

Earnings growth across the retail businesses reflected good operational execution during the year, in addition to the impact of cycling COVID-related lockdowns in the first half of the prior year. Through the year, retail customers have increasingly sought out value and traded down to lower-priced items within product ranges.

Wesfarmers Chemicals, Energy and Fertilisers (WesCEF) delivered another strong operating performance and a record earnings result, supported by elevated global ammonia prices. Construction was completed at the Mt Holland lithium mine and concentrator, with commissioning of the concentrator underway ahead of first expected earnings from the project in the first half of the 2024 calendar year.

The Group continued to advance its data and digital capabilities during the year, supported by ongoing investments across the divisions and in OneDigital. The application of artificial intelligence (AI) and predictive analytics continues to develop across the Group's retail operations and is supporting the delivery of productivity benefits. The OnePass membership program was expanded through new partnerships with Bunnings Warehouse, Disney+ and Flybuys, and additional member benefits both online and in stores.

The Group recognises the strong linkages between sustainability and long-term shareholder value, with continued focus during the year on safety, diversity and inclusion, climate awareness and human rights.

Wesfarmers maintained its commitment to providing a safe and fulfilling work environment for team members, and improvements in safety results were recorded across most divisions. At a Group level, TRIFR increased to 11.3, largely attributable to Bunnings where TRIFR results were impacted by a change in reporting methodology to better align with the broader Group, as well as an increase in manual handling injuries.

Wesfarmers remains gender balanced at the Leadership Team and Board level. The Group also maintained Indigenous employment parity, with 3.3 per cent of Wesfarmers' Australian team members identifying as Aboriginal or Torres Strait Islander. Increasingly, focus is turning to measures to support the career progression of Indigenous leaders across the Group, and 42 team members have completed the Wesfarmers Indigenous Leadership Program to date, earning a Certificate II or Certificate IV in Indigenous Leadership.

The Group continued to make good progress on actions to reduce the impact of its businesses on the environment, and to better understand dependencies on nature.

Wesfarmers achieved a 2.4 per cent reduction in Scope 1 and Scope 2 market-based emissions relative to the prior year. Pleasingly, the Group's electricity use fell while the share of renewable electricity increased, driven largely by Bunnings increasing its use of renewable electricity from 50.1 per cent to 64.4 per cent. WesCEF, which accounts for most of the Group's direct emissions, reported a 6.8 per cent increase in Scope 1 and Scope 2 market-based emissions. The increase largely reflects a 13 per cent increase in ammonia production as operations normalised following the planned major maintenance shutdown in the prior year.

Divisional operating cash flows before interest, tax, and the repayment of lease liabilities increased 45.6 per cent compared to the prior year, with divisional cash generation of 101 per cent. Divisional cash flow growth was supported by stronger divisional earnings and the continued normalisation in working capital positions across the retail and industrial businesses following the temporarily high balances recorded at the end of the 2022 financial year. Excluding the Health division, divisional operating cash flows increased 40.7 per cent, with divisional cash generation of 102 per cent.

The Group's inventory balance declined 0.7 per cent during the year to $6,039 million as at 30 June 2023. Overall inventory health is strong, with good stock availability across the retail divisions, and inventory cover ratios have broadly returned to pre-COVID levels.

Reported operating cash flows increased 81.6 per cent to $4,179 million, supported by higher divisional cash flows and lower tax paid due to the timing of tax payments.

Wesfarmers maintains significant balance sheet flexibility, supporting continued investment activity across the Group and providing capacity to manage potential risks and opportunities under a range of economic scenarios.

Group results summary

Year ended 30 June ($m)[a]	2023	2022	Variance %
Key financials			
Revenue	43,550	36,838	*18.2*
Revenue (excluding Wesfarmers Health)	38,238	35,598	*7.4*
EBIT	3,863	3,633	*6.3*
EBIT (after interest on lease liabilities)	3,644	3,416	*6.7*
NPAT	2,465	2,352	*4.8*
Basic earnings per share (cps)	217.8	207.8	*4.8*
Return on equity (R12, %)	31.4	29.4	*2.0 ppt*
Cash flows			
Operating cash flows	4,179	2,301	*81.6*
Net capital expenditure	1,183	884	*33.8*
Free cash flows	3,627	1,110	*226.8*
Cash realisation ratio (%)	100	59	*41 ppt*
Dividends and distributions			
Full-year ordinary dividend (fully-franked, cps)	191	180	*6.1*
Balance sheet and credit metrics			
Net financial debt	3,984	4,296	*(7.3)*
Debt to EBITDA (x)	1.9	2.2	*(0.3x)*
Sustainability highlights			
Total recordable injury frequency rate[b] (TRIFR)	11.3	9.2	
Aboriginal and Torres Strait Islander team members[b] (#)	3,689	3,601	
Scope 1 and 2 emissions, market-based (ktCO_2e)	1,196.7	1,225.7	
Operational waste diverted from landfill[b] (% total waste)	71.6	69.6	
Gender balance, board and leadership team (women % total)	48	48	

[a] See Additional Disclosures on page 24 for relevant definitions.

[b] 2022 excludes Wesfarmers Health.

Performance summary

	Revenue			Earnings		
Year ended 30 June ($m)[a]	**2023**	**2022**	**Variance %**	**2023**	**2022**	**Variance %**
Bunnings	18,539	17,754	*4.4*	2,230	2,204	*1.2*
Kmart Group[b]	10,635	9,129	*16.5*	769	505	*52.3*
WesCEF	3,306	3,041	*8.7*	669	540	*23.9*
Officeworks	3,357	3,169	*5.9*	200	181	*10.5*
Industrial and Safety	1,992	1,925	*3.5*	100	92	*8.7*
Wesfarmers Health	5,312	1,240	*n.m.*	45	(25)	*n.m.*
Catch	354	510	*(30.6)*	(163)	(88)	*n.m.*
Total divisional	**43,495**	**36,768**	***18.3***	**3,850**	**3,409**	***12.9***
Other	55	70	*(21.4)*	(206)	7	*n.m.*
Total	**43,550**	**36,838**	***18.2***	**3,644**	**3,416**	***6.7***

	Revenue			Earnings		
Six months ended 30 June ($m)[a]	**2023**	**2022**	**Variance %**	**2023**	**2022**	**Variance %**
Bunnings	8,747	8,545	*2.4*	952	945	*0.7*
Kmart Group[b]	4,921	4,524	*8.8*	294	283	*3.9*
WesCEF	1,904	1,964	*(3.1)*	345	322	*7.1*
Officeworks	1,706	1,589	*7.4*	115	99	*16.2*
Industrial and Safety	1,014	981	*3.4*	53	51	*3.9*
Wesfarmers Health	2,534	1,240	*n.m.*	18	(25)	*n.m.*
Catch	135	195	*(30.8)*	(55)	(44)	*n.m.*
Total divisional	**20,961**	**19,038**	***10.1***	**1,722**	**1,631**	***5.6***
Other	31	42	*(26.2)*	(131)	(11)	*n.m.*
Total	**20,992**	**19,080**	***10.0***	**1,591**	**1,620**	***(1.8)***

[a] Earnings are inclusive of acquisition-related expenses, and restructuring costs in Catch. See divisional sections from page 10 for more information.

[b] 2022 restated to exclude Catch.

Performance overview

Bunnings

Revenue for Bunnings increased 4.4 per cent to $18,539 million for the year, with earnings increasing 1.2 per cent to $2,230 million. Excluding net property contribution, earnings increased 1.9 per cent.

Bunnings' solid sales and earnings demonstrate the resilience of demand across its offer and continued strong execution of its strategic agenda.

Sales growth was recorded in both consumer and commercial customer segments and across all trading regions, despite the impact of prolonged wet weather on spring trading on the east coast during the first half.

Bunnings' total store sales growth was 2.1 per cent for the second half, with strong demand and activity from commercial customers partially offset by lower consumer sales. Robust consumer demand continued for necessity products that support recurring home repairs and maintenance, and smaller scale DIY home improvement projects. Compared to the prior corresponding half, consumers demonstrated more caution in making big-ticket purchases and commencing larger DIY projects.

Bunnings continued to advance its 'Whole of Build' strategy, with improvements to the sales and service model enabling customers to shop more efficiently. Tool Kit Depot expanded into Queensland and Victoria, and Bunnings continued to expand its Frame & Truss network, creating more opportunities to connect with builders early in a project.

Kmart Group

Kmart Group's revenue increased 16.5 per cent to $10,635 million for the year. Earnings of $769 million were 52.3 per cent above the prior year and a record for the business.

Kmart Group's financial results reflect strong underlying trading performance and strong execution of pricing strategies and operational plans during the period, as well as the normalisation of trading conditions following the significant COVID-19 restrictions in the first half of the prior year.

Sales results for Kmart reflected growth across all categories, as well as increases in both units sold and transaction volumes on the prior year. Pleasing sales growth continued in the second half as customers responded positively to Kmart's lowest price positioning and good product availability. Target's trading performance was in line with the prior year, but second half performance was variable across categories, with relatively stronger performance in apparel compared with challenging trading conditions in home and toys.

Kmart continued to enhance its omnichannel customer experience, digitise its operations and drive additional efficiency benefits, including through the rollout of radio frequency identification (RFID) technology across all Australian Kmart stores, which was completed during the year.

Chemicals, Energy and Fertilisers

Revenue for WesCEF increased 8.7 per cent to $3,306 million from the prior year, and earnings increased 23.9 per cent to $669 million.

Strong revenue and earnings growth in WesCEF reflects favourable global ammonia prices along with strong operating performance during the year. The Chemicals business continued to benefit from strong demand from Western Australian (WA) mining customers.

It is also pleasing to report that construction of the Mt Holland mine and concentrator was completed, with commissioning of the concentrator underway ahead of the first planned sales of spodumene concentrate in the first half of the 2024 calendar year. Good progress continued on construction of the Kwinana refinery during the year, and lithium hydroxide offtake agreements with tier-one customers have been executed.

Officeworks

Officeworks' revenue increased 5.9 per cent for the year to $3,357 million. Earnings of $200 million were 10.5 per cent higher than the prior year.

Officeworks' sales growth reflected improved Back to School trading, significant growth in business-to-business (B2B) sales, and continued above-market growth in technology categories. Sales also benefitted from increased demand across stationery, art, office supplies and Print & Create, as foot traffic to stores continued to normalise following the impacts of COVID-19 in the prior period.

Officeworks' strong earnings growth was supported by higher sales and the realisation of benefits from recent investments to drive productivity and efficiency across the business.

Officeworks continued to invest to modernise its supply chain during the year, including completing the transition to a new Victorian Import Distribution Centre (IDC) and progressing the development of a new Customer Fulfilment Centre (CFC) in WA.

Industrial and Safety

Revenue for Industrial and Safety increased 3.5 per cent to $1,992 million, with earnings increasing 8.7 per cent to $100 million for the year.

Industrial and Safety's results were supported by sales growth across the division. Earnings increased in Workwear Group and Coregas, while Blackwoods' earnings were impacted by inflationary cost pressures and the timing lag in changes to customer contract pricing, as well as continued investment in customer service and digital capabilities during the year.

On 1 August 2022, the division completed the sale of the Greencap consulting business to WSP Global Inc, impacting revenue growth. The modest gain on sale is included within the division's earnings result in the first half.

Wesfarmers Health

Wesfarmers Health reported revenue of $5,312 million and earnings of $45 million for the year. Earnings were $58 million excluding depreciation and amortisation expenses of $13 million relating to assets recognised as part of Wesfarmers' acquisition of API.

The Health division's revenue result was supported by strong growth in the Pharmaceutical Wholesale business, supported by net customer acquisition, along with elevated sales of COVID-19 anti-viral products. Priceline recorded solid sales results for the year, with growth across health and beauty categories, albeit with demand moderating in the second half.

The division's earnings result for the year reflected the acceleration of transformation activities and investment in the development of new capabilities, additional costs associated with the transition to the new Sydney Fulfilment Centre and the impact of higher operating costs in Clear Skincare.

Catch

Catch's gross transaction value (GTV) declined 25.9 per cent to $733 million during the year. Catch reported a loss of $163 million for the year, including restructuring costs of $40 million relating to inventory provisions, team member redundancies and asset write-offs.

As announced at the half-year results in February 2023, Catch's disappointing financial performance was impacted by changing customer demand, poor margin outcomes in the in-stock range and elevated supply chain costs. Restructuring actions and changes to management commenced late in the first half and were implemented through the second half of the 2023 financial year.

Performance in the second half reflected progress from restructuring activities, with losses reducing relative to the first half, but significant further progress is still required.

Investments made in Catch in recent years are being leveraged across the Group to provide some centralised e-commerce fulfilment capabilities and strengthen digital marketing programs. Further, Catch continues to attract and retain a younger and digitally-native customer cohort with strong OnePass engagement, supporting ongoing development of the OnePass program.

Group data and digital initiatives

The development of the Group's data and digital capabilities continued during the year, with initiatives and investment across the divisions and through OneDigital.

These capabilities support each division's growth agenda, as well as emerging cross-divisional opportunities to support incremental growth. The use of data analytics and increased digitisation of operations supports productivity and efficiency improvements across the businesses. Use cases continue to develop through the application of more sophisticated AI and predictive analytics models that are delivering improved outcomes in areas such as demand forecasting, product design, instore and online availability and marketing effectiveness.

The Group has large-scale digital reach across its portfolio of retail brands through a diverse range of digital assets and unique and complementary membership programs. Investments in divisions' digital sales channels continued during the year, and the Group delivered more than 210 million digital interactions with customers per month on average in the 2023 financial year.

These touchpoints support deeper customer connections through stronger instore and digital engagement, improved personalisation, and targeted offers. As connectivity and engagement have increased, the Group's share of sales to known customers has grown from 34 per cent in the 2018 financial year to 56 per cent in the 2023 financial year.

Investment in the OnePass membership program continued during the year, with Bunnings Warehouse joining the program, the launch of the multi-year strategic partnership and streaming bundle with Disney+, and increased activation of instore benefits. Early indications are that OnePass members are typically younger and digitally native, are increasingly connected across the Group's brands, and are more valuable customers than non-OnePass members.

Investment in OnePass and the Group's customer and data insight capabilities through OneDigital resulted in an operating loss of $82 million for the year, broadly in line with the prior period. Financial results for OnePass and supporting capabilities are reported in Other.

Other businesses and Group overheads (Other)

Other businesses and Group overheads recorded a loss of $206 million, compared with earnings of $7 million in the prior year.

The Group's interests in associates and joint ventures recorded a net loss of $4 million for the year, a decrease of $161 million compared to the prior year. The significant year-on-year change reflected negative property revaluations in BWP Trust and BPI No 1 during the 2023 financial year, which accounted for a $164 million reduction in earnings relative to the positive revaluations in the prior year.

Other includes the continued development of the OnePass membership program and the Group's customer and data insights capabilities through OneDigital, with an operating loss associated with these initiatives of $82 million, broadly in line with a loss of $80 million in the prior period.

Other corporate earnings were $40 million lower than the prior period, driven by a lower Group insurance result, the benefit of the Homebase equity distribution in the prior period, and lower dividends received from API and Coles following the completion of the API acquisition in March 2022 and the progressive sale of the Group's interest in Coles. The Group sold its remaining 2.8 per cent interest in Coles in April 2023.

Group overheads increased by $10 million to $144 million for the year, reflecting higher employee costs.

Portfolio actions

The 2023 financial year was Wesfarmers' first full year of ownership of API, which was acquired on 31 March 2022 and represents the foundational asset for the Wesfarmers Health division. Integration of the API business was completed during the 2023 financial year and progress on transformation activities continued to accelerate.

During the year, Wesfarmers Health progressed logical expansion opportunities in digital health and medical aesthetics, including through an increase to its ownership of the SiSU health station business to 60 per cent, and its proposals to acquire InstantScripts and SILK Laser Australia (SILK).

The acquisition of InstantScripts for approximately $135 million completed on 3 July 2023, subsequent to the end of the 2023 financial year, and provides the division with a substantial presence in the growing telehealth sector, aligning with its broader focus on digital health.

On 26 June 2023, Wesfarmers Health entered into a Scheme Implementation Deed with SILK Laser Australia to acquire 100 per cent of SILK's shares outstanding for $3.35 cash per share, by way of a Scheme of Arrangement. The consideration represents an implied equity value for SILK of approximately $180 million. A Scheme Meeting of SILK shareholders is expected to be held in October 2023 and, if approved, the Scheme will be implemented shortly thereafter. The acquisition of SILK will complement the Health division's existing Clear Skincare clinics, providing scale and efficiency benefits through an expanded presence in the attractive and growing market for aesthetics products and services.

Project development and construction activities continued for the integrated Covalent lithium project. Construction of the mine and concentrator was completed, and commissioning of the concentrator is underway. Refinery civil works are complete and the majority of procured equipment has arrived in WA. The project continues to be supported by favourable lithium market conditions and forecast strong long-term demand for battery electric vehicles, and preliminary feasibility studies to evaluate the opportunities of expanding the capacity of the lithium mine and concentrator were progressed during the year.

Cash flow, balance sheet and financing

Divisional operating cash flows before interest, tax, and the repayment of lease liabilities increased 45.6 per cent compared to the prior year, with divisional cash generation of 101 per cent. Divisional cash flow growth was supported by stronger divisional earnings and the continued normalisation in working capital positions across the retail and industrial businesses following the temporarily high balances recorded at the end of the 2022 financial year. Excluding the Health division, divisional operating cash flows before interest, tax, and the repayment of lease liabilities increased 40.7 per cent, with divisional cash generation of 102 per cent.

Reported operating cash flows increased 81.6 per cent to $4,179 million, supported by higher divisional cash flows and lower tax paid due to the timing of tax payments.

The Group's inventory balance declined 0.7 per cent during the year to $6,039 million as at 30 June 2023. Overall inventory health is strong, with good stock availability across the retail divisions, and inventory cover ratios have broadly returned to pre-COVID levels. Movements in the Group's closing inventory position reflected the decline in unit costs for WesCEF's fertilisers business and a continued reduction in buffer stock within Kmart, which were offset by continued business growth, and unit cost inflation across the retail and health businesses.

Gross capital expenditure of $1,288 million was in line with guidance and 12.6 per cent higher than the prior year, largely due to $394 million of capital expenditure and $42 million of capitalised interest relating to development of the Covalent lithium project during the year. Proceeds from the sale of plant, property and equipment of $105 million were $155 million below the prior year, driven by lower proceeds from property sales in Bunnings. The resulting net capital expenditure of $1,183 million was $299 million, or 33.8 per cent, higher than the prior year.

Free cash flows of $3,627 million reflected the strong divisional cash flow results together with the proceeds from the sale of the Group's remaining interest in Coles. The $2,517 million increase in free cash flows for the year also includes the impact of cash consideration for the acquisitions of API and Beaumont Tiles in the prior year.

The Group recorded a net financial debt position of $3,984 million as at 30 June 2023, comprising interest-bearing liabilities, excluding lease liabilities, net of cross-currency swap assets and cash at bank and on deposit and held in joint operations. The reduction compared to the net financial debt position of $4,296 million as at 30 June 2022 reflects strong operating cash flows and proceeds from the sale of the Group's remaining interest in Coles, which offset continued capital investment and the distribution of $2.1 billion in fully-franked dividends paid to shareholders during the year.

The Group retains significant headroom against key credit metrics and maintained its strong credit ratings during the year, with a rating from Moody's Investors Service of A3 (stable) and a rating from S&P Global Ratings of A- (stable).

Other finance costs increased 40.6 per cent to $135 million, reflecting higher average borrowings during the year. On a combined basis, other finance costs including the component of interest that was capitalised increased 36.2 per cent to $177 million.

Dividends

A key component of total shareholder return is the dividends paid to shareholders. The Group's dividend policy considers available franking credits, current earnings and cash flows, future cash flow requirements and targeted credit metrics. The Board has determined to pay a fully-franked ordinary final dividend of 103 cents per share, taking the full-year ordinary dividend to 191 cents per share. Due to the accumulation of New Zealand franking credits, the final dividend will also carry a New Zealand franking credit, in addition to the Australian franking credit, of 10 cents (NZD) per share. The final dividend will be paid on 5 October 2023.

Given the preference of many shareholders to receive dividends in the form of equity, the directors have decided to continue the operation of the Dividend Investment Plan (the 'Plan'). The allocation price for shares issued under the Plan will be calculated as the average of the daily volume-weighted average price of Wesfarmers shares on each of the 15 consecutive trading days from and including the third trading day after the record date.

The last date for receipt of applications to participate in, or to cease or vary participation in, the Plan is 1 September 2023. No discount will apply to the allocation price and the Plan will not be underwritten. Shares to be allocated under the Plan will be transferred to participants on 5 October 2023. Given the Group's strong credit metrics, it is intended that any shares to be issued under the Plan will be acquired on-market and transferred to participants.

Outlook

Wesfarmers remains focused on long-term value creation and continues to invest to strengthen its existing businesses and develop platforms for growth.

Following investment over recent years, the Group's lithium business is expected to commence production and sale of spodumene concentrate during the 2024 financial year. The ongoing development of Wesfarmers' lithium operations reflects the Group's disciplined focus on long-term shareholder value creation and opportunities to contribute to, and benefit from, global efforts to reduce emissions.

Elevated inflation and higher interest rates are expected to continue to impact demand in parts of the Australian economy, with many customers becoming more value conscious and trading down to lower-priced retailers and products. Low unemployment and the recent acceleration in Australian population growth both support demand, and contribute to the ongoing need for construction of additional housing stock.

In the current environment, the strong value credentials and core offer of everyday products across the Group's retail businesses position them well to meet changing customer demand, acquire new customers and profitably grow market share.

For the first seven weeks of the 2024 financial year, sales growth for Kmart Group has continued to benefit from strong trading results in Kmart, but growth has moderated from the second half of the 2023 financial year. Sales growth in Bunnings remained in line with the second half of the 2023 financial year, with growth in both consumer and commercial segments for the year to date. Officeworks' sales for the first seven weeks were in line with the prior year.

Cost pressures in Australia and New Zealand are expected to remain elevated, driven by inflation, labour market constraints and wage cost increases, and domestic supply chain costs. Wesfarmers' larger businesses are benefitting from their capacity to leverage their scale and sourcing capabilities. Together with benefits from proactive productivity and efficiency investment over recent years, this provides confidence in the Group's capacity to adjust costs in line with trading conditions.

The performance of the Group's industrial businesses remains subject to international commodity prices, foreign exchange rates, competitive factors and seasonal outcomes. Earnings from WesCEF's existing operating businesses are expected to decline significantly in the 2024 financial year, primarily as a result of lower ammonia prices and higher input gas costs. First earnings from WesCEF's Lithium business are expected in the second half of the 2024 financial year as production of spodumene concentrate ramps up.

Wesfarmers will continue to invest in its existing operations and in the development of platforms for long-term growth and shareholder value creation. The Group expects net capital expenditure of between $1,100 million and $1,400 million for the 2024 financial year, subject to net property investment and the timing of major expansion projects in WesCEF, and inclusive of approximately $350 million of development capex and $20 million of capitalised interest relating to the Covalent lithium project.

For further information:
More detailed information regarding Wesfarmers' 2023 full-year results can be found in the Wesfarmers 2023 Annual Report (including appendix 4E) for the year ended 30 June 2023.

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This announcement was authorised to be given to the ASX by the Wesfarmers Limited Board.

Bunnings Group

Year ended 30 June[a] ($m)	2023	2022	Variance %
Revenue	**18,539**	**17,754**	***4.4***
EBITDA	3,127	3,057	*2.3*
Depreciation and amortisation	(782)	(740)	*(5.7)*
EBIT	**2,345**	**2,317**	***1.2***
Interest on lease liabilities	(115)	(113)	*(1.8)*
EBT	**2,230**	**2,204**	***1.2***
Net property contribution	38	52	*(26.9)*
EBT (excluding net property contribution)	**2,192**	**2,152**	***1.9***
EBT margin excluding property (%)	11.8	12.1	
ROC (R12, %)	65.4	77.2	
Total store sales growth (%)	3.7	4.2	
Store-on-store sales growth[b] (%)	1.8	4.8	
Online penetration (%)	1.7	3.0	
Safety[c] (R12, TRIFR)	16.5	11.3	
Scope 1 and 2 emissions, market-based (ktCO_2e)	59.9	104.9	

[a] See Additional Disclosures on page 24 for relevant retail calendars and definitions.

[b] Store-on-store sales growth excludes stores in months that were impacted by extended periods of temporary closure in New South Wales, Australian Capital Territory, Victoria and New Zealand.

[c] TRIFR result for 2023 includes the impact of a change in methodology from 1 July 2022.

Performance review

Revenue for Bunnings increased 4.4 per cent to $18,539 million for the year, with earnings increasing 1.2 per cent to $2,230 million. Excluding net property contribution, earnings increased 1.9 per cent.

Bunnings' solid financial results continue a four-year period of significant growth, during which sales have increased more than $5.3 billion or 40.7 per cent and earnings excluding net property contribution have increased more than $650 million or 42.2 per cent.

For the 2023 financial year, total store sales increased 3.7 per cent and store-on-store sales increased 1.8 per cent. Sales growth results for the year demonstrate the resilience of demand across the Bunnings offer and continued strong execution of its strategic agenda. Growth was recorded in both consumer and commercial customer segments and across all trading regions, despite the impact of prolonged wet weather on spring trading on the east coast during the first half.

In the second half, Bunnings total store sales increased 2.1 per cent and store-on-store sales increased 0.8 per cent. Second half sales growth reflected strong demand and activity from commercial customers partially offset by lower consumer sales. Robust consumer demand continued for necessity products that support recurring home repairs and maintenance, and smaller scale DIY home improvement projects. Compared to the prior corresponding half, consumers demonstrated more caution in making big-ticket purchases and commencing larger DIY projects.

Bunnings maintained its focus on delivering value to customers through lowest prices, widest range and best experience. Product ranges were reviewed and refreshed during the year and new expanded categories were introduced, including the successful launch of pet food and durables, as well as the introduction of additional own-brand products that provide customers attractive value options.

Bunnings continued to invest to improve the customer experience instore and through digital channels. New instore concepts and layout changes made Bunnings stores easier to shop and enabled team members to spend more time helping customers, while enhancements to the website, PowerPass app and Bunnings app improved the way customers gather information, find products and transact in digital channels.

Reflecting Bunnings' strong engagement with the customers and communities it serves, store events such as DIY workshops, trade nights and community initiatives were well attended during the year.

Key supply chain, data and technology projects continued to progress during the year, supporting improvements in efficiency, space utilisation and customer experience. Within the supply chain, this included enhancements to fulfilment capabilities, such as ongoing pilots using stores as hubs to deliver an efficient and low-cost last mile experience for customers.

Advances were made in the commercial 'Whole of Build' strategy, with improvements in the sales and service model enabling customers to shop more efficiently. Bunnings also expanded its Frame & Truss network, creating more opportunities to connect with builders early in a project and become a partner of choice for the whole build. Tool Kit Depot expanded into Queensland and Victoria, catering to local demand for professional tools, while Beaumont Tiles expanded into timber flooring.

Earnings growth for the period highlighted the resilience of Bunnings' business model and its ability to adjust operating costs and drive productivity initiatives to manage the impact of higher cost inflation during the year.

As always, Bunnings retained its focus on ensuring it operates at the lowest cost, driving operational efficiencies and productivity across the business. Technology and process improvement led to 700,000 hours of team member time reinvested into service.

Strong return on capital of 65.4 per cent was supported by earnings growth and disciplined capital management during the year. Higher average capital employed for the period reflected the normalisation of inventory positions and improved stock availability and stock weights post-COVID.

TRIFR increased to 16.5 for the period, predominantly driven by a change in methodology from 1 July 2022 to align the classification of recordable injuries with the Group's other businesses as well as an increase in the number of manual handling injuries for the period. Safety remains a key focus and a comprehensive plan to improve safety performance throughout the business has been developed and is being rolled out.

During the year, Bunnings completed 18 upgrades and three store expansions to improve the local offer, and opened three net new Bunnings warehouses. At the end of the financial year there were 285 warehouses, 67 smaller format stores and 31 trade centres in the Bunnings network, and 14 Tool Kit Depots and 116 Beaumont Tiles stores.

Outlook

Bunnings continues to be well positioned, benefitting from the breadth and diversity of its business, its focus on necessity products, and the strength of its offer across consumer DIY and commercial customers.

Inflationary pressure on household budgets and costs of doing business is expected to remain elevated during the 2024 financial year. In this environment, Bunnings will continue to deliver strong customer value, supported by a sharpened focus on operational execution, strong cost disciplines and ongoing progress on key productivity initiatives.

Bunnings remains focused on delivering its strategic agenda and will continue to strengthen its offer across consumer and commercial customer segments, and across channels instore, online, onsite and at home. Bunnings will continue to invest in the expansion and renewal of its store network, and maintain its focus on optimising the use of retail space. Work on key strategic initiatives will continue, with actions to further develop the commercial offer to better service builders, trades and organisations, strengthen data and digital capabilities to allow customers to shop seamlessly across channels, and evolve the supply chain.

Kmart Group

Year ended 30 June[a,b] ($m)	2023	2022	Variance %
Revenue	**10,635**	**9,129**	***16.5***
EBITDA	1,347	1,088	*23.8*
Depreciation and amortisation	(498)	(496)	*(0.4)*
EBIT	**849**	**592**	***43.4***
Interest on lease liabilities	(80)	(87)	*8.0*
EBT	**769**	**505**	***52.3***
EBT margin (%)	7.2	5.5	
ROC (R12, %)	47.0	32.2	
Safety (R12, TRIFR)	7.4	8.5	
Scope 1 and 2 emissions, market-based (ktCO_2e)	218.1	250.9	
Kmart			
Total sales growth (%)	22.0	0.5	
Comparable sales growth[c] (%)	14.5	(1.0)	
Online penetration (%)	7.0	10.9	
Target			
Total sales growth (%)	1.1	(15.8)	
Comparable sales growth[c] (%)	(0.5)	8.6	
Online penetration (%)	16.1	22.0	

[a] See Additional Disclosures on page 24 for relevant retail calendars and definitions.
[b] 2022 has been restated to exclude Catch.
[c] Comparable growth calculation excludes stores that were temporarily closed as a result of COVID-19 restrictions for the duration of the closure period, where the closure period was longer than two weeks.

Performance review

Kmart Group’s revenue increased 16.5 per cent to $10,635 million for the 2023 financial year. Earnings of $769 million were 52.3 per cent above the prior year and represented a record for the business.

Kmart Group’s financial results reflect strong underlying trading performance as well as the normalisation of trading conditions following the significant COVID-19 restrictions in the first half of the 2022 financial year.

TRIFR improved to 7.4, reflecting Kmart Group’s continued commitment and focus on safety, health and wellbeing of the team.

Kmart’s total sales increased 22.0 per cent for the year, with comparable sales increasing 14.5 per cent. In the second half, total sales increased by 13.7 per cent, and comparable sales increased 12.0 per cent, reflecting the continued strong response by customers to Kmart’s lowest price positioning and good availability. Sales increased across all categories for the year, with units sold and transaction volumes also above the prior year. Kmart accounted for 79 per cent of total Kmart Group sales in the year.

Target’s total sales increased 1.1 per cent for the year, with comparable sales decreasing 0.5 per cent. In the second half, total sales decreased by 7.2 per cent, and comparable sales decreased 4.0 per cent. Target’s second half trading performance was variable across categories, with relatively stronger performance in apparel compared with challenging trading conditions in home and toys.

Earnings growth for the year reflected strong sales growth and strong execution of pricing strategies and operational plans, as well as the continued realisation of benefits from the significant network change program undertaken across Kmart and Target. Kmart Group’s focus on productivity and cost control helped mitigate cost of doing business pressures from inflation, increased shrinkage and ongoing volatility in exchange rates. Target maintained a low cost base during the year, and the business remains profitable.

Kmart continued to invest in strategic initiatives to enhance its omnichannel customer experience, digitise its operations and develop its data and digital assets. The rollout of RFID technology across all Australian Kmart stores was completed during the year, increasing stock visibility and improving replenishment efficiency, as well as providing an important platform for the further digitisation of the store operating model.

Stabilisation in global supply chain conditions enabled a reduction in the level of buffer stock, resulting in inventory levels reverting to pre-COVID levels. Strong capital discipline and earnings growth delivered a return on capital of 47.0 per cent.

Kmart opened four new stores and closed three stores during the year, and Target closed four stores. There were 449 stores across Kmart Group as at 30 June 2023.

Outlook

Kmart remains uniquely positioned to extend its low-price leadership and profitably grow its share of customer wallet as customers continue to increase their focus on value in an inflationary environment.

The focus on driving growth in share of customer wallet will be supported by delivery of strategic initiatives, including leveraging leading product development capabilities to expand existing categories and enhance ranges that cater to growing demographics, developing a winning omnichannel proposition enabled by loyalty and personalisation and seeking to selectively expand distribution of Anko products into new markets globally.

Building on investments over recent years, Kmart will also pursue opportunities to drive further efficiencies in its business through continued digitisation of sourcing and supply chain operations and digitisation of the store operating model.

General inflation remains elevated, and cost pressures are expected to persist across operating expenses, despite moderation in raw material and international freight costs. Kmart will leverage the strength of its business model to focus on productivity and cost control to mitigate these impacts while continuing to lead on lowest price.

Target's trading performance in the first half of the 2024 financial year is expected to remain consistent with the trends observed in the second half of the 2023 financial year. The business will continue to focus on improving its product offering, particularly in the focus categories of apparel and soft home, and look to further leverage the scale of the Kmart Group to support operational and strategic outcomes.

The integration of the Kmart and Target processes, systems and organisational structures to achieve one operating model across the two brands will progress over the 2024 financial year. The proactive changes will drive greater operating efficiencies and better leverage the relative strengths of the Kmart and Target propositions. The introduction of select Anko ranges across hard home and general merchandise into Target stores is planned to occur early in the second half of the 2024 financial year, and most operating model changes will occur in the second half of the 2024 financial year.

Chemicals, Energy and Fertilisers

Year ended 30 June[a] ($m)	2023	2022	Variance %
Revenue[b]			
Chemicals	1,665	1,397	*19.2*
Energy	497	491	*1.2*
Fertilisers	1,144	1,153	*(0.8)*
Total	**3,306**	**3,041**	***8.7***
EBITDA	769	634	*21.3*
Depreciation and amortisation	(99)	(93)	*(6.5)*
EBIT	**670**	**541**	***23.8***
Interest on lease liabilities	(1)	(1)	-
EBT	**669**	**540**	***23.9***
External sales volumes[b] ('000 tonnes)			
Chemicals	1,131	1,113	*1.6*
LPG & LNG	194	210	*(7.6)*
Fertilisers	1,146	1,221	*(6.1)*
ROC (R12, %)	21.6	21.6	
ROC (R12, %) (excluding ALM)	39.7	36.3	
Safety (R12, TRIFR)	3.8	4.2	
Scope 1 and 2 emissions, market-based[c,d] ($ktCO_2e$)	849.5	795.4	

[a] See Additional Disclosures on page 24 for relevant definitions.

[b] Revenue excludes intra-division sales and sales volumes exclude ammonium nitrate volumes transferred between Chemicals and Fertilisers business segments.

[c] The increase in Scope 1 and 2 market-based emissions between 2022 and 2023 was largely attributable to a 13 per cent increase in ammonia production following the planned major maintenance shutdown in the prior year.

[d] WesCEF's 2020 baseline is Scope 1 and 2 location-based emissions of 955.5 $ktCO_2e$ and includes adjustments for the current global warming potentials of relevant greenhouse gases.

Performance review

Revenue for WesCEF increased 8.7 per cent to $3,306 million and earnings increased 23.9 per cent to $669 million. Strong revenue and earnings growth during the year reflected favourable global ammonia prices and strong plant performance.

WesCEF's TRIFR improved to 3.8, underpinned by an ongoing focus on identifying hazards and investigating high potential incidents.

Emissions for the year increased 6.8 per cent but remain 11.1 per cent below the 2020 baseline due to WesCEF's continued investment in optimising secondary nitrous oxide abatement catalyst performance. The increase in emissions for the period was largely attributable to a 13 per cent increase in ammonia production as operations normalised following the planned major maintenance shutdown in the prior year. Emissions associated with ammonia production account for approximately half of WesCEF's total Scope 1 and 2 emissions.

Chemicals

Chemicals' earnings increased significantly on the prior year. Strong Ammonia earnings were driven by favourable global ammonia pricing in the first half of the financial year, coupled with a timing benefit due to the pricing lag in pass-through mechanisms for some customer contracts as the ammonia price declined in the second half. Ammonium Nitrate (AN) earnings benefitted from robust demand from WA mining customers. Record production volumes in Chemicals were supported by strong plant performance resulting from asset maintenance activities and investment in incremental process improvements.

Energy

Kleenheat's earnings declined on the prior year, driven by a lower Saudi Contract Price, the international benchmark indicator for LPG price, and higher WA domestic natural gas costs. The natural gas retailing business continued to grow its residential customer base in WA, resulting in higher sales volumes for the year.

Fertilisers

Fertilisers' earnings decreased significantly on the prior year, affected by a declining global commodity price environment, together with a later seasonal break which resulted in delayed grower commitments, reduced sales volumes and lower margins. The business continued to invest in data and digital capabilities, product innovation and upgrading storage and despatch assets to provide further improvements in reliability, experience and advice for growers.

Lithium

The WesCEF result includes costs associated with the development and management of its 50 per cent interest in the Covalent lithium project. Construction was recently completed at the Mt Holland mine and concentrator. Mining operations have commenced, triggering depreciation of the mine from May 2023, and commissioning of the concentrator is underway. Good progress was made on construction of the Kwinana refinery, and lithium hydroxide offtake agreements with tier-one customers were executed during the year.

WesCEF's share of capital expenditure, excluding capitalised interest, for the development of the project was $394 million during the year.

Outlook

Chemicals' earnings are anticipated to be adversely impacted by lower global ammonia pricing. Demand for AN from the WA mining and agricultural sectors is expected to remain robust, and demand for sodium cyanide is anticipated to be supported by increasing global gold production and declining ore grades.

Increasing WA natural gas costs are expected to impact both Chemicals and Kleenheat earnings, with domestic market supply constraints likely to lead to continued elevated prices over the medium term.

In the Fertilisers business, successive strong harvests, moderating input costs and an improved grain pricing outlook are contributing to a generally positive grower sentiment, but earnings will remain dependent on seasonal conditions.

Earnings from the Lithium business are expected to commence in the first half of the 2024 calendar year from the sale of interim spodumene concentrate. WesCEF's share of sales volumes for the 2024 financial year remains dependent on successful commissioning and planned ramp-up of the concentrator, but is anticipated to be approximately 50 kilotonnes based on an assumed lithium oxide (Li_2O) grade of 5.5 per cent, in line with prior guidance. Spodumene concentrate offtake agreements with tier-one customers are well progressed and are expected to be executed in the second half of the 2023 calendar year, with contracted pricing to broadly reflect movements in Asia lithium hydroxide spot market prices.

Construction of the Kwinana refinery continues to progress, with Covalent managing a challenging environment. Expectations for production timing and capital expenditure remain in line with prior guidance provided at the 2023 half-year results.

The feasibility study evaluating the opportunity to increase the production capacity of the Mt Holland lithium mine and concentrator will continue to be progressed, with regulatory approvals expected to be submitted over the coming months.

WesCEF continues to invest in the evaluation and implementation of opportunities within its key strategic focus areas. Expansion studies for major growth projects across the portfolio continue to progress, as does the evaluation of abatement technologies and initiatives to drive the division's decarbonisation strategy.

Investment in systems such as the new Enterprise Resource Planning (ERP) system will also support WesCEF's long-term growth.

Overall, earnings for WesCEF will remain subject to international commodity prices, exchange rates, competitive factors and seasonal outcomes.

Officeworks

officeworks geeks2u

Year ended 30 June[a] ($m)	2023	2022	Variance %
Revenue	**3,357**	**3,169**	***5.9***
EBITDA	335	303	*10.6*
Depreciation and amortisation	(124)	(113)	*(9.7)*
EBIT	**211**	**190**	***11.1***
Interest on lease liabilities	(11)	(9)	*(22.2)*
EBT	**200**	**181**	***10.5***
EBT margin (%)	6.0	5.7	
ROC (R12, %)	18.3	17.8	
Total sales growth (%)	6.0	4.6	
Online penetration (%)	33.7	40.0	
Safety (R12, TRIFR)	5.4	5.8	
Scope 1 and 2 emissions, market-based (ktCO_2e)	27.1	30.8	

[a] See Additional Disclosures on page 24 for relevant retail calendars and definitions.

Performance review

Officeworks' revenue increased 5.9 per cent for the year to $3,357 million. Earnings of $200 million were 10.5 per cent higher than the prior year.

The safety, health and wellbeing of team members and customers remains a priority for Officeworks, and continued investment in team member safety supported an improvement in TRIFR to 5.4 for the year.

Sales growth of 6.0 per cent reflected improved Back to School trading results, including a benefit from the NSW Government's back-to-school voucher program, as well as significant growth in B2B sales and continued above-market growth in technology categories. Sales results also benefitted from increased demand across stationery, art, office supplies and Print & Create as foot traffic to stores continued to normalise following the impacts of COVID-19 in the prior period.

Strong earnings growth of 10.5 per cent for the period was supported by higher sales, together with the realisation of benefits from proactive investment over recent years to drive productivity and efficiency across stores, supply chain and in the support centre.

Officeworks continued to invest in everyday low prices and value for customers, expanded private label ranges, and the every-channel offer, including enhanced delivery options. Investments in technology delivered strong Net Promoter Score (NPS) improvements during the year, while programs such as Flybuys and 30-day business accounts enabled more personalised experiences and targeted offers for both personal and business customers.

Officeworks completed the transition to a new Victorian IDC during the year and progressed the development of a new WA CFC, which is on track to be completed in the 2024 financial year. Officeworks completed its store renewal program, opened one new store and closed three stores, including the temporary closure of the Underwood, Queensland store. As at 30 June 2023, there were 166 Officeworks stores across Australia.

Outlook

Officeworks' widest range, low prices, great service, and well-established every-channel offer position it well to support value-conscious personal and business customers in continued challenging economic conditions.

Officeworks maintains its focus on driving profitable growth in key markets by solving customer missions to work, learn, create, and connect. This will be supported by the continued evolution of its core offer, expansion of market share with B2B and education customers, and further investment in the every-channel offer and personalisation to deliver an even easier and more engaging customer experience.

Officeworks remains focused on delivering further benefits from productivity and efficiency initiatives across stores and modernising the supply chain and the support centre to help mitigate the impact of cost inflation.

Industrial and Safety

Year ended 30 June[a] ($m)	2023	2022	Variance %
Revenue	**1,992**	**1,925**	***3.5***
EBITDA	184	171	*7.6*
Depreciation and amortisation	(80)	(75)	*(6.7)*
EBIT	**104**	**96**	***8.3***
Interest on lease liabilities	(4)	(4)	-
EBT	**100**	**92**	***8.7***
EBT margin (%)	5.0	4.8	
ROC (R12, %)	8.0	7.9	
Safety (R12, TRIFR)	3.3	3.5	
Scope 1 and 2 emissions, market-based ($ktCO_2e$)	27.2	26.4	

[a] See Additional Disclosures on page 24 for relevant definitions.

Performance review

Industrial and Safety revenue of $1,992 million was 3.5 per cent above the prior year. Earnings of $100 million were 8.7 per cent above the prior year.

Blackwoods' revenue increased on the prior year, with growth underpinned by demand from strategic customers in Australia, particularly those in the mining, utilities and manufacturing sectors. Pleasingly, sales growth was recorded across major trading regions in Australia as well as in New Zealand.

Blackwoods' earnings were below the prior year, with sales growth offset by the margin impact of inflationary cost pressures and the timing lag in corresponding changes to customer contract pricing. Earnings were also impacted by continued investment in customer service and digital capabilities, including the completion of the ERP system implementation, along with some costs associated with domestic supply chain disruptions during the year.

Workwear Group's revenue and earnings increased on the prior year, driven by higher customer demand for corporate, emergency and defence uniforms. Revenues from the industrial workwear brands, including KingGee and Hard Yakka, increased on the prior year. Earnings were partially offset by costs associated with domestic supply chain disruptions in both Australia and New Zealand.

Coregas' revenues and earnings increased on the prior year, driven by higher demand from industrial and healthcare customers. Earnings growth was partially offset by higher material, energy and distribution costs.

On 1 August 2022, the Industrial and Safety division completed the sale of the Greencap consulting business to WSP Global Inc, impacting revenue growth. The modest gain on sale is included within the division's earnings result in the first half.

Safety and injury management remains a core focus and TRIFR improved to 3.3 for the year.

Outlook

Near-term market conditions in Australia and New Zealand are expected to be impacted by ongoing economic pressures, particularly from the continued inflationary cost environment. The Industrial and Safety businesses will continue to actively manage cost inflation, labour availability constraints and product availability pressures, and each business remains focused on delivering continued improvements in performance in this environment.

Blackwoods is focused on strengthening its customer value proposition and enhancing core operational capabilities, including in data and digital.

Workwear Group remains focused on driving growth in its industrial brands and uniforms business, improving operational excellence and strengthening its digital offer.

Coregas is expected to benefit from continued strong demand in the healthcare and industrial segments, despite ongoing competitive pressures and rising input and distribution costs.

Wesfarmers Health

Year ended 30 June[a,b] ($m)	2023	2022
Revenue	**5,312**	**1,240**
EBITDA[c]	124	(2)
Depreciation and amortisation	(74)	(22)
EBIT[c,d]	**50**	**(24)**
Interest on lease liabilities	(5)	(1)
EBT[c,d]	**45**	**(25)**
EBT[c] (excluding purchase price allocation adjustments)	**58**	**(14)**
EBT margin (%) (including purchase price allocation adjustments)	0.8	n.m.
ROC (R12,%)	4.2	n.r.
Safety (R12, TRIFR)	6.6	n.r.
Scope 1 and 2 market-based emissions[e] ($ktCO_2e$)	11.6	13.8

[a] 2022 includes API's results from 31 March 2022 to 30 June 2022.

[b] See Additional Disclosures on page 24 for relevant retail calendars and definitions.

[c] 2022 includes impairments of $21 million relating to Priceline company-owned stores, and other non-recurring expenses of $4 million relating to the exit from the Consumer Brands manufacturing operations in New Zealand.

[d] 2023 includes $13 million and 2022 includes $11 million of non-cash expenses relating to assets recognised as part of the acquisition of API.

[e] 2022 full year emissions estimated for comparison purposes.

Performance review

Wesfarmers Health revenue was $5,312 million for the year, with earnings of $45 million. Earnings were $58 million excluding depreciation and amortisation expenses of $13 million relating to assets recognised as part of Wesfarmers' acquisition of API.

The Pharmaceutical Wholesale business delivered strong sales growth for the year, underpinned by increased demand from trading partners and net customer acquisition. Sales also reflect the impact of over $300 million in sales of COVID-19 anti-viral products, and price inflation in some categories.

Priceline recorded solid sales results for the year, with increased sales across both health and beauty categories. Sales growth was supported by more normal operating conditions following the impact of COVID-related restrictions in the prior year, partially offset by a moderation in trading conditions in the second half as customers responded to cost-of-living pressures.

Clear Skincare saw an increase in sales as customer traffic continued to normalise, while earnings results were impacted by higher costs to attract and retain clinic team members during the year.

The division's earnings result reflected the acceleration of transformation activities, additional costs associated with the transition to the new Sydney Fulfilment Centre and the impact of higher operating costs in Clear Skincare.

As at 30 June 2023, the Health division included 76 company-owned Priceline stores, 390 Priceline Pharmacy franchise stores and 92 Clear Skincare clinics.

Outlook

The Health division has a complementary portfolio of health, wellbeing and beauty assets and is well positioned to deliver long-term growth and capitalise on health sector tailwinds.

Near-term market conditions are expected to remain challenging, and the division continues to actively manage the impact of cost inflation, including rising labour costs, together with changes to the Pharmaceutical Benefits Scheme (PBS) and implications of the recent announcement of 60-day dispensing of PBS medicines.

The division remains focused on delivering on the 'Accelerate' transformation plan and will continue to invest to strengthen the Priceline offer, expand the franchise store network, reset the wholesale proposition and optimise the supply chain. Development of the new fully-automated fulfilment centre in Brisbane will continue, with construction commenced in May 2023.

The Health division continues to pursue logical expansion opportunities across digital health, medical aesthetics and pharmaceutical wholesale, including the recently completed acquisition of InstantScripts and the proposed acquisition of SILK Laser Australia.

Catch

Year ended 30 June[a,b] ($m)	2023	2022	Variance %
Gross transaction value	733	989	*(25.9)*
Revenue	354	510	*(30.6)*
EBITDA	(133)	(58)	*n.m.*
EBT[c]	**(163)**	**(88)**	***n.m.***
Restructuring costs	(40)	-	*n.m.*
EBT[c] (excluding restructuring costs)	**(123)**	**(88)**	***n.m.***
Safety (R12, TRIFR)	4.7	2.1	
Scope 1 and 2 market-based emissions (ktCO_2e)	2.8	3.0	

[a] See Additional Disclosures on page 24 for relevant retail calendars and definitions.
[b] Includes intercompany transactions with OnePass.
[c] Includes an amortisation expense of $4 million in 2023 and $11 million in 2022 relating to assets recognised as part of the acquisition.

Performance review

Catch's GTV declined by 25.9 per cent for the year to $733 million, impacted by a moderation in sales as the business cycled elevated demand as a result of COVID-19 restrictions in the prior year.

Catch's reported loss of $163 million for the year includes restructuring costs of $40 million relating to inventory provisions, team member redundancies and asset write-offs.

As announced at the half-year results in February 2023, Catch's disappointing financial performance was impacted by weak margin outcomes in the in-stock range, due to increased clearance activity following poor range expansion choices in prior years. Catch also incurred additional supply chain costs associated with the commissioning and ongoing developments at the Moorebank automated fulfilment centre in New South Wales, as well as higher transport and fuel costs.

In response to disappointing operating and financial results, restructuring actions and changes to management commenced late in the first half and were implemented through the second half.

Performance in the second half indicates signs of progress from restructuring activities, with losses excluding restructuring costs reducing from $75 million in the first half to $48 million in the second half. While significant further progress is still required, initial improvements have been supported by lower employee costs from reduced headcount, the exit of unprofitable ranges and a significant reduction in SKU count in the in-stock business, and a significant reduction in inventory balances. Marketing spend efficiency increased during the second half, and initiatives to improve fulfilment processes supported significantly reduced labour costs per unit and average days to despatch.

Investments made in Catch in recent years are being leveraged across the Group to provide some centralised e-commerce fulfilment capabilities and strengthen digital marketing programs. Further, Catch continues to attract and retain a younger and digitally-native customer cohort with strong OnePass engagement, supporting ongoing development of the program.

Outlook

Catch is focused on continuing its progress to address operational challenges and reduce costs as part of ongoing restructuring activities. Catch is expected to remain loss-making in the 2024 financial year, with losses continuing to reduce relative to the result in the second half of the 2023 financial year.

The business will further reduce its in-stock range, exiting additional unprofitable lines and curating the range to focus on in-demand categories and support a more profitable proposition.

Catch will continue to progress ongoing efficiency and productivity initiatives to improve delivery speed, reliability, and cost across fulfilment centres. Strong cost controls will continue, and the business has already taken further action to lower discretionary costs as well as reduce and rephase spending.

While these restructuring activities are being completed, Catch will continue to develop strategies for a more successful and sustainable customer value proposition that provides customers with everyday value, reliable delivery, a more compelling in-stock and marketplace range, and greater value through the OnePass program.

Group data and digital initiatives

Progress review

The development of the Group's data and digital capabilities continued during the year, with initiatives and investment across the divisions and through OneDigital.

These capabilities support each division's growth agenda, as well as emerging cross-divisional opportunities to support incremental growth. The use of data analytics and increased digitisation of operations supports productivity and efficiency improvements across the businesses. Use cases continue to develop through the application of more sophisticated AI and predictive analytics models that are delivering improved outcomes in areas such as demand forecasting, product design, instore and online availability and marketing effectiveness.

The Group has large-scale digital reach across its portfolio of retail brands through a diverse range of digital assets and unique and complementary membership programs. Investment in divisions' digital channels continued during the year, and the Group delivered more than 210 million digital interactions with customers per month on average in the 2023 financial year.

These touchpoints support the divisions to drive deeper customer connections through stronger instore and digital engagement, improved personalisation, and targeted offers. As connectivity and engagement have increased, the Group's share of sales to known customers has grown from 34 per cent in the 2018 financial year to 56 per cent in the 2023 financial year.

Investment in the OnePass membership program and the Group's customer and data insight capabilities continued, with an operating loss of $82 million for the year, broadly in line with the prior period. Financial results for OnePass and supporting capabilities are reported in Other.

Bunnings Warehouse joined the OnePass membership program during the year, and OnePass launched a multi-year strategic partnership and streaming bundle with Disney+. Instore activation of OnePass benefits increased during the year through new offers allowing members to redeem 'spend and save' vouchers at Kmart and Target, and the OnePass app was launched on both Android and iOS.

Early indications are that OnePass members are valuable, and increasingly engaged and connected across the Group. Around 70 per cent of members have linked their account across two or more Group brands, and OnePass transactions represented an increasing share of retail partners' online transactions during the year, with penetration rising in the second half. OnePass members are also typically younger, digitally native, and spend more online than non-members, with more than twice as many online transactions per year and higher conversion rates of online baskets.

The Group's shared data asset and insight capabilities continued to develop during the year, with the launch of new products for the retail divisions including customer life-stage and affluence analytics products, and exploratory use cases for AI (including generative AI).

Outlook

Investments in data and digital will continue through the expansion of divisional capabilities and ongoing development of the OnePass membership program and shared data asset.

The divisions will continue to improve customer experience across all channels through the development of digital assets, including membership programs, and through leveraging data and personalisation to create a more relevant and rewarding experience. Investments to digitise operations will also continue, supporting improvements in productivity and efficiency as well as a better customer experience. The use of generative AI applications will continue to be trialled across the Group, with a view to enhancing customer experience and improving business efficiency while retaining strong controls and protections with respect to the security and privacy of customer data.

In the 2024 financial year, OnePass will launch an enhanced omnichannel customer value proposition, with a strong focus on instore benefits and an improved delivery offer for members. In addition, Officeworks is expected to join the OnePass program as a partner in the first half of the 2024 financial year.

In line with previous guidance, the operating loss for OneDigital (excluding Catch) is expected to continue to reduce, with a loss of approximately $70 million expected for the 2024 financial year.

Other

Year ended 30 June ($m)	Holding %	2023	2022	Variance %
Share of (loss)/profit of associates and joint ventures				
BWP Trust	24.8	9	121	*(92.6)*
Other associates and joint ventures[a]	Various	(13)	36	*(136.1)*
Sub-total share of net (loss)/profit of associates and joint ventures		**(4)**	**157**	***(102.5)***
OneDigital[b]		(82)	(80)	*(2.5)*
Group overheads		(144)	(134)	*(7.5)*
Other[c,d]		25	65	*(61.5)*
Total Other EBIT[d]		**(205)**	**8**	***n.m.***
Interest on lease liabilities		(1)	(1)	-
Total Other EBT[d]		**(206)**	**7**	***n.m.***

[a] Includes investments in Gresham, Flybuys, Wespine and BPI.
[b] Excludes Catch.
[c] 2023 includes $25 million in dividends received from the Group's interest in Coles. 2022 includes $45 million in dividends received from the Group's interest in Coles and 19.3 per cent ownership of API prior to the completion of the acquisition on 31 March 2022.
[d] 2022 has been restated for the elimination of intercompany transactions between Catch and Kmart Group.

Performance review

Other businesses and Group overheads recorded a loss of $206 million, compared with earnings of $7 million in the prior year.

The Group's interests in associates and joint ventures recorded a net loss of $4 million for the year, a decrease of $161 million compared to the prior year. The significant year-on-year change was primarily due to the impacts of negative property revaluations in BWP Trust and BPI No 1 during the 2023 financial year, which accounted for a $164 million reduction in earnings relative to the positive revaluations in the prior year.

Other includes the continued development of the OnePass membership program and the Group's customer and data insights capabilities through OneDigital, with an operating loss associated with these initiatives of $82 million, broadly in line with a loss of $80 million in the prior period.

Other corporate earnings were $40 million lower than the prior period, driven by a lower Group insurance result, the benefit of the Homebase equity distribution in the prior period, and lower dividends received from API and Coles following the completion of the API acquisition in March 2022 and the sale of a 2.1 per cent interest in Coles during April 2022. The Group sold its remaining 2.8 per cent interest in Coles in April 2023.

Group overheads increased by $10 million to $144 million for the year, reflecting higher employee costs.

Cash flow, financing and dividends

Year ended 30 June[a] ($m)	2023	2022	Variance %
Cash flows			
Operating cash flows	4,179	2,301	*81.6*
Gross capital expenditure	1,288	1,144	*12.6*
Net capital expenditure	1,183	884	*33.8*
Free cash flows	3,627	1,110	*226.8*
Cash realisation ratio (%)	100	59	*41 ppt*
Balance sheet			
Net financial debt	3,984	4,296	*(7.3)*
Other finance costs	135	96	*40.6*
Weighted average cost of debt (%)	3.32	3.11	*0.21 ppt*
Debt to EBITDA (x)	1.9	2.2	*(0.3x)*
Dividends per share			
Full-year ordinary dividend (fully-franked, cps)	191	180	*6.1*

[a] See Additional Disclosures on page 24 for relevant definitions.

Cash flows

Divisional operating cash flows before interest, tax, and the repayment of lease liabilities increased 45.6 per cent compared to the prior year, with divisional cash generation of 101 per cent.

Divisional cash flow growth was supported by stronger divisional earnings and the continued normalisation in working capital positions across the retail and industrial businesses following the temporarily high balances recorded at the end of the 2022 financial year. Excluding the Health division, divisional operating cash flows before interest, tax, and the repayment of lease liabilities increased 40.7 per cent, with divisional cash generation of 102 per cent.

The Group's inventory balance declined 0.7 per cent during the year to $6,039 million as at 30 June 2023. Overall inventory health is strong, with good stock availability across the retail divisions and inventory cover ratios have broadly returned to pre-COVID levels. Movements in the Group's closing inventory position reflected the decline in unit costs for WesCEF's fertilisers business and a continued reduction in buffer stock within Kmart, which were offset by continued business growth, and unit cost inflation across the retail and health businesses.

Gross capital expenditure of $1,288 million was in line with guidance and 12.6 per cent higher than the prior year, largely due to $394 million of capital expenditure and $42 million of capitalised interest relating to development of the Covalent lithium project during the year. Proceeds from the sale of plant, property and equipment of $105 million were $155 million below the prior year, driven by lower proceeds from property sales in Bunnings. The resulting net capital expenditure of $1,183 million was $299 million, or 33.8 per cent, higher than the prior year.

Free cash flows of $3,627 million reflected the strong divisional cash flow results together with the proceeds from the sale of the Group's remaining interest in Coles. The $2,517 million increase in free cash flows for the year also includes the impact of cash consideration for the acquisitions of API and Beaumont Tiles in the prior year.

Financing

The Group recorded a net financial debt position of $3,984 million as at 30 June 2023, comprising interest-bearing liabilities, excluding lease liabilities, net of cross-currency swap assets and cash at bank and on deposit and held in joint operations. The reduction compared to the net financial debt position of $4,296 million as at 30 June 2022 reflects strong operating cash flows and proceeds from the sale of the Group's remaining interest in Coles, which offset continued capital investment and the distribution of $2.1 billion in fully-franked dividends paid to shareholders during the year.

The Group retains significant headroom against key credit metrics and maintained its strong credit ratings during the year, with a rating from Moody's Investors Service of A3 (stable) and a rating from S&P Global Ratings of A- (stable).

Other finance costs increased 40.6 per cent to $135 million, reflecting higher average borrowings during the period. On a combined basis, other finance costs including the component of interest that was capitalised increased 36.2 per cent to $177 million.

Dividends

A key component of total shareholder return is the dividends paid to shareholders. The Group's dividend policy considers available franking credits, current earnings and cash flows, future cash flow requirements and targeted credit metrics. The Board has determined to pay a fully-franked ordinary final dividend of 103 cents per share, taking the full-year ordinary dividend to 191 cents per share. Due to the accumulation of New Zealand franking credits, the final dividend will also carry a New Zealand franking credit, in addition to the Australian franking credit, of 10 cents (NZD) per share. The final dividend will be paid on 5 October 2023.

Given the preference of many shareholders to receive dividends in the form of equity, the directors have decided to continue the operation of the Dividend Investment Plan (the 'Plan'). The allocation price for shares issued under the Plan will be calculated as the average of the daily volume-weighted average price of Wesfarmers shares on each of the 15 consecutive trading days from and including the third trading day after the record date.

The last date for receipt of applications to participate in, or to cease or vary participation in, the Plan is 1 September 2023. No discount will apply to the allocation price and the Plan will not be underwritten. Shares to be allocated under the Plan will be transferred to participants on 5 October 2023. Given the Group's strong credit metrics, it is intended that any shares to be issued under the Plan will be acquired on-market and transferred to participants.

Headline retail sales results

Full-year sales[1] ($m)	2023	2022	Variance, %
Bunnings	**18,519**	**17,739**	***4.4***
Kmart	8,333	6,832	*22.0*
Target	2,205	2,182	*1.1*
Kmart Group[2]	**10,538**	**9,014**	***16.9***
Officeworks	**3,342**	**3,153**	***6.0***
Catch (GTV)	**733**	**989**	***(25.9)***

Second half sales[1] ($m)	2023	2022	Variance, %
Bunnings	**8,737**	**8,535**	***2.4***
Kmart	3,802	3,345	*13.7*
Target	942	1,015	*(7.2)*
Kmart Group[2]	**4,744**	**4,360**	***8.8***
Officeworks	**1,698**	**1,582**	***7.3***
Catch (GTV)	**282**	**373**	***(24.4)***

[1] See Additional Disclosures (page 25) for relevant retail calendars.

[2] Excludes Catch.

Key metrics

Key metrics[1] (%)	First half 2023	Second half 2023	Full-year 2023
Bunnings			
Total store sales growth[2]	5.1	2.1	3.7
Store-on-store sales growth[2]	2.8	0.8	1.8
Online penetration	1.8	1.7	1.7
Kmart Group			
Kmart			
Comparable sales growth[3]	17.1	12.0	14.5
Online penetration	7.3	6.7	7.0
Target			
Comparable sales growth[3]	2.8	(4.0)	(0.5)
Online penetration	17.0	15.0	16.1
Officeworks			
Total sales growth	4.6	7.3	6.0
Online penetration	34.5	32.9	33.7
Catch			
Gross transaction value growth	(26.8)	(24.4)	(25.9)

[1] See retail calendars below for relevant dates.

[2] Includes cash, trade and online sales, excludes property income and sales related to Trade Centres, Frame & Truss, Tool Kit Depot and Beaumont Tiles. Store-on-store sales growth excludes stores in months that were impacted by extended periods of temporary closure in New South Wales, Australian Capital Territory, Victoria and New Zealand.

[3] Comparable store sales recognise layby sales at point of deposit. Total sales recognise layby sales in accordance with the guidelines set by the Australian Accounting Standards. Comparable growth calculation excludes stores that were temporarily closed as a result of COVID-19 restrictions for the duration of the closure period, where the closure period was longer than two weeks.

Retail calendars – full-year periods

Business	Retail sales period
Bunnings, Officeworks and Catch	
2023	1 Jul 2022 to 30 Jun 2023 (12 months)
2022	1 Jul 2021 to 30 Jun 2022 (12 months)
2021	1 Jul 2020 to 30 Jun 2021 (12 months)
Kmart	
2023	27 Jun 2022 to 25 Jun 2023 (52 weeks)
2022	28 Jun 2021 to 26 Jun 2022 (52 weeks)
2021	29 Jun 2020 to 27 Jun 2021 (52 weeks)
Target	
2023	26 Jun 2022 to 24 Jun 2023 (52 weeks)
2022	27 Jun 2021 to 25 Jun 2022 (52 weeks)
2021	28 Jun 2020 to 26 Jun 2021 (52 weeks)

Retail operations – store network

	Open at 1 Jul 2022	Opened	Closed	Re-branded	Open at 30 Jun 2023
BUNNINGS					
Bunnings Warehouse	282	7	(4)	-	285
Bunnings smaller formats	67	3	(3)	-	67
Bunnings Trade Centres	32	-	(1)	-	31
Tool Kit Depot	11	4	(1)	-	14
Beaumont Tiles[1]	115	1	-	-	116
Total Bunnings	**507**	**15**	**(9)**	**-**	**513**
KMART GROUP					
Kmart	268	4	(2)	-	270
K hub	56	-	(1)	-	55
Target	128	-	(4)	-	124
Total Kmart Group	**452**	**4**	**(7)**	**-**	**449**
OFFICEWORKS					
Officeworks[2]	**168**	**1**	**(3)**	**-**	**166**
WESFARMERS HEALTH					
Priceline[3]	89	-	(13)	-	**76**
Priceline Pharmacy[4]	376	27	(13)	-	**390**
Soul Pattinson Chemist[5]	44	-	(1)	-	**43**
Pharmacist Advice[5]	48	12	(7)	-	**53**
Clear Skincare	95	3	(6)	-	**92**
Total Wesfarmers Health	**652**	**42**	**(40)**	**-**	**654**

[1] Includes both company-owned and franchise stores.

[2] Closures for the period includes the temporary closure of the Underwood, Queensland store which was destroyed by fire. The Underwood store is expected to be reopened in the first half of the 2024 financial year.

[3] Refers to company-owned stores.

[4] Refers to franchise stores.

[5] Soul Pattinson Chemist and Pharmacist Advice are banner brands operated by independent pharmacies.

Retail operations – store network history

Open at 30 June	2023	2022	2021	2020	2019
BUNNINGS					
Bunnings Warehouse	285	282	278	274	267
Bunnings smaller formats	67	67	70	68	75
Bunnings Trade Centres	31	32	30	30	32
Tool Kit Depot	14	11	5	6	-
Beaumont Tiles[1]	116	115	-	-	-
Total Bunnings	**513**	**507**	**383**	**378**	**374**
KMART GROUP					
Kmart	270	268	268	239	231
K hub	55	56	55	-	-
Total Kmart	**325**	**324**	**323**	**239**	**231**
Target Large	124	128	139	182	183
Target Small	-	-	-	101	106
Total Target	**124**	**128**	**139**	**283**	**289**
OFFICEWORKS					
Officeworks[2]	**166**	**168**	**167**	**167**	**167**
WESFARMERS HEALTH					
Priceline[3]	76	89	-	-	-
Priceline Pharmacy[4]	390	376	-	-	-
Soul Pattinson Chemist[5]	43	44	-	-	-
Pharmacist Advice[5]	53	48	-	-	-
Clear Skincare	92	95	-	-	-
Total Wesfarmers Health	**654**	**652**	-	-	-

[1] Includes both company-owned and franchise stores.

[2] 2023 excludes the Underwood store, which was destroyed by fire. The Underwood store is expected to be reopened in the first half of the 2024 financial year.

[3] Refers to company-owned stores.

[4] Refers to franchise stores.

[5] Soul Pattinson Chemist and Pharmacist Advice are banner brands operated by independent pharmacies.

Five-year history – financial performance and key metrics

Group financial performance

Year ended 30 June ($m)	*Post-AASB 16* 2023	2022	2021	2020	*Pre-AASB 16* 2020	2019
Summarised income statement[1]						
Revenue	43,550	36,838	33,941	30,846	30,846	44,684
EBIT (after interest on lease liabilities)	3,644	3,416	3,491	2,507	2,529	6,818
Other finance costs	(135)	(96)	(118)	(133)	(133)	(175)
Income tax expense	(1,044)	(968)	(993)	(677)	(683)	(1,133)
Profit after tax from discontinued operations	-	-	-	75	75	3,570
NPAT (including discontinued operations)	2,465	2,352	2,380	1,697	1,713	5,510
Summarised balance sheet[2]						
Total assets	26,546	27,286	26,214	25,425	19,068	18,333
Total liabilities	18,265	19,305	16,499	16,081	9,191	8,362
Net assets	8,281	7,981	9,715	9,344	9,877	9,971
Net debt / (cash)[3]	4,009	4,491	227	(85)	(85)	2,500
Summarised cash flow statement						
Operating cash flows	4,179	2,301	3,383	4,546	3,597	2,718
Add/(less): Net capital expenditure	(1,183)	(884)	(632)	(568)	(568)	(827)
Add/(less): Other investing cash flows	631	(307)	(10)	1,210	1,210	1,072
Add/(less): Total investing cash flows	(552)	(1,191)	(642)	642	642	245
Free cash flows	3,627	1,110	2,741	5,188	4,239	2,963
Add/(less): Financing cash flows	(3,659)	(3,428)	(2,631)	(3,070)	(2,121)	(2,851)
Net increase/(decrease) in cash	(32)	(2,318)	110	2,118	2,118	112
Distributions to shareholders (cents per share)						
Interim ordinary dividend	88	80	88	75	75	100
Final ordinary dividend	103	100	90	77	77	78
Full-year ordinary dividend	191	180	178	152	152	178
Special dividend[4]	-	-	-	18	18	100
Return of capital[5]	-	-	200	-	-	-
Key performance metrics						
Earnings per share (cents per share)	217.8	207.8	210.4	150.0	151.5	487.2
Earnings per share from continuing operations excluding sig. items (cents per share)	217.8	207.8	214.1	184.2	185.6	171.5
Operating cash flow per share (cents per share)	369.2	203.3	299.1	401.9	318.0	240.3
Cash realisation ratio (excluding sig. items)[6] (%)	100	59	86	126	135	86
Return on equity (R12, %)	31.4	29.4	25.8	17.8	17.1	38.7
Return on equity (R12, %) (excluding sig. items)	31.4	29.4	26.1	22.1	21.1	19.2
Net tangible asset backing per share ($ per share)[2]	3.17	2.91	5.14	4.89	5.36	5.21

1 For more detailed information, please refer to the Five-year financial history section of the 2023 Full-year Annual Report.

2 2022 has been restated to reflect the adjustments to the provisional acquisition accounting for API.

3 Total interest-bearing loans and borrowings less cash at bank and on deposit and held in joint operations. Excludes cash in transit and lease liabilities.

4 The 2020 fully-franked special dividend reflects the distribution of the after-tax profit on the sale of the Group's 10.1 per cent interest in Coles.

5 A capital return to shareholders of 200 cents per share was paid on 2 December 2021.

6 Operating cash flows as a percentage of net profit after tax, before depreciation and amortisation.

Divisional key performance metrics

	Post-AASB 16				*Pre-AASB 16*	
Year ended 30 June ($m)	**2023**	**2022**	**2021**	**2020**	**2020**	**2019**
Bunnings						
Revenue	**18,539**	17,754	16,871	14,999	14,999	13,166
EBITDA[1]	**3,127**	3,057	2,993	2,601	2,053	1,818
Depreciation and amortisation	**(782)**	(740)	(692)	(658)	(201)	(192)
Interest on lease liabilities	**(115)**	(113)	(116)	(117)	-	-
EBT[1]	**2,230**	2,204	2,185	1,826	1,852	1,626
EBT margin[1] (%)	**12.0**	12.4	13.0	12.2	12.3	12.3
ROC[1] (R12, %)	**65.4**	77.2	82.4	58.0	61.8	50.5
Capital expenditure (cash basis)	**405**	349	445	511	511	470
Total sales growth (%)	**4.4**	5.2	12.4	13.9	13.9	5.1
Total store sales growth[2] (%)	**3.7**	4.2	12.4	14.7	14.7	5.2
Store-on-store sales growth[2] (%)	**1.8**	4.8	11.9	14.7	14.7	3.9
Online penetration (%)	**1.7**	3.0	2.3	0.9	0.9	n.r.
Safety (R12, TRIFR)	**16.5**	11.3	11.3	10.3	10.3	11.2
Scope 1 and 2 market-based emissions (kt)	**59.9**	104.9	110.3	n.r.	n.r.	n.r.
Scope 1 and 2 location-based emissions (kt)	**187.5**	220.5	234.5	262.6	262.6	269.5
Kmart Group[3]						
Revenue	**10,635**	9,129	9,982	9,217	9,217	8,713
EBITDA[4]	**1,347**	1,088	1,326	1,113	630	745
Depreciation and amortisation	**(498)**	(496)	(539)	(601)	(216)	(195)
Interest on lease liabilities	**(80)**	(87)	(94)	(102)	(1)	-
EBT[4]	**769**	505	693	410	413	550
EBT margin[4] (%)	**7.2**	5.5	6.9	4.4	4.4	6.3
ROC[4] (R12, %)	**47.0**	32.2	52.1	20.4	20.9	29.4
Capital expenditure (cash basis)	**127**	105	185	142	142	207
Safety (R12, TRIFR)	**7.4**	8.5	9.2	12.8	12.8	19.4
Scope 1 and 2 market-based emissions (kt)	**218.1**	250.9	262.5	n.r.	n.r.	n.r.
Scope 1 and 2 location-based emissions (kt)	**239.1**	277.3	292.6	303.7	303.7	318.6
Kmart						
- Total sales growth[5] (%)	**22.0**	0.5	12.0	5.4	5.4	1.5
- Comparable sales growth[5] (%)	**14.5**	(1.0)	7.8	4.3	4.3	0.0
- Online penetration (%)	**7.0**	10.9	7.8	5.0	5.0	n.r.
Target						
- Total sales growth[5] (%)	**1.1**	(15.8)	(3.7)	(2.6)	(2.6)	(1.5)
- Comparable sales growth[5] (%)	**(0.5)**	8.6	13.3	(0.8)	(0.8)	(0.8)
- Online penetration (%)	**16.1**	22.0	15.1	8.9	8.9	n.r.

[1] Includes net property contribution for 2023 of $38 million; 2022 of $52 million; 2021 of ($10) million; 2020 of $16 million post-AASB 16 ($36 million pre-AASB 16); and 2019 of $85 million.

[2] Includes cash, trade and online sales, excludes property income and sales related to Trade Centres, Frame & Truss, Tool Kit Depot and Beaumont Tiles. Store-on-store sales growth in 2023, 2022 and 2021 excludes stores in months that were impacted by extended periods of temporary closure in New South Wales, Australian Capital Territory, Victoria and New Zealand.

[3] 2022 has been restated to exclude Catch. 2021 and 2020 includes Catch from 12 August 2019. 2019 financial information includes KTAS until its divestment in November 2018.

[4] Earnings excludes pre-tax restructuring costs and provisions in 2021 of $59 million and 2020 of $110 million and pre-tax non-cash impairments relating to Target in 2020 of $525 million.

[5] Based on retail periods (rather than Gregorian reporting). Comparable store sales recognise layby sales at point of deposit. Total sales recognise layby sales in accordance with the guidelines set by the Australian Accounting Standards. Comparable growth calculation in 2023, 2022 and 2021 excludes stores that were temporarily closed as a result of COVID-19 restrictions for the duration of the closure period, where the closure period was longer than two weeks.

Divisional key performance metrics (continued)

	Post-AASB 16				*Pre-AASB 16*	
Year ended 30 June ($m)	**2023**	**2022**	**2021**	**2020**	**2020**	**2019**
Chemicals, Energy and Fertilisers						
Chemicals revenue[1]	**1,665**	1,397	1,017	1,022	1,022	1,000
Energy revenue[1]	**497**	491	406	424	424	468
Fertilisers revenue[1]	**1,144**	1,153	722	639	639	610
Total revenue[1]	**3,306**	3,041	2,146	2,085	2,085	2,078
EBITDA[2,3]	**769**	634	473	481	474	518
Depreciation and amortisation	**(99)**	(93)	(88)	(86)	(81)	(80)
Interest on lease liabilities	**(1)**	(1)	(1)	(1)	-	-
EBT[2,3]	**669**	540	384	394	393	438
ROC[2,3] (R12, %)	**21.6**	21.6	17.7	20.3	20.2	32.6
ROC[2,3] (R12, %) (excluding ALM)	**39.7**	36.3	28.6	30.5	30.4	32.6
Capital expenditure (cash basis)[4]	**518**	455	137	110	110	58
Safety (R12, TRIFR)	**3.8**	4.2	3.0	3.3	3.3	4.2
Scope 1 and 2 market-based emissions[5] (kt)	**849.5**	795.4	873.9	n.r.	n.r.	n.r.
Scope 1 and 2 location-based emissions[5,6] (kt)	**846.4**	804.3	880.5	983.3	983.3	897.3
Sales volumes[7] ('000 tonnes)						
Chemicals	**1,131**	1,113	1,099	1,152	1,152	1,098
LPG & LNG	**194**	210	220	215	215	221
Fertilisers	**1,146**	1,221	1,324	1,202	1,202	1,125
Officeworks						
Revenue	**3,357**	3,169	3,029	2,787	2,787	2,314
EBITDA	**335**	303	328	307	221	195
Depreciation and amortisation	**(124)**	(113)	(106)	(99)	(31)	(28)
Interest on lease liabilities	**(11)**	(9)	(10)	(11)	-	-
EBT	**200**	181	212	197	190	167
EBT margin (%)	**6.0**	5.7	7.0	7.1	6.8	7.2
ROC (R12, %)	**18.3**	17.8	22.3	20.2	19.6	17.0
Capital expenditure (cash basis)	**71**	68	65	40	40	42
Total sales growth (%)	**6.0**	4.6	8.6	20.4	20.4	7.6
Online penetration (%)	**33.7**	40.0	35.2	29.9	29.9	n.r.
Safety (R12, TRIFR)	**5.4**	5.8	6.1	7.9	7.9	8.5
Scope 1 and 2 market-based emissions (kt)	**27.1**	30.8	34.4	n.r.	n.r.	n.r.
Scope 1 and 2 location-based emissions (kt)	**31.5**	37.2	40.1	43.2	43.2	45.8

1 Excludes intra-division sales.

2 2019 includes Quadrant Energy.

3 2020 and 2019 includes $18 million and $30 million of insurance proceeds respectively, relating to the five-month ammonia plant production disruption that commenced in February 2018. 2019 includes a $19 million provision for the removal of redundant equipment.

4 Includes WesCEF's share of capital expenditure in relation to the Covalent lithium project of $394 million in 2023; $304 million in 2022; $52 million in 2021; and $24 million in 2020. 2023 and 2022 also include $42 million and $34 million respectively of capitalised interest.

5 2022 Scope 1 and 2 emissions includes the impact of the scheduled ammonia plant shutdown.

6 WesCEF's 2020 Scope 1 and 2 location-based emissions baseline is 955.5 ktCO_2e, and differs from the reported value of 983.3 ktCO_2e due to adjustments for the current global warming potentials of relevant greenhouse gases. The 2020 baseline was established using the Scope 2 location-based accounting method and has not been restated using the Scope 2 market-based method as they were not materially different for the baseline year.

7 External sales exclude AN volumes transferred between Chemicals and Fertilisers business segments.

Divisional key performance metrics (continued)

Year ended 30 June ($m)	*Post-AASB 16* 2023	2022	2021	2020	*Pre-AASB 16* 2020	2019
Industrial and Safety[1]						
Revenue	**1,992**	1,925	1,855	1,745	1,745	1,752
EBITDA[2]	**184**	171	148	121	78	124
Depreciation and amortisation	**(80)**	(75)	(74)	(77)	(38)	(38)
Interest on lease liabilities	**(4)**	(4)	(4)	(5)	-	-
EBT[2]	**100**	92	70	39	40	86
EBT margin[2] (%)	**5.0**	4.8	3.8	2.2	2.3	4.9
ROC[2] (R12, %)	**8.0**	7.9	6.2	2.7	2.8	5.8
Capital expenditure (cash basis)	**73**	64	62	59	59	83
Safety (R12, TRIFR)	**3.3**	3.5	4.3	4.8	4.8	6.9
Scope 1 and 2 market-based emissions (kt)	**27.2**	26.4	27.4	n.r.	n.r.	n.r.
Scope 1 and 2 location-based emissions (kt)	**26.9**	26.4	27.4	27.1	27.1	25.9
Wesfarmers Health[3]						
Revenue	**5,312**	1,240	n.r	n.r	n.r	n.r
EBITDA	**124**	(2)	n.r	n.r	n.r	n.r
Depreciation and amortisation	**(74)**	(22)	n.r	n.r	n.r	n.r
Interest on lease liabilities	**(5)**	(1)	n.r	n.r	n.r	n.r
EBT	**45**	(25)	n.r	n.r	n.r	n.r
EBT margin (%)	**0.8**	n.m.	n.r	n.r	n.r	n.r
ROC (R12, %)	**4.2**	n.r.	n.r	n.r	n.r	n.r
Capital expenditure (cash basis)	**41**	3	n.r	n.r	n.r	n.r
Safety (R12, TRIFR)	**6.6**	n.r.	n.r	n.r	n.r	n.r
Scope 1 and 2 market-based emissions[4] (kt)	**11.6**	13.8	n.r	n.r	n.r	n.r
Scope 1 and 2 location-based emissions[4] (kt)	**12.1**	15.0	n.r	n.r	n.r	n.r
Catch[5]	*Reported separately*		*Included in Kmart Group results*			
Gross transaction value	**733**	989	973	632	n.r.	n.r.
Gross transaction value growth (%)	**(25.9)**	1.6	41.0	49.2	n.r.	n.r.
Revenue	**354**	510	528	364	n.r.	n.r.
EBITDA	**(133)**	(58)	(24)	20	n.r.	n.r.
Depreciation and amortisation	**(28)**	(29)	(21)	(18)	n.r.	n.r.
Interest on lease liabilities	**(2)**	(1)	(1)	(1)	n.r.	n.r.
EBT[6]	**(163)**	(88)	(46)	1	n.r.	n.r.
Capital expenditure (cash basis)	**10**	45	n.r.	n.r.	n.r.	n.r.
Safety (R12, TRIFR)	**4.7**	2.1	n.r.	n.r.	n.r.	n.r.
Scope 1 and 2 market-based emissions (kt)	**2.8**	3.0	n.r.	n.r.	n.r.	n.r.
Scope 1 and 2 location-based emissions (kt)	**3.4**	3.8	n.r.	n.r.	n.r.	n.r.

[1] Includes results from Greencap prior to its divestment on 1 August 2022.
[2] 2020 earnings exclude a $310 million pre-tax non-cash impairment and includes $15 million of payroll remediation costs.
[3] 2022 includes API's results from 31 March 2022 to 30 June 2022.
[4] 2022 full year emissions estimated for comparison purposes.
[5] Catch is included in Kmart Group for 2021 and 2020 from 12 August 2019.
[6] 2023 includes $40 million of restructuring costs.

Glossary of terms

Term	Definition
AASB	Australian Accounting Standards Board
AI	Artificial intelligence
ALM	Australian Light Minerals. ALM is the company holding WesCEF's 50 per cent share in the Covalent lithium project and is responsible for the sales and marketing of lithium products as well as undertaking exploration activities in existing and adjacent markets
AN	Ammonium nitrate
API	Australian Pharmaceutical Industries Ltd
B2B	Business-to-business
Cash realisation ratio	Operating cash flows as a percentage of net profit after tax, before depreciation and amortisation
CFC / FC	Customer fulfilment centre / Fulfilment centre
cps	Cents per share
Debt to EBITDA	Total debt including lease liabilities, net of cash and cash equivalents, divided by EBITDA
EBIT	Earnings before finance costs and tax
EBITDA	Earnings before finance costs, taxes, depreciation and amortisation
EBT	Earnings before tax
ERP	Enterprise resource planning
GTV	Gross transaction value. GTV includes both first-party (in-stock) sales as well as sale of third-party products via a marketplace
IDC	Import distribution centre
kt	Kilotonne
$ktCO_2e$	Kilotonnes of carbon dioxide equivalent
KTAS	Kmart Tyre and Auto Service
LNG	Liquefied natural gas
LPG	Liquefied petroleum gas
m	Million
n.m.	Not meaningful
n.r.	Not reported
Net financial debt	Interest-bearing loans and borrowings less cash at bank and on deposit and held in joint operation, net of cross-currency interest rate swaps and interest rate swap contracts. Excludes lease liabilities
NPAT	Net profit after tax
ppt	Percentage point
R12	Rolling 12 month
RFID	Radio frequency identification
ROC (R12)	Return on capital. ROC is calculated as EBT / rolling 12 months' capital employed, where capital employed excludes right-of-use assets and liabilities
TRIFR	Total recordable injury frequency rate
Weighted average cost of debt	Weighted average cost of debt based on total gross debt before undrawn facility fees and amortisation of debt establishment costs. Excludes interest on lease liabilities and the balance of lease liabilities
WesCEF	Wesfarmers Chemicals, Energy & Fertilisers