WESTERN SYDNEY
UNIVERSITY

SCHOOL OF BUSINESS

GROUP ASSIGNMENT COVER SHEET

STUDENT DETAILS

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SUBJECT AND TUTORIAL DETAILS

Subject Name: Economics and Finance Engagement Project — **Subject code:** ECON3007

Tutorial Group: — **Day:** Wednesday — **Time:** 18 - 21PM

Lecturer or Tutor name: Associate Professor Kathy Tannous

ASSIGNMENT DETAILS

Title: Group Report — **Length:** 5440

Due Date: 31/05/2024 — **Date submitted:** 28/05/2024

Home campus (where you are enrolled): Parramatta city

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Student's signature: Xuan Bach Mai

Student's signature: Xuan Loc Nguyen

RECOMMENDATION: HOLD

Exhibit 1: WES.ASX Overview

First trading date	Jul-85
Target price	$71.17
Current price	$68.39
Upside	3.98%
Dividend yield	2.68%
Market Capitalization* (A$m)	78,084
Share outstanding* ($m)	1,142
Free float	99.60%
1-month VWAP	$68.45
52 Week High	$71.11
52 Week Low	$46.64

*All prices as of close 19 May 2024

Source: Factset

Exhibit 2: 5-Year Share Performance

Source: Factset

Exhibit 3: Financial Ratios

Ratios	FY23
Net Debt / EBITDA	1.9x
Interest Coverage Ratio	10.5x
EBITDA Margin	12.78%
NPAT Margin	5.66%
ROE	29.80%

Source: Factset, SimplyWallST

Exhibit 4: Share Price Catalyst

Date	Event	Catalyst
Feb 2nd, 2017	First Bunnings Warehouse Store Open In The UK	UK hardware market is very different to Australia, so it failed
Nov 15th, 2018	Demerger of Coles	Wesfarmers shares are being valued excluding Coles Group Limited
2019-2022	COVID-19 distortions	Positive in profit generation but still has a harmful effect in the second wave
Mar 31st, 2022	Australian Pharmaceutical Industries Acquisition (API)	Expand Wesfarmers' market into the health sector
Feb 14th, 2024	FY24 Half Year Report Released	Overall appreciation for WES's ability to preserve unit profitability despite cost inflation concerns

EXECUTIVE SUMMARY

We issue a HOLD recommendation for Wesfarmers Limited (ASX: WES) with a target price of $71.17. As of May 19, 2024, the current price is $68.39, indicating an upside of 3.98%. The adjusted target price from our analysis utilizes a Discount Cash Flow model and Relative Valuation models, each weighted appropriately.

WES is one of Australia's top eight listed companies and is nationally recognized as having a dominant market share in the retail industry. During the market crash in 2020 and the COVID-19 pandemic, WES managed to survive with remarkable resilience through great management strategies and adaptability. Yet, WES is positioning itself for a vital post-pandemic resurgence and has carried out its words to provide a satisfactory return for shareholders through diverse operations.

Our comprehensive analysis suggests that WES witnessed a misprize when the market crashed in 2020. However, after all the macroeconomic factors, WES can keep its value and is now on the growth momentum with (1) the stability of WES' revenue streams during COVID and a good cash flow over the year, (2) WES's professional management of operational challenges and investment strategies and (3) WES's resilient, the robustness of its diversified portfolio with a plan to expand in more segments. Thus, we expect WES to offer more potential in future growth than acknowledged, as every household will have products from WES subsidiaries.

KEY FINANCIALS

Fiscal Year Ending 30 June	FY18a	FY19a	FY20a	FY21a	FY22a	FY23a	FY24f	FY25f	FY26f	FY27f
	Historical (Statutory)						Factset Forecast			
Revenue	66,883	27,920	30,846	33,941	36,838	43,550	43,972.9	45,573.6	47,511	49,322.2
Growth		-58.26%	10.48%	10.03%	8.54%	18.22%	0.97%	3.64%	4.25%	3.81%
EBITDA	5,564	3,491	4,496	5,186	5,203	5,564	5,736	6,147	6,626	6,990
Growth		-37.26%	28.79%	15.35%	0.33%	6.94%	3.09%	7.17%	7.79%	5.49%
Margin	22.22%	12.48%	12.10%	38.46%	36.06%	33.61%	28.99%	29.50%	29.58%	
EBIT	4,367	2,974	3,072	3,741	3,633	3,863	3,987	4,365	4,793	5,039
PBT	4,146	2,799	2,809	3,373	3,320	3,509	3,586	3,947	4,364	4,707
NPAT	2,604	1,940	2,083	2,421	2,352	2,465	2,564	2,803	3,101	3,290
FCF		1,362	3,679	2,518	1,157	2,891	2,864	3,031	3,405	2,981
DPS (cents)	160	278	170	178	180	191	196	217	239	256

BUSINESS OVERVIEW

Overview

Business interests and established as a retail, industrial, and chemical leader. With an extensive network of 1,1128 retail stores **(Exhibit 6)** and a strong workforce exceeding 120,000 employees, WES is considered vital to the nation's economy. **Strategy:** By effectively managing a diversified portfolio with many subsidiaries, WES not only prioritizes delivering satisfactory returns to shareholders but also demonstrates a forward-thinking approach. A strong management team accounts for strategy development and operational performance and leads every division within WES. Moreover, by providing financial reports with a clear roadmap semiannually guiding its path forward, WES can navigate evolving market dynamics and seize emerging opportunities, ensuring sustained success and prosperity for years. The recent strategic focus and investment in the healthcare sector further underline Wesfarmers' commitment to diversification and its anticipation of future market trends.

Business Model

Segments: Being a major retailer in Australia's consumer discretionary market, WES provides a two-pronged pricing strategy to business and leisure customers: continuously innovating its product. As the customer base is mainly lower middle class, WES provides higher-quality products at a reasonable price. Moreover, WES expanded its product range by innovating upon the existing products in the Australian and global markets, creating a win-win situation where the customers can save money while spending, and at the same time, the company grows both financially and in terms of its client base.

(Exhibit 7). WES operates across seven main segments. Among these, Bunnings Group and Kmart Group stand out as the primary revenue drivers. (1) Bunnings Group dominates Wesfarmers' revenue, accounting for $2,230 million (57.92% of FY23 EBIT). (2) Following closely is Kmart Group with $769 million (19.97% of FY23 EBIT). While these two are notable for their significant contributions, it is essential to note that other sectors within WES also maintain dominant positions in their respective fields.

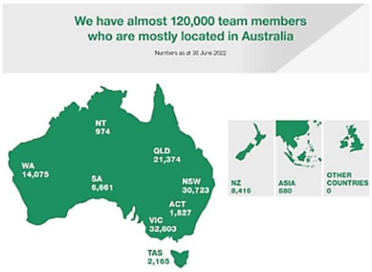
Australian Pharmaceutical Industries (API), WES's new sector, which is Health, had a growth rate of 328% and took 12% in WES revenue (**Exhibit 8)**. WES plans to be dominant in this 200-billion-dollar healthcare industry through the strategy of expanding not only in the pharmaceutical wholesale but also by doing M&A with other big guys that already exist, like Ramsay Health Care and Chemist Warehouse.

INDUSTRY OVERVIEW & COMPETITIVE LANDSCAPE

Market dynamics | Adaptability amidst challenging macroeconomic circumstances

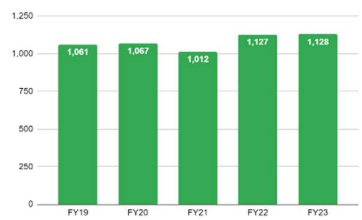
The movement in cash rate and inflation potentially threatens WES's revenue, but demand for consumer discretionary remains strong. The recent good news is that the cash rate remains unchanged at 4.35% and inflation at 3.6%; WES can feel comfortable as the revenue will not be impacted in the short term. However, with too much reliance on the interest rate, any bad news can harm the revenue streams easily. WES has to forecast future changes in the cash rate from the Reserve Bank of Australia (RBA) with the expectation of decreasing or remaining stable so it could

Exhibit 5: WES Team Member Coverage



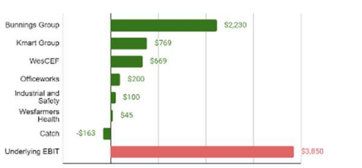
Source: Company Filings

Exhibit 6: Number of WES Stores



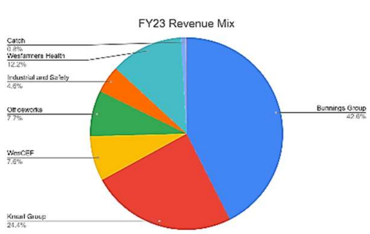
Source: Global Data

Exhibit 7: FY23 Underlying EBIT Breakdown (A$m)



Source: Wesfarmers Annual Report

Exhibit 8: Historical Revenue Mix



Source: Factset

spur consumer spending and boost demand for WES's products and services.

WES profited during COVID-19, although challenges impacted WES's revenue stream. In the first wave of COVID, the demand for buying do-it-yourself (DIY) products for house redecorating and electrical devices like PCs and laptops to support work-from-home purposes benefit WES in creating profit and increasing the company's value. However, in the second COVID wave, with no spending purposes from customers, WES saw a massive decline of almost 30% in revenue **(Exhibit 10)**. Hence, the progress of WES post-COVID with an increased trend in the company value underscores WES's ability to navigate adversity and emerge stronger, highlighting its robustness and agility in adapting to evolving market conditions.

Global Multiline Retail Industry | A Big Guy in Australia

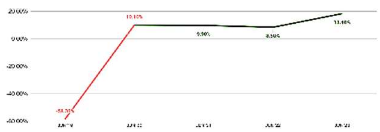
While offshore competitors may pose challenges, particularly in global markets, WES remains unparalleled in the country's retail, industrial, and chemical landscape. With no rivals at the industry level and a firm grip on the Australian market, WES set the standard for excellence and innovation, continuously pushing boundaries, and driving growth. WES remains unrivaled as the only one in its sectors within Australia, solidifying its status as the undisputed champion in the business realm.

Competitive Positioning | Corporate Dominance Across Diverse Sectors

With the strategy of being the significant player in the segments that WES has stepped into, there is currently no direct competitor for WES at the industry level. **(Exhibit 11).** Bunnings Group's overwhelming market share of 91.28% in the Australian DIY and hardware store market is notably contrasted with its nearest competitor, Mitre 10, which holds a mere 1.55%. The same trend can be seen in other segments **(Exhibit 12).** Kmart Group's market share is 46.04% in the Australian department store market. This is notably contrasted with its closest competitor, Big W, which holds a market share of 20.74%. The considerable gap between Kmart and Big W further solidifies Kmart's stronghold in the industry. **(Exhibit 13).** In the Australian consumer electronics market, Officeworks commands a noteworthy market share of 21.70%, closely followed by JB Hi-fi and The Good Guys, with 16.75% and 18.25% market shares, respectively. However, they do not directly compete with Officeworks.

Despite potentially smaller revenue streams than the retail giants above, other businesses, such as Catch, Wesfarmers Health, and WesCEF, contribute significantly to WES's diversified portfolio and revenue by offering unique value propositions and contributing to WES's overall market presence.

Exhibit 9: WES Growth Rate

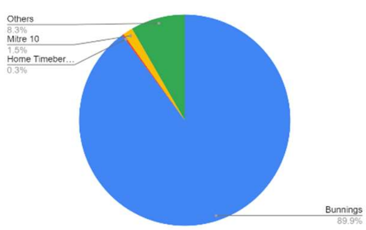


Source: Factset

Exhibit 10: WES Market Capitalization

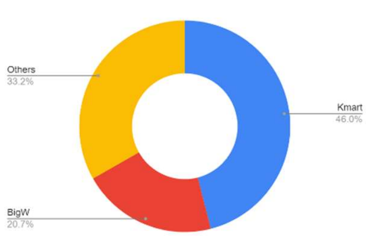
Source: Factset

Exhibit 11: Market Share of Bunnings



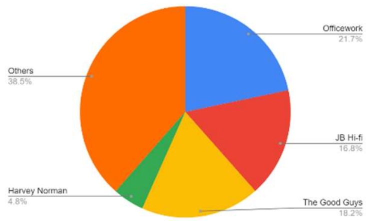
Source: Statista

Exhibit 12: Market Share of KMart



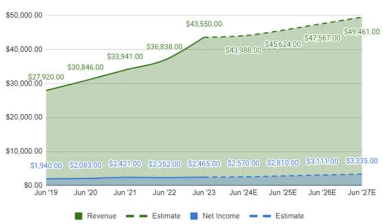
Source: Statista

Exhibit 13: Market Share of Officeworks



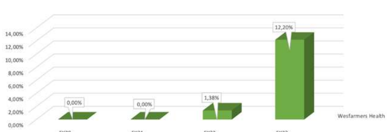
Source: Statista

Exhibit 14: Earnings & Revenue Growth Forecasts (A$m)



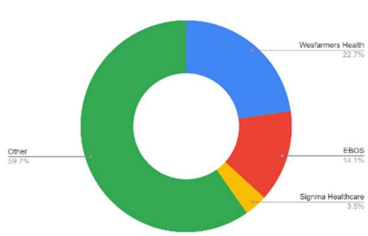
Source: Factset

Exhibit 15: Change in WES Health Sector Revenue (%)



Source: Statista

Exhibit 16: Market Share of Wesfarmers Health



Source: Statista

INVESTMENT SUMMARY

Thesis 1: Ensuring The Revenue Streams Through Strong Market Position

Revenue: WES has experienced not just revenue growth but also significant growth. Sales have surged from $27.92 billion in 2019 to $ 43.55 billion in 2023 **(Exhibit 14).** This robust growth is a testament to WES's strong market position and agility in responding to evolving consumer preferences and market dynamics, including those brought about by the COVID-19 pandemic. Moreover, the sustained revenue growth underscores Wesfarmers' strong position in the market and provides a solid foundation for continued success.

WES's unique position as the dominant player in Australia is not a coincidence but a result of strategic foresight. The company's strategy is clear: For every segment it enters, Wesfarmers aims to be the major player. This approach has solidified its position and instilled confidence in its future prospects. Recently, WES's strategy has been heading into the health sector. On 31 March 2022, WES made a significant stride in its health sector expansion by acquiring Australian Pharmaceutical Industries Limited (API). By now, WES is still doing M&A with more companies like Ramsay Health Care to dominate the $200 billion health sector. Within two years, WES Health Sector saw a 328% growth and has around 12% in WES's overall Revenue Mix **(Exhibit 15)**. This diversification strategy reduces the risks connected with retail and explores new growth opportunities, hence increasing long-term value generation. This consistent growth trajectory, achieved despite market challenges and fluctuations, is a testament to Wesfarmers' resilience and strategic insight.

Thesis 2: Effective Cash Flow Management Driving Growth

WES has demonstrated remarkable resilience in cash flow management, maintaining a steady free cash flow of approximately $2.5 billion over the years **(Exhibit 17)**. Despite global economic uncertainties and the initial impact of the COVID-19 pandemic, WES remains poised for further growth, projecting a free cash flow of around $ 3.5 billion in the coming years. This robust cash flow not only ensures stability but also provides reassurance about WES's financial resilience and its ability to explore exciting opportunities for expansion through strategic mergers and acquisitions.

WES's intelligent debt management strategy is a testament to its financial prudence. During the COVID-19 pandemic, when the RBA reduced the cash rate to 0.1%, WES paid off all its short-term debt, which has a floating rate, and increased its long-term debt with a meager fixed rate **(Exhibit 18).** While there was a temporary increase in long-term debt from $3 billion in 2019 to nearly $5 billion in 2022, the subsequent decrease and the increase in earnings and cash flows demonstrate WES's ability to manage its debt effectively, providing a sense of security about its financial management.

Exhibit 17: WES Free Cash Flow

Source: Factset

Exhibit 18: Debt Capitalization

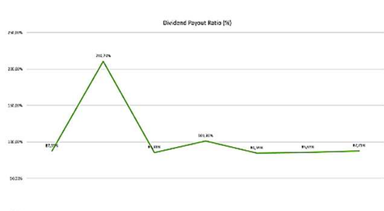
Source: Factset

Exhibit 19: Wesfarmers Notes & Bonds

Issue Date	Maturity Date	Value ($Am)
21 June	28 June	$650
21 June	31 June	$350
21 October	33 October	$938
Coupon Rate	**Coupon Type**	**Hedge**
1.94%	Fixed	No
2.56%	Fixed	No
0.95%	Fixed	Yes (3%)

Source: Company Fillings

Exhibit 20: Dividend Payout Ratio



Source: Factset

Currently, WES has two two-note programmes to issue bonds from onshore and offshore with a value of A$4 billion and €3 billion, respectively. With a fixed interest, coupon rate, and hedge for offshore debt, WES is now only issued around A$2 billion **(Exhibit 19).** Therefore, money should not be a problem for WES in terms of operation costs or the expansion of its aimed sectors. WES's dominant position in the industry gives it a long-lasting edge over its competitors, resulting in consistent cash flows and protecting the company from market fluctuations.

Thesis 3: Commitment to Consistent Shareholder Returns and Enhanced Investor Confidence

According to Ausbil's analysis, the average dividend payout ratio in the Australian market before COVID-19 was 62%, while after COVID-19, it was 72%. However, WES's dividend payout ratio has consistently exceeded 85% **(Exhibit 20)**. It increased massively in 2019 to 210% and above 100% in 2021, a positive signal for investors.

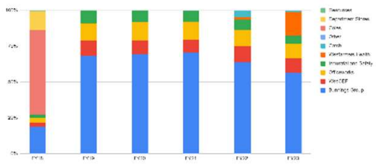
Wesfarmers' commitment to addressing potential risks and enhancing investor confidence is evident in its comprehensive risk management framework. This framework is designed to tackle challenges associated with all potential risks, including interest rate, operational, and supply chain risks. In addition, Wesfarmers maintains high corporate governance and transparency standards with periodic updates through quarterly reports, annual general meetings, and detailed financial statements. The solid track record of its financial results, revenue growth, cash flow generation, and debt management further underpin the company's ability to survive the economic oscillation, giving investors more confidence.

The proactively adopted approach toward risk management at Wesfarmers, such as supply chain optimization and digital changes, testifies to the company's effectiveness in being able to put across the ability to preempt and handle imminent problems. This strategy helps position the company well and stirs confidence in its ability to adapt and thrive. Further, within the digital platforms of Wesfarmers, such as Flybuys, allocating resources to cybersecurity and data management capability evidenced a proactive approach toward protecting user data and improving the resiliency of operations, thus enhancing investor confidence. Its capital structure uses a mix of fixed- and floating-rate debt instruments. This balanced approach helps Wesfarmers to dampen the impact of interest rate volatility on financial performance and should instill confidence among our stakeholders. This further includes hedging activities like interest rate swaps to stabilize its borrowing costs. By closely monitoring the market conditions and adjusting the debt portfolio accordingly, Wesfarmers keeps financial flexibility and minimizes the harmful effects of rising interest rates.

FINANCIAL ANALYSIS

Profitability | Across-the-Board Success in All Sectors Amid Challenging Times.

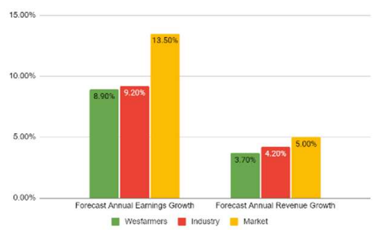
Exhibit 21: WES Revenue Stream



Source: Factset

Revenue: WES has strategically shifted its revenue structure over the years, notably transitioning from seven primary industries in FY18 to a more focused approach in FY19 **(Exhibit 21)**. This shift has allowed WES to concentrate on developing and expanding these industries, aiming to dominate each segment with subsidiaries. Notably, WES has made significant investments in the health industry over the past two years.

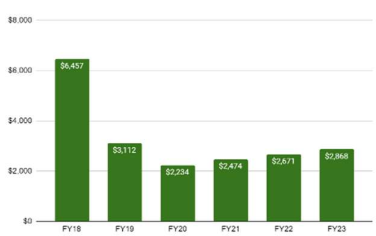
Exhibit 22: Future Earnings and Revenue Forecasts



Source: Factset

Forecast: WES's earnings are forecast to grow, but not significantly. **(Exhibit 22)** The annual earnings growth for WES is 8.9% per annum, much lower than the Australian market growth rate and the global multiline retail industry, with 13.5% and 9.2%, respectively. In terms of future revenue generated, WES's revenue is 3.8% per year, is forecast to grow slower than 20% per year and is much lower than the Australian market's 5% per year. That indicates that while Wesfarmers' revenues are forecasted to increase, they may be growing at a lesser speed than some other players within the market. However, they are still retaining positive growth.

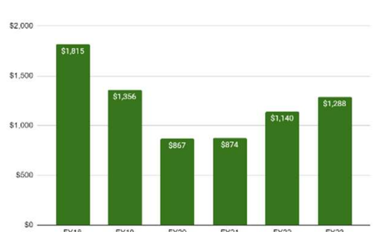
Exhibit 23: Operating Expenses (A$m)



Source: Factset

OPEX: With over 1,000 stores and 120,000 employees, WES's operating expenses derive from various sources, including utilities, office expenses, and expenditures related to the development and construction phases. **(Exhibit 23)** After demerging Coles, WES's OPEX dramatically reduced to $3,1 billion in FY19 compared with nearly $6,5 billion in FY18. Over the years, WES managed to reduce its expenses and remain steadily around $2,5 billion, showing a strategic approach to resource allocation and reducing costs where possible. OPEX reduction means WES will have higher profitability and a great return on investment.

Exhibit 24: Capital Expenses (A$m)



Source: Factset

CAPEX: During COVID-19, WES's capital expenses gradually decreased and bottomed at $864 million and $874 million in FY20 and FY21, showing that WES has reduced its money to acquire assets to grow its businesses **(Exhibit 24)**. However, from FY21 onwards, the CAPEX rose to nearly $1.3 billion in FY23, reflecting WES's investment strategy with a renewed focus on long-term assets and growth initiatives. This highlights a strategic shift towards reinvestment after a period of cost reduction.

Cash Flow from Operations: The structure of investment industries significantly changed, impacting Wesfarmers' cash flow from operations (CFO). This led to periods of both robust performance and notable declines. In the face of the COVID-19 pandemic, Wesfarmers' CFO reached a peak of $ 4.5 billion in FY20 (**Exhibit 25)**. Despite the challenging circumstances, this was a testament to the company's ability to operate, pay salaries, and transport goods to customers, including cash-paid vendors and suppliers. The CFO is projected to increase in line with Wesfarmers' developing and expanding investment strategy.

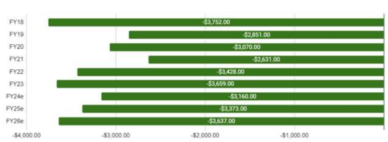
Exhibit 25: Cash Flow from Operations (A$m)

Source: Factset

Exhibit 26: Cash Flow from Investing (A$m)

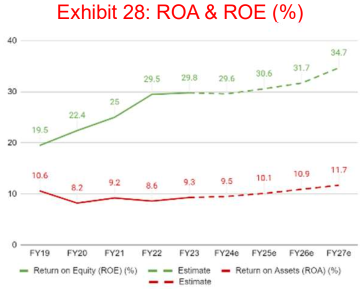
Source: Factset

Exhibit 27: Cash Flow from Financing (A$m)



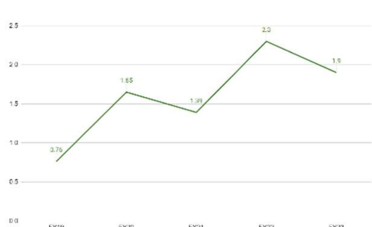
Source: Factset

Exhibit 28: ROA & ROE (%)



Source: Factset

Exhibit 29: Net Debt/ EBITDA



Source: Factset

Cash Flow from Investing: Wesfarmers' strategic decisions in FY18 led to an increase in CAPEX, resulting in a cash flow from investing with an outflow of $650 million. However, during the COVID-19 period, by selling fixed assets as Wesfarmers had to adapt its business to the online market, it had a positive inflow of $245 million and an increase to $642 million in FY19 and FY20, respectively. Since FY21, Wesfarmers has been strategically increasing its lending and engaging in various M&As in different segments, especially health care, leading to a negative cash flow. Our forecast for the following years is a continued high investment outflow of around $950 million **(Exhibit 26)**, reflecting Wesfarmers' confidence in its future growth and development.

Cash Flow from Financing: WES's commitment is to satisfactorily deliver to shareholders and manage to reduce its debt over time; we can see substantial cash outflows. **(Exhibit 27)** WES's cash flow from financing (CFF) is above $2.5 billion every year, which increased steadily after COVID-19. This has reflected WES's ability to repay debt and maintain a high dividend payment for shareholders. We forecast an increase in these significant outflows to $3.7 billion in FY26e as WES is still increasing its long-term debt and has to attract investors with an attractive dividend.

ROA and ROE: WES has consistently demonstrated an upward trend in return on assets (ROA) and return on equity (ROE) ratios over the years. **(Exhibit 28)** With no fluctuation in WES's ROA ratio from 19.5% in FY19 to 29.5% in FY23, it has shown that WES can earn more money with a smaller investment, which is asset efficiency. In contrast, WES's ROE fluctuated with a decreasing trend during the COVID period, caused by investors' panic selling behaviour when the market crashed and difficulty operating. WES has maintained a positive ROE after that period, with a slow but steady trend illustrating that WES can convert its equity financing into profits, as we estimate it will rise to 11.7% in FY27e.

Capital Management | Ensuring Strategic Allocation and Sustainable Growth

Debt serviceability: WES's credit profile and financing structure reflect its capital management ability by balancing continuity and funding flexibility through bank loans, corporate bonds and the overnight money market across various maturities. **(Exhibit 29)** During the years, WES had an overall net debt/EBITDA below 3, peaking in FY22 at 2.3, indicating its capacity to repay debts and potentially better credit ratings despite an increase in long-term debt since 2021. Moreover, in the annual budgeting process, WES has a process to forecast future cash flows as one of the ways to assess future funding requirements and to ensure adequate capacity to meet those requirements. The credit ratings of investment grade are held by Moody's and Standard and Poor's for Wesfarmers, which help access global debt capital markets.

Dividend Policy: In December 2018, WES announced the dividend investment plan (DIP), under which current investors can now automatically invest in WES ordinary shares at a discount to the market price at the dividend payment date. **(Exhibit 30)** WES's dividend per share fluctuated

Exhibit 30: Dividend per share ($)

Source: Factset

Exhibit 31: Valuation Football Field

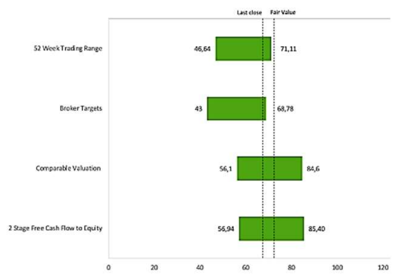


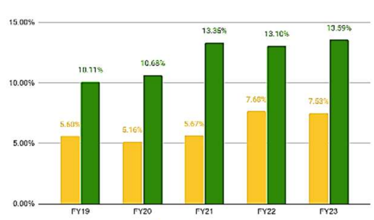
Exhibit 32: Cost of Equity Assumptions

Risk-Free Rate	2.30%
Equity Risk Premium	4.60%
Multiline Retail Unlevered Beta	0.99
Levered Beta	1.06
Discount Rate/ Cost of Equity	7.11%

Exhibit 33: DCF Output

Base Case (A$m)	
Present value of next 10 years cash flows	A$26,949.73
Terminal Value	A$106,175.8
Present Value of Terminal Value	A$53,286.32
Total Equity Value	A$80,236.05
Equity Value per Share (AUD)	A$71.17
Current discount	3.98%

Exhibit 34: Historical WACC and ROIC



Source: Factset

with a considerable decrease to $1.52 in FY20 but increased again to $1.91 in FY23 as projections indicate a steady increase in DPS from FY24e to FY27e, reaching $2.60 per share. This is an attractive dividend, and with the investment plan, investors and WES will benefit in the long term. As dividends increase, shareholders receive an increasing amount on each share they own, which can also purchase more shares and increase the investment's total return potential over time; for WES, that will create more capital for the company to use as shareholders participating in a DIP are less likely to sell their shares when the stock market declines.

VALUATION

Our meticulously calculated price target of $71.17 (a 3.98% premium to the last close of $68.39) was derived using the 2-stage Free Cash Flow to Equity method (DCF) and multiple valuation methodologies **(Exhibit 31)**. This comprehensive analysis determines the stability of WES's unique market position with various segments and its resilience despite market conditions and challenges. Furthermore, it provides a balanced consideration of public investors' expected prices in the multiline retail industry and critical revenue drivers of WES's valuation.

1. Consolidated Discounted Cash Flow Model

1.1 Structure: Our analysis using the 2 Stage Free Cash Flow to Equity DCF method indicates that Wesfarmers is trading close to its fair value estimate, and the current share price is below our fair value estimate, which is a good sign. **(Exhibit 32)** Additionally, we computed a discount rate for WES of 7.11%, with the present value of the next ten years' cash flows being $26,94 billion. The terminal value and the present value of the terminal value will be $106,17 billion and $53,28 billion, respectively. By that, WES's total equity value is $80.23 billion, with a current discount of 3.98% **(Exhibit 33)**. The analysis covers a 10-year time for a balanced process to forecast accuracy and attain a steady state considering various factors.

1.2 WACC vs ROIC: We compared WES's WACC and ROIC to see if WES creates value or not through return and cost from its project. **(Exhibit 34)** WES's weighted average cost of capital (WACC) has gradually increased over the past five years, rising from 5.60% in FY19 to 7.53% in FY22 and decreasing shortly in FY23. The return on invested capital (ROIC) also displayed a general upward trend of more than 13% in the past three years. With the outperformance from ROIC doubled compared to WACC, WES has consistently generated adequate returns that surpass its cost of capital. This robust performance strongly indicates Wesfarmers' financial strength and value creation for shareholders.

1.5 Enterprise Value: WES's EV has fluctuated during the past seven years, and there are indications of improved earnings performance relative to valuation metrics. **(Exhibit 35)** With a substantial drop to 40.17 billion in FY19 from $58.96 billion with the Coles demerging event, WES has a recovery to $51.82 billion in FY20 and a further rise to $66.7 billion in FY21, showing robust growth through COVID-19 period. The EV decreased again

Exhibit 35: WES Enterprise Value (A$m)

Source: Factset

to $52.15 billion in FY22 before increasing to $60.12 billion in FY23. For the first six months of this year, the estimated E is $76.39, suggesting anticipated strong growth and an optimistic outlook. These fluctuations depict a company experiencing variable market valuations, with a notable upward trend projected for the future.

1.5.1 EV/EBITDA: We use this ratio to see WES's value, with debt included, to the company's cash earnings less non-cash expenses. With EV/EBITDA values above ten during the past years, WES's financial structure has relatively high debts, which peaked in FY19 and FY21. However, the ratio has had a consistent declining trend over the years, indicating a significant improvement in the company's earnings performance relative to its enterprise value, down to around 12 in FY23 **(Exhibit 36)**. This trend reflects the company's potential for enhanced operational efficiency and hints at improved profitability, which can be a source of optimism for potential investors.

Exhibit 36: EV/EBITDA (x)

Source: Factset

2. Liquidity Valuation

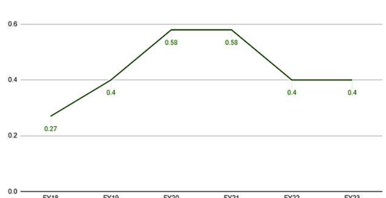
2.1 Current Ratio: WES's current ratio has varied over the years but generally has an upward trend. **(Exhibit 37)** It improved significantly from 0.87x in FY18 to 1.22x in FY19, demonstrating a solid liquidity position that remained above 1.0x during COVID-19. Despite occasional fluctuations, the ratio improved again to 1.17x in FY23, indicating that WES can consistently pay short-term liabilities with all its current assets. This resilience in liquidity management is a positive indicator for stakeholders.

Exhibit 37: Current Ratio (x)

Source: Factset

2.2 Quick Ratio: WES's quick ratio fluctuations during the past five years illustrate a change in short-term liquidity. A substantial increase from 0.27x in FY18 to 0.58x in FY21 shows WES's ability to deal with obligations with liquid assets and survive through the COVID period with a good performance. After the period, the ratio remains stable at 0.4x as a decrease in liquidity **(Exhibit 38)**. Although WES maintains its quick ratio below 1.0x, it may raise problems about its ability to cover short-term debt without relying on the sale; this should be fine since WES has already reduced its short-term debt to 0.

Exhibit 38: Quick Ratio (x)



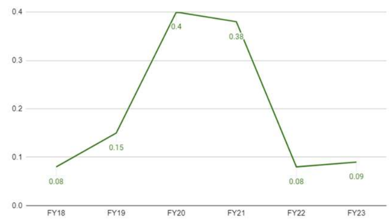
Source: Factset

2.3 Cash Ratio: The ratio peaked at 0.4 in 2020 during the COVID period and decreased to 0.09 in 2023 **(Exhibit 39)**. Moreover, WES's cash ratio improved after the demerger of Coles. Since WES reduced its short-term debt, it has maintained a limited cash reserve during the past five years, mainly because WES uses the money to return to shareholders and do M&A in various sectors, such as healthcare and retail.

3. Relative Valuation

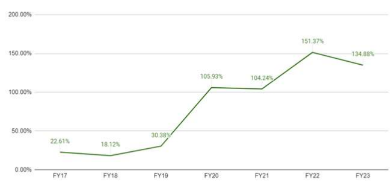
3.1 Debt-to-Equity Ratio: WES's total debt-to-equity ratio has significantly increased from FY17 to FY23 **(Exhibit 40).** After the demerger of Coles in 2018, the ratio decreased to 18.12% in FY18 but rose sharply during COVID-19, peaking at 151.37% in FY22. This dramatic rise in the ratio can be a bad factor for WES, suggesting financial risk and challenges in debt management. However, with a decrease in FY23, WES has proved that

Exhibit 39: Cash Ratio (x)



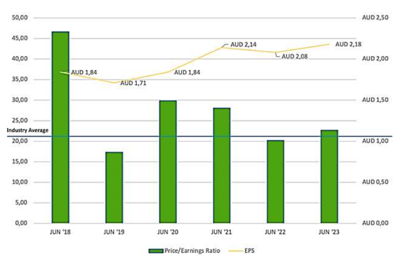
Source: Factset

Exhibit 40: Debt/Equity Ratio (x)



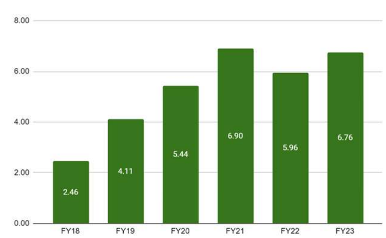
Source: Factset

Exhibit 41: P/E Ratio (%) and EPS



Source: Factset

Exhibit 42: P/B Ratio (x)



Source: Factset

Exhibit 43: Global Multiline Retail Industry Comparison

Source: Factset

with a good operating cash flow, WES's interest payments on its debt are well covered by EBIT.

3.2 Price-to-Earnings Ratio: WES's P/E ratio was high (more than 45x) in FY18 due to Coles's demerging **(Exhibit 41)**. However, WES made good progress in reducing the ratio in the following year because a PE ratio that is too high may indicate that WES is overvalued compared with what it is at that moment. Witnessing all the fluctuation, its overall trend continued to increase, showing investors optimism and belief in the future increase in value generated by WES. However, WES is expensive based on its Price-To-Earnings Ratio compared to the Global Multiline Retail industry average (21.5x).

3.2.1 Earnings per share: Although WES's earnings per share vary from period to period, they remain stable, with at least $1.7 and above $2 in the year when it performs better **(Exhibit 41)**. Overall, WES's earnings per share are much higher than the average EPS from companies with stock trading on the ASX.

3.3 Price-to-Book Ratio: WES showed an upward trend throughout the period, and compared to the Global Multiline Retail Industry average, it is around four times higher **(Exhibit 42)**. While looking at this, people will think Wesfarmers is overvalued. We will not come to that conclusion since Wesfarmers is the only one in the Australian market; we also need to look at other details. This indicates an increasing premium investors will pay relative to the company's book value.

3.4 Comparison with the Global Multiline Retail Industry: Wesfarmers' FY24e ratios indicate some marked deviation from the industry average, though with higher values for significant metrics, including price-to-book, price-to-sales, and price-to-earnings ratios **(Exhibit 43)**. This suggests that investors are not only willing to pay a premium for Wesfarmers' shares compared to its industry peers but also have optimistic expectations for its future growth and performance, inspiring confidence in its potential.

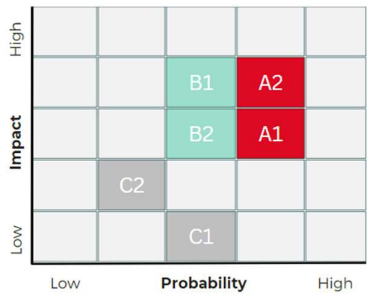
INVESTMENT RISKS

1. Interest rate risk

[A1] Debt's Effect: WES has a high degree of debt. Hence, fluctuations in interest rates have a big impact on the company's financial strategy. Compared with FY22, the weighted average cost of debt has climbed to 3.32% from 3.11% (Exhibit 55). This could lead to a rise in the company's financial expenses. Using fixed-rate capital markets debt and interest rate hedging techniques, Wesfarmers has strategically lessened the impact of rising interest rates. This method offers a cushion against the fluctuation of market rates, stabilizing the loan cost.

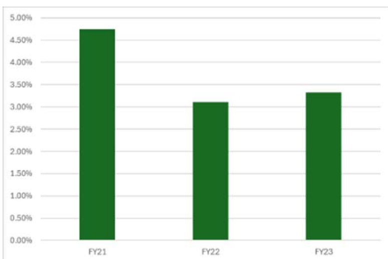
[A2] Direct Impact of Interest Rates: WES's retail business is directly influenced by interest rates, affecting consumer spending. Lower interest rates typically result in increased consumer spending on discretionary goods, thanks to the boost in disposable income. Conversely, higher

Exhibit 44: Risk Matrix



Source: Factset

Exhibit 45: Weight average cost of debt



Source: Factset

Exhibit 46: ESG Scoreboard

	Avg.	Enviro.	Social	Gov.
Factset	Below Avg.	67%	38%	52%
Yahoo Finance	Low risk (15%)	4.8	7.2	3.4
Refinitiv	83	71	90	85
Morning Star	Low risk (15.43)	N/A	N/A	N/A

Source: Factset, Yahoo Finance, Refinitiv, Morningstar

Exhibit 47: Green House Reduction (ktC02e)

Source: Sustainability Report FY19-23

borrowing costs due to elevated interest rates can lead to a decrease in consumer spending on non-essential items. Cash rate stability is now positive because it gives both customers and merchants predictability. Many of WES's retail subsidiaries benefit from stable interest rates since they support consumer confidence and expenditure.

2. Technology Risk: Cybersecurity and IT Downtime at Wesfarmers

[B1] Cybersecurity: The retail industry in Australia has seen a significant 50% increase in cyberattacks over the past year. This trend directly impacts WES because it handles vast amounts of consumer data. Flybuys, which Wesfarmers owns in part (50%) and has around 9 million customers, links into the company's several loyalty programs, improving WES's marketing plans and making data security across several platforms more difficult. The consequences of such incidents can carry severe financial and reputational concerns, even with tight security measures that lessen the possibility of data breaches. In response, WES has bolstered its cybersecurity capabilities by strengthening teams and establishing a specialized privacy and customer trust team within its OneDigital division. This team leads efforts to share cybersecurity best practices across the group, enhancing the company's defenses against potential data breaches.

[B2] IT Downtime Costs: Industry averages indicate that IT downtime can cost more than $350,000 per hour. A little downtime is essential to a business like WES, especially for Flybuys systems. To protect data integrity and guarantee ongoing functioning, WES aggressively protects Flybuys.

3. Supply chain risk

WES's extensive and complex supply chain includes over 31,000 suppliers, 15,500 third-party suppliers, and 15,500 service suppliers spread over 40 countries. This worldwide network adds several risks and a great deal of complexity.

[C1] Hazards in Crucial Areas: The supply chain in China and India is exposed to hazards, including forced labour and excessive overtime, which impact a broad spectrum of items from clothing to electronics and general goods. Overtime in Bangladesh mainly affects the garment industry, which is essential to Kmart and Target (Appendix 12). Along with the political unrest or natural disasters in Southeast Asia might significantly negatively impact Wesfarmers' supply chain. The COVID-19 lockdowns in China have slowed audits and may even postpone shipments, affecting sales and inventory levels.

[C2] Ethical Sourcing: Customers are increasingly favouring ecologically friendly and ethically sourced items. When these criteria are met, sales of non-sustainably sourced products from such incidents like product recalls may drop by 10%, significantly impacting revenue, especially for high-volume divisions like Kmart and Target.

Sustainable Practices and Community Support: Wesfarmers' divisions have developed ethical sourcing initiatives to guarantee adherence to contemporary slavery laws. Stressing its dedication to community and worker assistance, the corporation coordinated over 140,000 vaccines and contributed almost $49 million in team member support throughout the COVID-19 pandemic.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE

WES has a good scoreboard on ESG **(Exhibit 44)** with an overall score of 83 from Refinitiv, an environmental score of 67%, and a Governance score of 52% from Factset. These ratings support the company's commitment to sustainability and moral leadership.

Environmental | Promoting Innovation and Advancement

Greenhouse Gas Reduction: WES are decreasing greenhouse effects by approaching market-based methods and using economic tools like carbon credits, allowing for reported reductions on paper. Market-based emissions in 2023 were 1,196.70 kt CO2e, compared to 1,347.30 kt CO2e under the location-based approach **(Exhibit 45)**. This dual approach helps WES cut its direct emissions and participate in environmental efforts.

Renewable Energy Integration: WES can reduce its carbon emissions by using green energy. Bunnings Group cut emissions by 76.9% and Kmart Group by 34.1% using 64.4% and 18.6% renewable energy, respectively **(Exhibit 46)**. This supports the company's commitment to reduce 20% emissions by 2026 and reach net-zero emissions by 2040, which is strengthened by transparent and regular sustainability reporting.

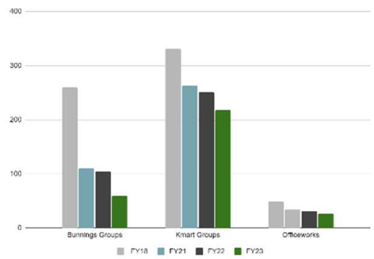
Social | Progressing Community Involvement and Social Responsibility

Diversifying Workforce: WES has made substantial diversity, as the target of 40% Females on Board in 2025 was achieved in 2023, primarily when women in leadership roles increased by 13% from 2019 **(Exhibit 47)**. From 2021 to 2023, Aboriginal and Torres Strait Islander team members increased from 2,994 to 4,227, reaching 3.7% of Islander members in its Australian workforce **(Exhibit 48)**. This progress underscores WES's commitment to fostering an inclusive and diverse employment environment.

Enhancing Community and Employee Well-being: For the external, WES Reconciliation Action Plan (RAP) increased 20% job opportunities for Indigenous Australians through tailored recruitment, cultural awareness. For the internal, 15% of mental health difficulties were reduced by mental health programs through specialists and an annual wellness day. WES's community contributions rose 40% from $53,7 million in 2022 to $75.2 million in 2023 **(Exhibit 49)**, increasing investment by 50% from 2019 to over $5 million in the most recent fiscal year.

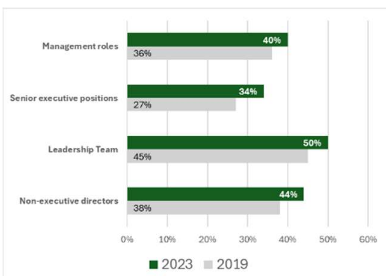
Product recall issues: Recalls harm consumer trust by exposing product safety and quality issues. For safety, WES's businesses recalled products in 2022–2023 with Bunnings recalling two goods and helping 15 suppliers recall water filters and electronics. Three recalls hit Kmart. Recalled: teething llamas and toddlers' digital watches with dangerous button

Exhibit 48: Renewable Energy Integration (ktC02e)



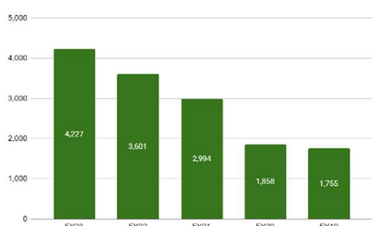
Source: Sustainability Report FY19-23

Exhibit 49: Female in Management & Board



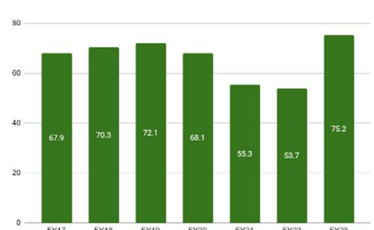
Source: Sustainability Report FY19-23

Exhibit 50: Aboriginal or Torres Strait Islander members



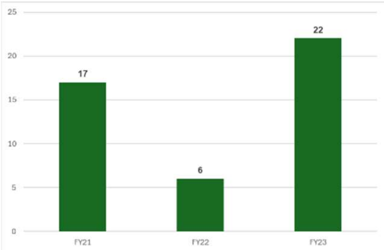
Source: Sustainability Report FY19-23

Exhibit 51: Community Contribution (A$m)



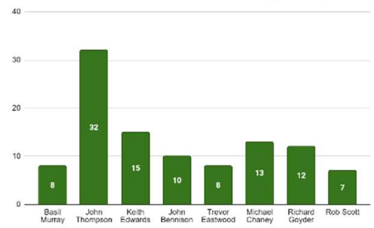
Source: Sustainability Report FY19-23

Exhibit 52: Product Recall (x)



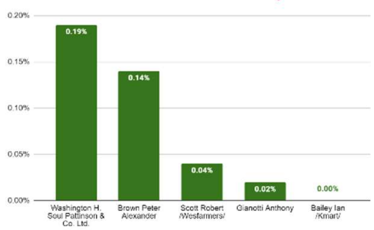
Source: Sustainability Report FY19-23

Exhibit 53: CEO Tenure (years)



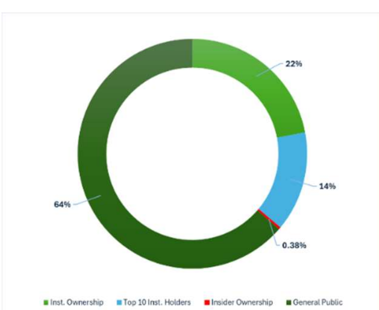
Source: Factset

Exhibit 54: Inside Ownership Share



Source: Factset

Exhibit 55: Ownership Statistic



Source: Factset

batteries. Due to collapse and sizing issues, Target recalled an Arlo bar stool and children's nightwear. Officeworks recalled third-party products for safety. Health product credibility issues caused Wesfarmers Health to recall its "Making Life Easy" crutches. Half of Bunnings and Catch's 2023 and 2022 product recalls are third-party recalls, which raised safety concerns **(Exhibit 50)**. Since the company claims to publicly and ACCC-recommended address operational and risk management issues, investors may dispute its approach.

Governance | Sustainable Leadership and Strategic Acquisitions

Under CEO Rob Scott since 2017, WES has had sustainable and strategic leadership. He has had a substantial impact in 7 years, below the company's typical CEO tenure of 13.125 years (Exhibit 51). Rob Scott's acquisition strategy has sharpened; with only 28 M&A events from WES from 1984 to 2016, WES did 14 M&A events in the past seven years. Therefore, with this trend, he can strategically develop WES over the next five years to improve its market position and operational efficiency. Material inside ownership by the WES board and management is outlined (Exhibit 52). CEO Rob Scott's (0.04%) stake links management's interests with shareholders, enabling a governance culture focusing on long-term value development. Strong presence in the ownership of the general public (64%) and institutions (22%) contribute to WES's stability and transparency (Exhibit 53).

Rob Scott's 2018 Coles demerger event streamlined WES and focused on higher-margin companies with less cost. To decrease capital exposure to the grocery business and focus on other businesses from different industries, the corporation split from Coles. This acquisition increased capital efficiency and allowed WES and Coles to pursue its goals, enhancing shareholder value. Rob Scott's strategic and discerning approach to acquisitions, coupled with his alignment with shareholder interests, positions WES for enhanced market leadership and operational efficiencies, ensuring robust governance and sustained growth into the future.

APPENDICES

APPENDIX 1: INCOME STATEMENT

Period Income Statement (A$m)	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY27E
Sales	66.883	27.920	30.846	33.941	36.838	43.550	43.988	45.624	47.567	49.461
Cost of Sales	53.518	24.409	27.103	28.656	27.534	33.446	32.300	33.314	34.577	41.589
Gross Income	14.863	3.485	3.733	13.053	13.286	14.637	12.771	13.453	14.078	-
EBITDA	5.564	3.491	4.496	5.186	5.203	5.564	5.745	6.157	6.640	7.118
EBITDA - Adjusted	5.846	3.498	4.483	5.183	5.155	5.548	5.700	6.129	6.583	7.118
EBITDA - Reported	5.440	-	-	-	5.051	5.513	5.598	5.883	6.349	-
Depr. & Amort.	1.198	537	1.525	1.509	1.575	1.701	1.755	1.818	1.882	-
Guidance (Low)	-	800	-	-	-	-	-	-	-	-
Guidance (High)	-	1	-	-	-	-	-	-	-	-
EBIT	4.367	2.974	3.072	3.741	3.633	3.863	3.981	4.359	4.791	5.153
EBITA	-	-	-	-	3.633	3.863	3.884	4.243	4.806	-
EBIT - Adjusted	4.367	2.974	2.971	3.677	3.633	3.863	3.935	4.275	4.672	-
EBIT - Reported	4.258	3.268	2.955	3.550	3.555	3.863	3.913	4.251	4.643	-
Interest Expense	211	175	370	344	313	354	375	360	351	-
Guidance (Low)	-	200	-	-	-	-	-	-	-	-
Guidance (High)	-	400	-	-	-	-	-	-	-	-
Pretax Income	4.146	2.799	2.809	3.373	3.320	3.509	3.596	3.958	4.381	4.836
Pretax Income - Adjusted	4.146	2.692	2.718	3.359	3.320	3.509	3.579	3.928	4.351	-
Pretax Income - Reported	4.080	2.799	2.608	3.359	3.320	3.509	3.568	3.839	4.263	-
Tax Expense	1.252	859	726	1.011	968	1.044	1.047	1.168	1.303	-
Net Income	2.604	1.940	2.083	2.421	2.352	2.465	2.570	2.810	3.111	3.335
Net Income - Adjusted	2.604	1.940	2.083	2.421	2.352	2.465	2.570	2.810	3.100	3.335
Net Income - Reported	1.197	5.510	1.697	2.380	2.352	2.465	2.559	2.801	3.117	3.385

APPENDIX 2: BALANCE SHEET

Period Balance Sheet (A$m)	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY27E
Current Assets	8.706	6.35	8.064	9.096	9.605	9.154	9.015	9.372	9.842	-
Current Liabilities	10.025	5.216	6.761	7.915	8.893	7.857	7.768	8.054	8.332	-
Total Assets	36.933	18.333	25.425	26.214	27.271	26.546	27.062	27.656	28.476	-
Short-Term Debt	1.159	356	503	950	1.538	1.135	582	582	582	-
Long-Term Debt	2.965	2.673	5.265	5.14	9.993	10.034	8.187	8.155	8.165	-
Total Debt	4.124	3.029	9.898	6.575	12.081	11.169	11.522	11.515	11.692	-
Intangible Assets	17.86	4.076	3.814	3.902	4.651	4.692	3.484	3.484	3.484	-
Total Goodwill	13.491	3.09	2.966	2.967	2.967	3.352	3.054	3.054	3.054	4.113
Net Debt	3.441	2.234	6.985	7.104	11.376	3.757	7.026	6.932	6.696	10.372
Working Capital	-	5.273	2.831	-	712	1.297	1.047	1.067	1.315	-
Minority Interest	0	0	0	0	0	0	0	0	0	-
Shareholder Equity	22.754	9.971	9.344	9.715	7.981	8.281	8.598	9.143	9.775	-

APPENDIX 3: ESTIMATE PER SHARE

	FY18	FY19	FY20	FY21	FY22	FY23	FY24e	FY25e	FY26e	FY27e
EPS	1,84	1,71	1,84	2,14	2,08	2,18	2,26	2,47	2,73	2,90
EPS - Reported	0,76	4,87	1,50	2,10	2,08	2,18	2,24	2,43	2,65	2,90
EPS - ex. Extraordinary Items	1,84	1,71	1,84	2,14	2,08	2,18	2,24	2,45	2,72	2,90
Dividends per Share	1,60	2,78	1,70	1,78	1,80	1,91	1,96	2,17	2,39	2,56
Cash Flow per Share	2,58	2,35	3,82	2,98	2,03	3,68	3,59	3,62	3,90	3,48
Book Value per Share	14,40	8,79	8,24	8,58	7,04	7,30	7,63	8,07	8,62	8,59

APPENDIX 4: STATEMENT OF CASHFLOW

Period Statement of Cash Flow	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Operating Activities										
Net Income / Starting Line	2.689,0	2.440,0	407,0	2.873,0	1.197,0	5.510,0	1.697,0	2.380,0	2.352,0	2.465,0
Depreciation, Depletion & Amortization	**1.123,0**	**1.219,0**	**1.296,0**	**1.266,0**	**1.283,0**	**810,0**	**1.528,0**	**1.509,0**	**1.575,0**	**1.701,0**
Depreciation and Depletion	1.033,0	1.101,0	1.162,0	1.108,0	1.130,0	715,0	1.397,0	1.365,0	1.490,0	1.583,0
Amortization of Intangible Assets	90,0	118,0	134,0	158,0	153,0	95,0	131,0	144,0	85,0	118,0
Deferred Taxes & Investment Tax Credit	**-40,0**	**6,0**	**-347,0**	**39,0**	**61,0**	**130,0**	**-225,0**	**21,0**	**29,0**	**0,0**
Deferred Taxes	-40,0	6,0	-347,0	39,0	61,0	130,0	-225,0	21,0	29,0	0,0
Other Funds	-350,0	11,0	2.179,0	-79,0	1.439,0	-3.692,0	401,0	62,0	-125,0	71,0
Funds from Operations	3.422,0	3.676,0	3.535,0	4.099,0	3.980,0	2.758,0	3.401,0	3.972,0	3.831,0	4.237,0
Changes in Working Capital	**-196,0**	**115,0**	**-170,0**	**127,0**	**100,0**	**-40,0**	**1.145,0**	**-589,0**	**-1.530,0**	**-58,0**
Receivables	54,0	17,0	-12,0	40,0	-215,0	109,0	-34,0	-226,0	-212,0	-27,0
Inventories	-266,0	-128,0	-444,0	-296,0	-54,0	-557,0	443,0	-665,0	-1.183,0	57,0
Accounts Payable	-91,0	219,0	259,0	165,0	279,0	473,0	346,0	214,0	322,0	-48,0
Income Taxes Payable	-35,0	-106,0	-31,0	275,0	8,0	-78,0	173,0	-43,0	-360,0	0,0
Other Assets/Liabilities	142,0	113,0	58,0	-57,0	82,0	13,0	217,0	131,0	-97,0	-40,0
Net Operating Cash Flow	3.226,0	3.791,0	3.365,0	4.226,0	4.080,0	2.718,0	4.546,0	3.383,0	2.301,0	4.179,0
Investing Activities										
Capital Expenditures	**-2.233,0**	**-2.239,0**	**-1.899,0**	**-1.681,0**	**-1.815,0**	**-1.356,0**	**-867,0**	**-874,0**	**-1.140,0**	**-1.288,0**
Capital Expenditures (Fixed Assets)	-2.111,0	-2.010,0	-1.794,0	-1.559,0	-1.582,0	-1.356,0	-867,0	-874,0	-1.140,0	-1.288,0
Capital Expenditures (Other Assets)	-122,0	-229,0	-105,0	-122,0	-233,0				0,0	
Net Assets from Acquisitions	-36,0	-339,0	-748,0	-24,0	0,0	-17,0	-988,0	-2,0	-773,0	-24,0
Sale of Fixed Assets & Businesses	1.017,0	687,0	563,0	1.600,0	1.140,0	1.387,0	299,0	269,0	761,0	804,0
Purchase/Sale of Investments	**2.541,0**	**80,0**	**-1,0**	**-2,0**	**0,0**	**231,0**	**2.198,0**	**-13,0**	**-35,0**	**-44,0**
Purchase of Investments	100,0	44,0	2,0	2,0	0,0	0,0	0,0	13,0	35,0	44,0
Sale/Maturity of Investments	2.641,0	124,0	1,0	0,0	0,0	231,0	2.198,0	0,0	0,0	0,0
Other Funds	**-337,0**	**-87,0**	**-47,0**	**54,0**	**17,0**	**0,0**	**0,0**	**-22,0**	**-4,0**	**0,0**
Other Uses	-337,0	-87,0	-47,0	0,0	0,0	0,0	0,0	-22,0	-4,0	0,0
Other Sources				54,0	17,0	0,0	0,0	0,0	0,0	0,0
Net Investing Cash Flow	952,0	-1.898,0	-2.132,0	-53,0	-658,0	245,0	642,0	-642,0	-1.191,0	-552,0
Financing Activities										
Cash Dividends Paid	**-2.16**	**-2.597**	**-2.27**	**-1.998**	**-2.528**	**-3.628**	**-1.734**	**-2.074**	**-1.927**	**-2.132**
Common Dividends	-2.16	-2.597	-2.27	-1.998	-2.528	-3.628	-1.734	-2.074	-1.927	-2.132
Change in Capital Stock	**-581**	**-860**	**1**	**1**	**0**	**0**	**0**	**0**	**0**	**0**
Repurchase of Common & Preferred Stk.	-585	-864	0	0	0	0	0	0	0	0
Sale of Common & Preferred Stock	**4**	**4**	**1**	**1**	**0**	**0**	**0**	**0**	**0**	**0**

Proceeds from Stock Options	4	4	1	1	0	0	0	0	0	0
Issuance/Reduction of Debt, Net	**-703**	**208**	**936**	**-1.774**	**-1.217**	**836**	**-381**	**429**	**1.795**	**-385**
Change in Long-Term Debt	**0**	**0**	**936**	**0**	**0**	**0**	**0**	**429**	**1.795**	**-385**
Issuance of Long-Term Debt	0	0	2.36	0	0	0	0	1	2.961	380
Reduction in Long-Term Debt	0	0	-1.424	0	0	0	0	-571	-1.166	-765
Change in Other Debt	-703	208		-1.774	-1.217	836	-381			
Repayments of Operating Lease Liabilities							-955	-986	-1.029	-1.142
Other Funds	**0**	**0**	**0**	**0**	**-7**	**-59**	**0**	**0**	**-2.267**	**0**
Other Uses	0	0	0	0	-7	-59	0	0	-2.267	0
Net Financing Cash Flow	-3.444	-3.249	-1.333	-3.771	-3.752	-2.851	-3.07	-2.631	-3.428	-3.659
All Activities										
Net Change in Cash	734,0	-1.356,0	-100,0	402,0	-330,0	112,0	2.118,0	110,0	-2.318,0	-32,0
Free Cash Flow	**1.115,0**	**1.781,0**	**1.571,0**	**2.667,0**	**2.498,0**	**1.362,0**	**3.679,0**	**2.509,0**	**1.161,0**	**2.891,0**
Free Cash Flow per Share	1,0	1,6	1,4	2,4	2,2	1,2	3,3	2,2	1,0	2,6
Free Cash Flow Yield (%)	2,32	4,03	3,48	5,88	4,47	3,33	7,25	3,75	2,45	5,17

*All figures in millions of Australian Dollar except per share items

APPENDIX 5: 10-YEAR FREE CASH FLOW (FCF) ESTIMATE

	Levered FCF (AUD, Millions)	Source	Present Value Discounted (@ 7.14%)
2024	2,830.83	Analyst x6	2,642.25
2025	2,840.50	Analyst x6	2,474.64
2026	3,605.84	Analyst x5	2,932.13
2027	3,439	Analyst x2	2,610.17
2028	3,970.50	Analyst x2	2,812.81
2029	4,256	Est @ 7.19%	2,814.21
2030	4,499.08	Est @ 5.71%	2,776.75
2031	4,709.46	Est @ 4.68%	2,712.96
2032	4,895.54	Est @ 3.95%	2,632.28
2033	5,064.14	Est @ 3.44%	2,541.53
		Present value of next 10 years cash flows	**A$26,949.73**

APPENDIX 6: HISTORICAL USE OF CASH

Use of Cash	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Total Cash										
Previous Balance Sheet Amt + Cash Inflows	7.201,00	4.542,00	5.126,00	5.195,00	5.103,00	3.883,00	6.350,00	6.989,00	4.919,00	5.071,00
Cash Flow										
Free Cash Flow	**1.115,00**	**1.781,00**	**1.571,00**	**2.667,00**	**2.498,00**	**1.362,00**	**3.679,00**	**2.509,00**	**1.161,00**	**2.891,00**
Net Operating Cash Flow	3.226,00	3.791,00	3.365,00	4.226,00	4.080,00	2.718,00	4.546,00	3.383,00	2.301,00	4.179,00
Capital Expenditures	-2.111,00	-2.010,00	-1.794,00	-1.559,00	-1.582,00	-1.356,00	-867,00	-874,00	-1.140,00	-1.288,00
Interest Expense	344,00	283,00	288,00	234,00	195,00	170,00	367,00	335,00	92,00	359,00
Preferred Dividends	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Mergers & Acquisitions	**981,00**	**348,00**	**-185,00**	**1.576,00**	**1.140,00**	**1.370,00**	**-689,00**	**267,00**	**-12,00**	**780,00**
Business Divestitures	1.017,00	687,00	563,00	1.600,00	1.140,00	1.387,00	299,00	269,00	761,00	804,00
Business Acquisitions	-36,00	-339,00	-748,00	-24,00	0,00	-17,00	-988,00	-2,00	-773,00	-24,00
Purchase/Sale of Investments	2.541,00	80,00	-1,00	-2,00	0,00	231,00	2.198,00	-13,00	-35,00	-44,00
Other Funds	-337,00	-87,00	-47,00	54,00	10,00	-59,00	0,00	-22,00	-2.271,00	0,00
Cash Increase/Decrease	4.644,00	2.405,00	1.626,00	4.529,00	3.843,00	3.074,00	5.555,00	3.076,00	-1.065,00	3.986,00
Debt										
Debt Issuance	0,00	0,00	2.360,00	0,00	0,00	0,00	0,00	1.000,00	2.961,00	380,00
Interest Expense	-344,00	-283,00	-288,00	-234,00	-195,00	-170,00	-367,00	-335,00	-92,00	-359,00
Repayment of Debt	0,00	0,00	-1.424,00	0,00	0,00	0,00	0,00	-571,00	-1.166,00	-765,00
Cash Received (Paid) from Debt Activity	-344,00	-283,00	648,00	-234,00	-195,00	-170,00	-367,00	94,00	1.703,00	-744,00
Dividends										
Common Dividends	-2.160,00	-2.597,00	-2.270,00	-1.998,00	-2.528,00	-3.628,00	-1.734,00	-2.074,00	-1.927,00	-2.132,00
Preferred Dividends	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Dividends Paid	-2.160,00	-2.597,00	-2.270,00	-1.998,00	-2.528,00	-3.628,00	-1.734,00	-2.074,00	-1.927,00	-2.132,00
Share Issued/Repurchased										
Equity Issuance/Option Exercise Proceeds	4,00	4,00	1,00	1,00	0,00	0,00	0,00	0,00	0,00	0,00
Repurchase of Common/Preferred Stock	-585,00	-864,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Cash Received (Paid) from Change in Equity	-581,00	-860,00	1,00	1,00	0,00	0,00	0,00	0,00	0,00	0,00
Cash										
Exchange Rate Effect	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Net Change in Cash (FX Adjusted)	1.559,00	-1.335,00	5,00	2.298,00	1.120,00	-724,00	3.454,00	1.096,00	-1.289,00	1.110,00
Cash on Balance Sheet	2.133,00	1.139,00	665,00	1.260,00	809,00	795,00	2.913,00	3.023,00	705,00	673,00

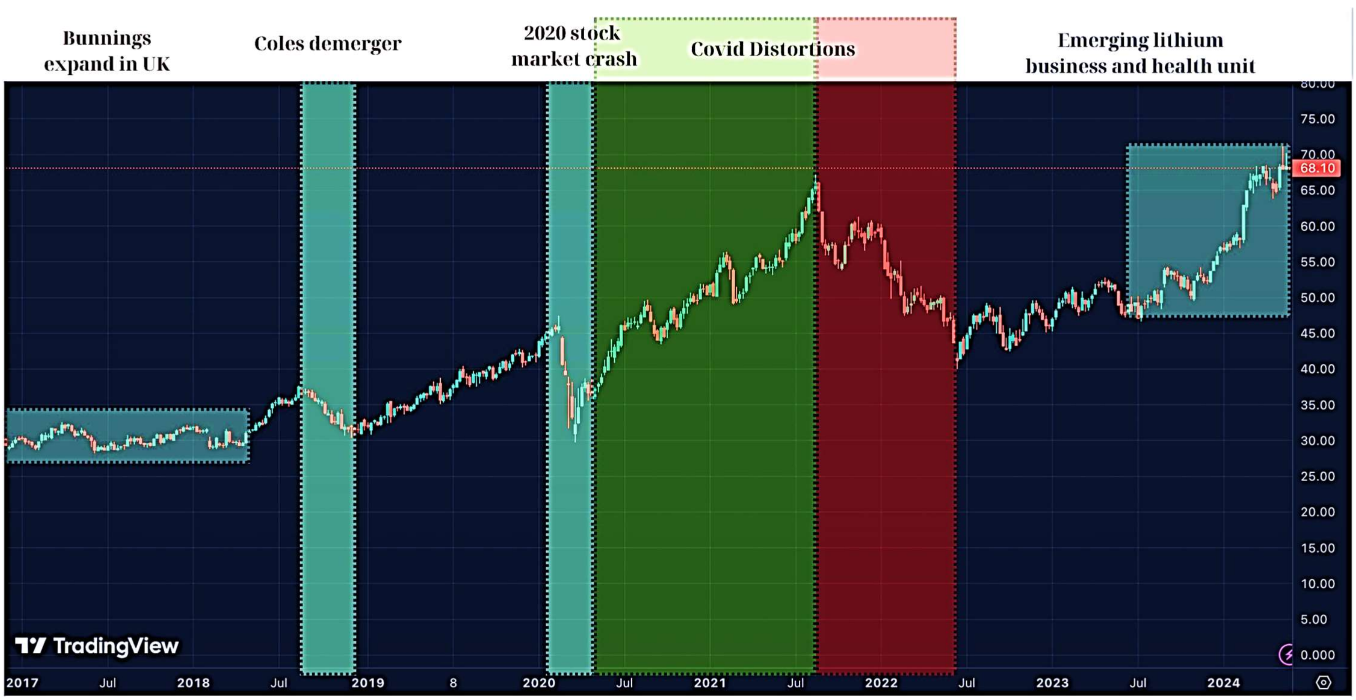
APPENDIX 7: RATIOS

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Profitability										
Gross Margin	16.10	15.52	15.46	16.17	15.42	19.83	16.02	17.49	15.88	14.92
SG&A to Sales	11.21	10.59	10.72	10.87	9.70	11.19	7.26	7.32	7.28	6.61
Operating Margin	4.89	4.93	4.74	5.29	5.73	8.64	8.76	10.69	9.17	8.81
Pretax Margin	4.14	5.41	1.40	5.87	5.64	9.24	7.03	9.68	8.58	8.06
Net Margin	2.68	3.93	0.62	4.22	3.91	6.97	5.27	7.04	6.41	5.68
Free Cash Flow Margin	1.86	2.87	2.39	3.92	3.75	4.90	11.96	7.42	3.17	6.66
Capex To Sales	3.73	3.61	2.88	2.47	2.73	4.87	2.82	2.59	3.11	2.97
Return on Assets	3.81	5.99	0.99	6.99	6.64	6.86	7.22	9.00	8.57	8.94
Return on Equity	6.17	9.61	1.71	12.25	11.15	11.86	16.80	24.98	26.58	30.32
Return on Common Equity	6.17	9.61	1.71	12.25	11.15	11.86	16.80	24.98	26.58	30.32
Return on Total Capital	9.32	9.82	10.15	12.08	13.56	12.06	16.71	18.49	16.86	19.37
Return on Invested Capital	5.17	8.17	1.40	10.15	9.69	10.11	10.68	13.35	13.10	13.59
Cash Flow Return on Invested Capital	10.40	12.70	11.60	14.93	15.19	14.17	29.94	18.98	12.82	23.03
Valuation										
Price/Sales	0.80	0.71	0.69	0.67	0.84	1.47	1.65	1.98	1.29	1.29
Price/Earnings	27.40	18.06	110.65	15.75	38.53	17.35	29.88	28.09	20.17	22.66
Price/Book Value	1.84	1.77	1.97	1.90	2.46	4.11	5.44	6.90	5.96	6.76
Price/Tangible Book Value	6.80	8.02	11.65	9.09	11.44	6.95	9.19	11.53	14.27	15.60
Price/Cash Flow	14.89	11.64	13.41	10.73	13.71	15.06	11.16	19.78	20.64	13.38
Price/Free Cash Flow	43.08	24.79	28.72	17.00	22.39	30.05	13.79	26.66	40.90	19.34
Dividend Yield (%)	4.54	5.78	4.64	5.56	4.52	4.92	3.39	3.01	4.29	3.87
Enterprise Value/EBIT	17.33	16.08	16.58	13.79	15.55	17.98	21.46	20.51	17.51	17.37
Enterprise Value/EBITDA	12.66	11.50	11.72	10.20	11.83	14.70	13.69	14.47	11.93	12.03
Enterprise Value/Sales	0.85	0.79	0.79	0.73	0.89	1.55	1.88	2.19	1.61	1.53
Total Debt/Enterprise Value	0.10	0.13	0.14	0.11	0.07	0.07	0.17	0.14	0.21	0.17
Per Share										
Sales per Share	53.09	54.91	58.53	60.19	58.78	24.57	27.17	29.86	32.37	38.32
EBIT (Operating Income) per Share	2.60	2.71	2.78	3.19	3.37	2.12	2.38	3.19	2.97	3.38
EPS (recurring)	2.01	2.20	1.86	2.56	1.54	2.08	2.07	2.14	2.09	2.21
EPS (basic)	1.55	2.16	0.36	2.55	1.28	2.08	1.50	2.10	2.08	2.18
EPS (diluted)	1.55	2.16	0.36	2.54	1.28	2.08	1.50	2.10	2.08	2.18
Dividends per Share	1.93	2.25	1.86	2.23	2.23	1.78	1.52	1.78	1.80	1.91
Dividend Payout Ratio (%)	124.43	104.31	513.25	87.55	174.06	85.41	101.31	84.59	86.63	87.71
Book Value per Share	23.13	22.05	20.38	21.11	20.07	8.79	8.24	8.57	7.04	7.30
Tangible Book Value per Share	6.26	4.87	3.44	4.41	4.32	5.20	4.88	5.13	2.94	3.16
Cash Flow per Share	2.86	3.35	2.99	3.74	3.60	2.40	4.02	2.99	2.03	3.69
Free Cash Flow per Share	0.99	1.57	1.40	2.36	2.20	1.20	3.25	2.22	1.02	2.55
Diluted Shares Outstanding (M)	1,128.14	1,131.00	1,125.00	1,130.00	1,133.00	1,132.00	1,132.00	1,132.00	1,133.00	1,133.00
Basic Shares Outstanding (M)	1,126.17	1,129.00	1,123.00	1,128.00	1,131.00	1,131.00	1,131.00	1,131.00	1,132.00	1,132.00
Total Shares Outstanding (M)	1,123.50	1,123.75	1,126.13	1,133.84	1,133.84	1,133.84	1,133.84	1,133.84	1,134.15	1,134.51
Asset Turnover Analysis										
Cash & ST Investments	25.56	37.96	73.00	70.66	64.37	34.69	16.59	11.39	19.68	63.01
Receivables	28.47	32.24	27.83	33.21	40.48	20.73	29.80	29.59	21.92	20.73
Inventories	9.68	9.69	9.47	8.92	8.98	4.35	6.38	6.68	5.83	6.09

Current Assets	6.08	6.75	7.01	7.03	7.25	3.70	4.27	3.94	3.92	4.63
Fixed Assets	5.95	6.16	6.65	7.14	7.46	4.53	4.23	3.21	3.46	3.98
Total Assets	1.42	1.52	1.60	1.65	1.70	0.98	1.37	1.28	1.34	1.57
DuPont Analysis										
Asset Turnover (x)	**1.42**	**1.52**	**1.60**	**1.65**	**1.70**	**0.98**	**1.37**	**1.28**	**1.34**	**1.57**
x Pretax Margin (%)	4.14	5.41	1.40	5.87	5.64	9.24	7.03	9.68	8.58	8.06
= Pretax Return on Assets (%)	**5.89**	**8.25**	**2.24**	**9.71**	**9.57**	**9.09**	**9.62**	**12.36**	**11.46**	**12.69**
x Tax Rate Complement (1-Tax Rate) (%)	62.12	70.14	31.71	68.30	66.80	66.58	65.20	69.63	69.24	70.17
= Return on Assets (%)	**3.81**	**5.99**	**0.99**	**6.99**	**6.64**	**6.86**	**7.22**	**9.00**	**8.57**	**8.94**
x Equity Multiplier (Assets/Equity)	1.62	1.61	1.73	1.75	1.68	1.73	2.33	2.78	3.10	3.39
= Return on Equity (%)	**6.17**	**9.61**	**1.71**	**12.25**	**11.15**	**11.86**	**16.80**	**24.98**	**26.58**	**30.32**
x Earnings Retention (1-Payout) (%)	-24.43	-4.31	-413.25	12.45	-74.06	14.59	-1.31	15.41	13.37	12.29
= Reinvestment Rate (%)	-2.13	-0.62	-7.81	3.73	0.33	-10.32	-1.16	3.21	4.80	4.10
Note: EBIT Return on Assets (%)	6.96	7.52	7.57	8.76	9.72	8.50	11.99	13.66	12.25	13.87
Note: Interest as % Assets	0.86	0.70	0.33	0.65	0.56	0.92	1.42	1.28	1.12	1.30
Operating Efficiency										
Revenue/Employee (actual)	295,039	302,937	299,318	305,000	306,885	264,933	287,411	296,465	305,658	361,808
Net Income/Employee (actual)	7,906	11,902	1,850	12,883	12,000	18,476	15,159	20,877	19,600	20,542
Assets/Employee (actual)	198,788	200,780	188,155	183,126	173,300	180,324	243,140	235,807	233,600	226,167
Receivables Turnover	28.47	32.24	27.83	33.21	40.48	20.73	29.80	29.59	21.92	20.73
Inventory Turnover	9.68	9.69	9.47	8.92	8.98	4.35	6.38	6.68	5.83	6.09
Payables Turnover	8.85	9.42	9.21	8.74	8.48	4.04	6.67	6.93	6.76	6.94
Asset Turnover	1.42	1.52	1.60	1.65	1.70	0.98	1.37	1.28	1.34	1.57
Working Capital Turnover	55.35					24.53	38.73	28.62	51.52	33.47
Operating Cycle - Days										
Days of Inventory on Hand	**37.71**	**37.68**	**38.54**	**40.94**	**40.64**	**83.93**	**57.17**	**54.62**	**62.62**	**59.89**
+ Days of Sales Outstanding	12.82	11.32	13.11	10.99	9.02	17.61	12.25	12.33	16.65	17.61
= Operating Cycle	**50.53**	**49.01**	**51.66**	**51.93**	**49.65**	**101.54**	**69.42**	**66.95**	**79.27**	**77.50**
- Days of Payables Outstanding	41.22	38.77	39.62	41.75	43.02	90.30	54.76	52.70	53.99	52.58
= Net Operating Cycle	9.31	10.24	12.03	10.18	6.63	11.25	14.66	14.26	25.28	24.92
Liquidity										
Current Ratio (x)	1.13	0.93	0.93	0.93	0.87	1.22	1.11	1.15	1.08	1.17
Quick Ratio (x)	0.48	0.37	0.33	0.30	0.27	0.40	0.58	0.58	0.40	0.40
Cash Ratio	0.26	0.12	0.06	0.12	0.08	0.15	0.40	0.38	0.08	0.09
Cash & ST Inv/Current Assets	22.91	12.53	6.87	13.03	9.29	12.52	36.12	33.23	7.34	7.35
CFO/Current Liabilities	39.20	38.98	32.28	40.57	40.70	52.11	62.53	42.74	25.87	53.19
Coverage										
Net Debt/EBITDA	0.73	1.26	1.50	0.85	0.66	0.76	1.65	1.39	2.30	1.90
Net Debt/(EBITDA-Capex)	1.65	2.64	2.63	1.30	1.04	1.41	2.08	1.67	2.99	2.48
Total Debt/EBITDA	1.26	1.52	1.65	1.11	0.82	1.03	2.34	1.98	2.45	2.02
EBIT/Interest Expense (Int. Coverage)	8.02	10.56	23.14	13.64	18.07	13.74	7.28	10.51	10.75	10.81
EBITDA/Interest Expense	11.59	14.77	32.74	18.43	23.75	16.81	11.41	14.89	15.78	15.61
Fixed-charge Coverage Ratio	8.02	10.56	23.14	13.64	18.07	13.74	7.28	10.51	10.75	10.81
CFO/Interest Expense	9.32	13.07	24.93	16.01	19.34	15.53	12.29	9.83	7.35	11.81
Cash Dividend Coverage Ratio	1.58	1.42	1.56	2.05	1.57	0.76	1.96	1.92	1.99	1.99
LT Debt/EBITDA	1.08	1.08	1.28	0.84	0.59	0.91	1.98	1.60	2.02	1.82
Net Debt/FFO	0.86	1.47	1.88	1.01	0.83	0.81	2.05	1.79	2.97	2.48

LT Debt/FFO	1.26	1.26	1.60	0.99	0.74	0.97	2.46	2.07	2.61	2.37
FCF/Total Debt	0.22	0.27	0.22	0.49	0.61	0.45	0.37	0.25	0.10	0.26
CFO/Total Debt	0.64	0.58	0.46	0.78	0.99	0.90	0.46	0.33	0.19	0.37
Total Debt/EBIT	1.73	2.13	2.34	1.50	1.08	1.26	3.67	2.80	3.59	2.92
Net Debt/EBIT	1.00	1.76	2.12	1.15	0.87	0.93	2.59	1.97	3.38	2.74
EBITDA-Capex/Interest Expense	4.87	7.04	18.67	12.06	15.15	9.06	9.07	12.35	12.14	11.97
Leverage										
LT Debt/Total Equity	16.62	18.62	24.71	16.98	13.03	26.81	89.64	84.49	125.21	121.17
LT Debt/Total Capital	13.91	14.74	18.75	13.85	11.03	20.56	43.53	41.37	49.81	51.59
LT Debt/Total Assets	10.71	11.21	13.70	9.96	7.88	14.12	32.20	30.53	35.65	36.97
Total Debt/Total Assets (%)	12.55	15.86	17.64	13.26	10.97	16.00	38.05	37.67	43.10	41.15
Net Debt/Total Equity (%)	11.28	21.75	28.93	17.35	14.57	22.40	74.75	73.12	142.54	126.75
Total Debt/Equity (%)	19.49	26.34	31.82	22.61	18.12	30.38	105.93	104.24	151.37	134.88
Net Debt/Total Capital	9.44	17.21	21.94	14.15	12.33	17.18	36.30	35.80	56.70	53.96
Total Debt/Total Capital	16.31	20.85	24.14	18.44	15.34	23.30	51.44	51.04	60.22	57.42

APPENDIX 8: ANNOTATED SHARE PRICE HISTORY



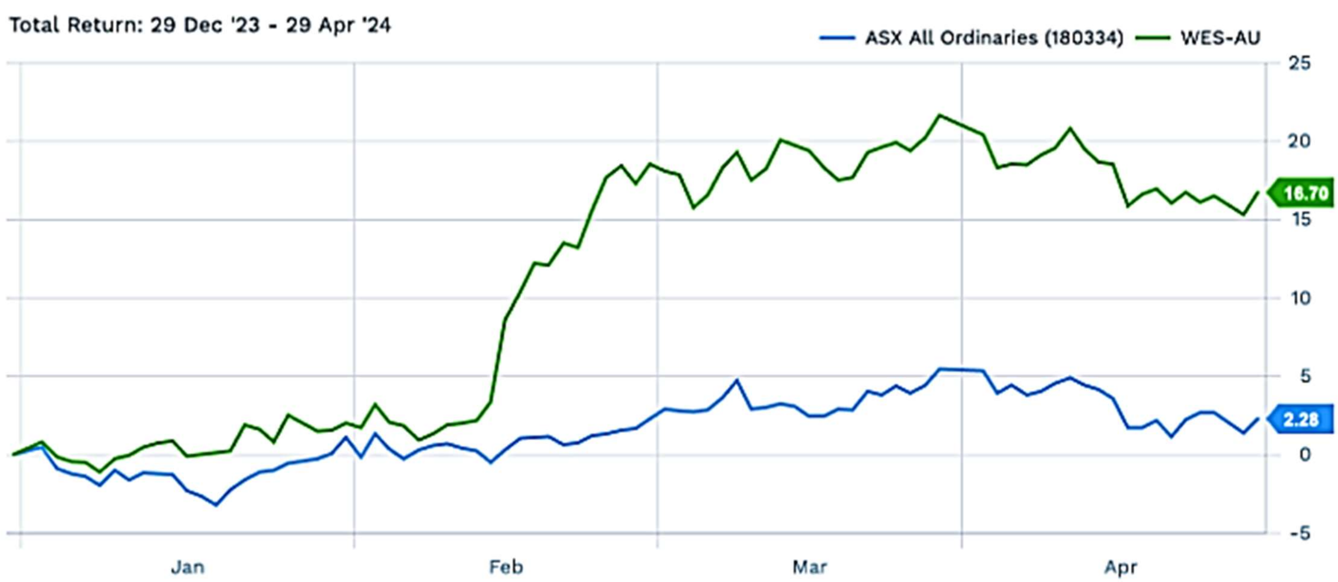
APPENDIX 9: SALES ESTIMATE FOR EACH SEGMENT

Periods Product Segments	FY18	FY19	FY20	FY21	FY22	FY23	FY24e	FY25e	FY26e
Sales	66.883	27.92	30.846	33.941	36.838	43.55	43.973	45.574	47.511
BUNNINGS	12.544	13.166	14.999	16.871	16.871	18.539	18.874	19.856	20.916
- Bunnings ANZ	12.544	-	14.925	16.871	-	-	-	-	-
Kmart Group	8.837	8.713	9.217	9.982	9.129	10.635	11.247	11.636	12.041
- Target	2.811	2.72	2.692	2.592	2.218	2.205	2.122	2.124	2.125
- Kmart	6.024	8.598	9.217	6.795	6.889	8.333	8.85	9.139	9.436
OfficeWorks	2.142	2.305	2.787	3.029	3.169	3.357	3.416	3.527	3.649
Catch	-	-	-	-	510	354	251	271	293
Health	-	-	-	-	1.24	5.312	5.422	5.555	5.695
Industrials	3.98	3.83	3.83	4.001	4.966	5.298	-	-	-
- Industrial and Safety	1.75	1.752	1.745	1.855	1.925	1.992	2.053	2.115	2.169
- Chemicals, Energy and Fertilisers	1.83	2.078	2.085	2.146	3.041	3.306	2.316	2.465	2.581
- Electrification	400	0	0	0	0	-	-	-	-
Other	-8	12	13	58	74	55	34	25	25
EBIT	4.367	2.974	3.072	3.741	3.633	3.863	3.987	4.365	4.793
BUNNINGS	1.504	1.626	1.852	2.301	2.317	2.345	2.381	2.512	2.659
- Bunnings ANZ	1.504	-	1.943	2.301	2.317	2.345	-	-	-
Kmart Group	660	545	512	787	550	849	1.046	1.095	1.148
- Target	65	50	-41	80	61	88	53	63	84
- Kmart	573	540	414	705	532	761	844	886	914
OfficeWorks	156	167	197	222	190	211	217	232	244
Catch	-	-	-	-	-87	-163	-60	-30	-16
Health	-	-	-	-	-24	50	60	84	107
Industrials	680	519	433	454	637	-	-	-	-
- Industrial and Safety	118	86	44	74	96	104	109	119	128
- Chemicals, Energy and Fertilisers	390	433	395	385	541	670	413	536	658
- Electrification	266	47	0	0	0	-	-	-	-
Other	-133	-26	-80	-17	7	-90	-83	-73	-66

APPENDIX 10: ENTERPRISE VALUATION BREAKDOWN

Periods Enterprise Value	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24e
Fully Diluted Market Cap	45.493,3	45.829,9	56.394,5	41.331,0	51.229,2	67.479,2	47.823,5	56.341,6	72.865,8
Total Debt (excl Leases)	7.303,0	5.413,0	4.124,0	3.029,0	2.656,0	3.022,0	4.958,0	4.430,0	4.323,0
- In-the-Money Convertible Debt	-	-	-	-	-	-	-	-	-
Capital Leases	-	-	-	-	-	-	-	-	-
Operating Leases	-	-	-	-	0,0	0,0	0,0	0,0	0,0
- Cash & Equivalents	-665,0	-1.260,0	-809,0	-795,0	-2.913,0	-3.023,0	-705,0	-673,0	-804,0
- Long Term Marketable Securities	-	-	-	-	-	-	-	-	-
Total Preferred	-	-	-	-	-	-	-	-	-
- In-the-Money Convertible Preferred	-	-	-	-	-	-	-	-	-
- Investments in Unconsolidated Subs	-605,0	-703,0	-748,0	-3.393,0	-710,0	-775,0	-934,0	-943,0	-957,0
Non-Controlling Interest	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Pension Liabilities	-	-	-	-	820,0	-	1.010,0	970,0	970,0
Enterprise Value	A$51,526.3	A$49,279.9	A$58,961.5	A$40,172.0	A$51,082.2	A$66,703.2	A$52,152.5	A$60,125.6	A$76,397.8

APPENDIX 11: RETURN ANALYSIS



APPENDIX 12: SUPPLY CHAIN RISK

Sourcing	Risk types	Products or services	Businesses
Australia	Migrant labour exploitation	Contracted services including cleaning, maintenance and security	All divisions
	Deceptive recruitment practices	Some risk in the provision of office supplies and furniture	
Bangladesh	Excessive overtime	Apparel	Kmart, Target
			NZ Safety Blackwoods, Workwear Group
Brazil	Excessive overtime	Timber including timber boards and indoor flooring	Bunnings
China	Freedom of association Group	Apparel	Bunnings
	Excessive overtime	Electronics	Kmart, Target, Catch
	Forced labour	General merchandise	Officeworks
	Risks in the raw material supply chain	Industrial parts	Blackwoods, NZ Safety Blackwoods, Workwear Group
		Office supplies	
		Furniture	
Europe	Migrant labour exploitation	Apparel	Bunnings
		Chemicals and fertiliser inputs	Kmart, Target Blackwoods, Workwear Group
		Office supplies	Officeworks
		General merchandise	WesCEF
		Personal protective equipment	
India	Forced and bonded labour	Apparel	Bunnings Kmart, Target, Catch
	Migrant labour exploitation	General merchandise	Officeworks
	Child labour	Personal protective equipment	Blackwoods, NZ Safety Blackwoods, Workwear Group
Indonesia	Forced and bonded labour	Apparel	Bunnings
	Excessive overtime	General merchandise	Kmart, Target
	Migrant labour exploitation	Furniture	Workwear Group
Malaysia	Forced and bonded labour	Electronics	Bunnings
	Migrant labour exploitation	Office supplies	Blackwoods, NZ Safety Blackwoods, Workwear Group
	Deceptive recruitment practices	General merchandise	Kmart, Target
	Excessive overtime	Personal protective equipment	
Pakistan	Forced and bonded labour	Apparel	Kmart Group

	Migrant labour exploitation	General merchandise	NZ Safety Blackwoods, Workwear Group
	Child labour		
Qatar	Freedom of association	Fertiliser inputs	WesCEF
	Forced labour		
	Migrant labour exploitation		
Taiwan	Forced and bonded labour	Electronics	Blackwoods, NZ Safety Blackwoods Officeworks
	Migrant labour exploitation	Office supplies	
	Deceptive recruitment practices	General merchandise	
	Excessive overtime	Personal protective equipment	
United State of America	Migrant labour exploitation	Fertiliser inputs	Kmart
& Canada		General merchandise	WesCEF
Vietnam	Excessive overtime	Apparel	Bunnings
		General merchandise	Kmart, Target Kmart, Target
		Office supplies	Officeworks
		Electronics	Blackwoods, Workwear Group

APPENDIX 13: SEASONALITY ANALYSIS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
11 Year Avg	1,1	-1,6	1,4	2,1	-0,5							
10 Year Avg	1,0	-3,2	1,3	2,5	-0,1	-0,5	5,0	1,1	-3,1	0,1	1,5	2,1
2024	2,0	14,6	2,6	-2,4	-4,4							
2023	8,1	-2,8	4,2	3,4	-8,3	3,5	0,6	8,5	-1,9	-4,4	4,2	8,3
2022	-11,1	-8,6	4,6	-2,0	-4,5	-11,2	11,3	0,8	-9,1	6,4	6,8	-5,5
2021	8,4	-9,8	7,0	2,7	2,4	6,7	3,5	-1,9	-7,0	2,7	-0,7	4,3
2020	9,2	-10,1	-15,7	10,0	7,1	11,0	3,8	2,1	-6,5	3,5	7,6	1,9
2019	0,0	3,0	4,4	3,9	2,9	-2,4	8,4	-0,2	1,8	-0,1	6,6	-2,3
2018	-1,4	-5,7	0,6	5,3	4,1	8,3	0,2	4,0	-3,1	-6,5	-5,6	2,0
2017	-4,5	6,1	5,5	-4,6	-0,7	-6,0	1,5	4,6	-3,0	1,1	5,1	1,1
2016	1,3	-7,3	6,0	3,2	-5,0	-1,3	7,1	-1,1	3,9	-7,0	1,9	0,9
2015	4,5	0,6	0,3	-0,6	-0,1	-10,6	8,8	-4,2	-3,5	0,5	-3,3	9,2
2014	-4,6	2,3	-4,1	3,7	1,5	-3,5	5,2	-1,6	-2,7	4,7	-7,8	0,7