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12 November 2020

The Manager
Market Announcements Office
Australian Securities Exchange

Dear Manager,

CHAIRMAN'S ADDRESS AND MANAGING DIRECTOR'S ADDRESS TO WESFARMERS VIRTUAL ANNUAL GENERAL MEETING THURSDAY 12 NOVEMBER 2020, 1:00PM PERTH TIME

In accordance with Listing Rule 3.13.3, attached is a copy of the Chairman's Address and Managing Director's Address to be delivered today at the 2020 Annual General Meeting.

Authorised to be given to the ASX by:

Vicki Robinson
Executive General Manager
Company Secretariat

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WESFARMERS 2020 ANNUAL GENERAL MEETING
CHAIRMAN'S ADDRESS AND MANAGING DIRECTOR'S ADDRESS

CHAIRMAN'S ADDRESS

Good afternoon everyone and welcome to this meeting. I am Michael Chaney, Chairman of Wesfarmers.

I am advised that we have a quorum present and I now officially open the 39th annual general meeting for Wesfarmers Limited.

Can I start by thanking Dr Richard Walley OAM on his Welcome to Country on behalf of the Noongar people, the traditional owners of the part of Australia from which I am joining you today, and pay my respects to their elders, past and present.

And thank you to everyone who has joined today's meeting, our first virtual AGM.

Life for all of us changed dramatically in early 2020. At all times since the commencement of the COVID-19 pandemic, Wesfarmers has been focused on the health, safety and wellbeing of its team members, customers and the communities in which we operate. Accordingly, like many other companies, we decided that the appropriate approach in the current circumstances was to hold our 2020 annual general meeting online or virtually, rather than at a physical venue.

While the Wesfarmers Board and executive Leadership Team are disappointed that we're not meeting with our shareholders in the usual way for this meeting, we have done our best to ensure that we provide you with the same opportunity to participate as if we could all meet together in person (except for the food and drink, of course), and we're very pleased to be able to welcome a number of shareholders who may not have previously had an opportunity to participate in our AGMs.

In response to a large number of shareholder queries received in relation to the format of next year's AGM, we expect to be able to hold it physically again, but we will assess it closer to the time, as it will depend on the circumstances in light of the uncertainty around COVID-19.

I am joining you today from the Wesfarmers corporate office in Perth, along with our Managing Director, Rob Scott; our Company Secretary, Vicki Robinson; and our longest serving non-executive director, Diane Smith-Gander AO, who will chair this AGM during the consideration of my re-election.

As set out in our 2020 Notice of Meeting, Diane will retire as a director at the conclusion of this meeting and will not be seeking re-election. I will say a few words about Diane's significant contribution to Wesfarmers later in the meeting.

Joining us today from various locations around Australia and New Zealand we have the rest of Wesfarmers' independent non-executive directors and I would like to welcome: Wayne Osborn, Vanessa Wallace, Jennifer Westacott AO, Sir Bill English KNZM, Mike Roche who chairs our Remuneration Committee and Sharon Warburton who chairs our Audit and Risk Committee. While all directors are present and listening, to minimise the risk of technical issues, they won't be speaking at the meeting.

Also joining us today are: Michael Schneider, Managing Director of Bunnings Group; Ian Bailey, Managing Director of Kmart Group; Sarah Hunter, Managing Director of Officeworks; Ian Hansen, Chief Executive Officer of Wesfarmers Chemicals, Energy and Fertilisers; Tim Bult, Managing Director of Wesfarmers Industrial and Safety; and Anthony Gianotti, Chief Financial Officer, along with other members of senior management and employees from across the Wesfarmers Group.

We also have in attendance on the telephone Wesfarmers' audit partners from Ernst & Young, Trevor Hammond and Jemma Newton, who are available to answer any questions on the audit and related matters.

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And now onto some procedural matters. Many of our shareholders have taken the opportunity to submit their voting instructions and questions through the online voting platform, and we thank them for doing so in advance of this meeting.

As outlined in our Notice of Meeting, shareholders and proxyholders may vote and submit questions during this meeting using the Lumi AGM online platform. We have also provided shareholders and others who may not be able to participate online with the opportunity to listen to the AGM by telephone. Please note that those joining the meeting by telephone will not have the ability to vote or ask questions.

All resolutions will be decided on a poll. To provide ample opportunity for shareholders and proxyholders to submit their votes, I now open the poll on all resolutions. I will provide a reminder to submit any outstanding votes later in the meeting before the poll is closed.

I encourage shareholders and proxyholders to submit any questions as early as possible during the meeting. Consistent with the approach taken at our previous AGMs, we will respond to questions relating to a particular item of business during discussion on that item, unless these questions have already been addressed through earlier remarks. I will answer general questions at the end of the meeting. In the interests of all participants please ensure that your questions are relevant to all shareholders. If your question relates to a particular item of business, please refer to that item of business when you submit your question.

To minimise repetition and to maximise the number of questions that we can respond to during the meeting, questions may be moderated, for example by amalgamating into one question or choosing the broadest question which covers questions on the same topic. As our time is limited, it may not be possible to respond to all questions during this meeting. If this is the case, or if there are questions that might be better addressed on an individual basis, we will respond to these after the meeting.

If you wish to ask a question, press or click on the speech bubble icon, which can be found on the navigation bar on your screen. This will open a new screen. At the bottom of that new screen, there is a section for you to type in your question. Once you finish typing your question, please press the arrow symbol to submit your question.

Following our formal addresses, questions which we will take during the meeting will be read to us by an external moderator, Ruth Callaghan.

If you are eligible to vote at this meeting and have logged into the online platform, a voting icon will appear on your device or navigation bar. Selecting this icon will bring up a list of resolutions and present you with voting options. To cast your vote, simply select one of the options: for, against or abstain. There is no need to press submit or click the enter button as your vote will be automatically recorded. You may change your vote during the meeting until I declare the poll closed. Please submit your votes anytime from now until I close the poll just before the end of the meeting.

Sam Erna from Computershare will act as the Returning Officer for the purposes of conducting and determining the results of the poll on each resolution, and the results will be announced through the ASX company announcements platform later today and will also be available on the Wesfarmers website.

A user guide is available on the Wesfarmers website setting out instructions on how to submit your vote and ask questions during the meeting. If you are having any issues with the Lumi AGM online platform, please refer to the user guide or call Computershare on the number shown on the slide.

If technical difficulties arise during the course of the meeting, I will exercise my discretion as to whether and how the AGM should proceed, having regard to the extent to which participation in the business of the AGM is affected. In the case of a technical difficulty, I will endeavour to provide clear guidance as to the approach and next steps, but if this is not possible then we will make an announcement through the ASX company announcements platform and this will also be available on the Wesfarmers website.

Transcripts of my address and Rob's address are available on our website and the ASX platform. A recording of the meeting will be made available on the Wesfarmers website after the meeting.

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As you would be aware from the Notice of Meeting, there are five items of business to be discussed when we move into the formal proceedings; but before that, I'll make some general observations about the last 12 months and the business environment and then Rob Scott will provide us with some reflections on current trading, on our COVID-19 response and on the outlook for the Group.

It would be an understatement to say that 2020 was one of the most challenging any of us in business has faced and, indeed, one of the most challenging for Australians generally. The bushfires that ravaged large parts of the eastern states over summer, followed by the onset of the COVID-19 pandemic shortly afterwards, made all of our lives much harder. It is gratifying that your company was able to come through this in strong financial health and, equally importantly, in a position to assist those who were less fortunate. More about that in a moment.

Details of the financial results for 2020 are contained in our Annual Report and I do not propose to repeat all of that here.

As has been the case in recent years, the bottom-line profit figure was affected by a number of significant, non-operating items but the most important profit figure for us is how much the Group earned from continuing operations. That rose eight per cent in 2020 to $2.1 billion – a very gratifying result in the face of the enormous challenges that confronted us all.

I pay tribute here to the efforts of all of our employees, from our CEO, Rob Scott, to each and every team member across the Group. They went above and beyond to bring about such a result, and pleasingly did so without recourse to the Australian Government's JobKeeper program.

With a strong profit result we were able to pay a final dividend of 77 cents per share fully-franked, plus a special dividend of 18 cents per share fully-franked, the latter reflecting the after-tax profit on the sale of 10.1 per cent of Coles Group Limited. This brought the total dividend payments for the full year to $1.70 per share, fully-franked.

Importantly in these uncertain times, the company finished the year with no net debt which positions us strongly to cope with whatever the next years present.

Our bottom-line result in 2020 was made up of strong contributions from Bunnings, Officeworks, the Chemicals, Energy and Fertilisers business and Kmart; but earnings were below expectation in Target and the Industrial and Safety division.

Target's financial performance has been unsatisfactory for some time and, in May, we announced actions to address structural challenges, simplifying Target's operating model and enhancing the value of the store network. These changes will further strengthen the performance of Kmart while improving the future prospects of Target.

As challenging as the last year has been, one of its positive outcomes was that it gave us the opportunity at Wesfarmers to 'put our money where our mouth was' in respect of corporate citizenship. I'm referring here to the commitment we have always expressed to look after the interests of all our stakeholders.

We have never been backward about stating that our single purpose as a company is to provide satisfactory returns to you, our shareholders. The reason you own shares in Wesfarmers rather than another company is that you hope we'll give you better returns over the long term; but we have always been at pains to state that the only way we can achieve financial success over the long term is if we look after the interests of all stakeholders: employees, customers, suppliers and the communities in which we operate - and if we act ethically and sustainably.

The bushfires and the COVID-19 pandemic provided the opportunity to prove that they were not hollow words. I described our actions in response to the bushfires in the Annual Report, but in summary they involved providing volunteering leave to team members, committing substantial sums to fire-affected communities, donating equipment to firefighters and, as the recovery commenced, supporting community organisations.

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With regard to the COVID-19 pandemic, we demonstrated our commitment to live up to those principles. Our management team played a very significant role developing COVID-safe work practices to protect the health and safety of team members and customers. They also provided practical advice to governments on how to reduce the potential damage of imposing too-drastic shutdowns on businesses – damage arising from the resulting lack of availability of essential products and from the effects of widespread unemployment and the economic downturn.

Throughout the COVID-19 pandemic, we incurred substantial additional costs to keep our team members and customers safe; we continued to pay our rent and to pay our suppliers on time; and we extended additional financial support to our community not-for-profit partners which found their revenues drying up. Finally, after the close of the 2020 financial year, we announced that during the six-week lockdown of our businesses in Victoria, where our team members are permanent, or who work more than 12 hours a week as casuals, we would pay them in full if we were unable to provide meaningful work for them.

As we all now know, that six-week period in Victoria turned out to be twelve weeks but as a result of our decisions, we go forward with a fully available, committed and loyal workforce - a team of employees who have not had to suffer the crisis of unemployment and evaporating income.

While the bushfire and COVID-19 initiatives involved substantial costs, I have to say that at no time when making those decisions did we hesitate because of the effect they would have on our annual profit result. We considered them more as investments – investments in our people and our community which will enhance the reputation and welfare of the company over the long term. Importantly, we were able to bear them because of our conservative approach to balance sheet management. The COVID-19 pandemic had once again illustrated how essential that is, if a company is to continue to operate successfully during downturns.

A strong balance sheet is also important with respect to a company's capacity for new business acquisitions and it wouldn't surprise you to hear that, as always, we have a range of potential investment opportunities under review.

But it is important to understand how your Board and management view this issue; namely, that given the strong businesses we already own and the potential they have for organic growth, we certainly feel no urgency about acquiring anything else. We shall endeavour to do so if we feel we could manage it successfully, if it fits with our ethical values and, critically, if it will add value to our shareholders over the long term. That's the value of being a conglomerate: we don't feel any obligation to expand in a particular direction or build a new empire, but we are ready to make an acquisition if the right opportunity arises at the right sort of value.

In summary, while the last year has required us to face into the challenges, it's very much business as usual at Wesfarmers: we are focused on providing you with a good return on your investment through running our businesses well, expanding them as we are able to do so and adjusting our business portfolio as needs and opportunities arise.

At the end of the day, the health of the Australian economy relies on the health of companies like Wesfarmers. We are a huge employer of people and are responsible for the collection of billions of dollars in tax revenues each year; but prosperity for a company is hard to achieve without efficient and effective economic settings – in industrial relations, taxation and regulation, for example, as I described in the Annual Report.

The enormous government debt burden that has arisen from COVID-19 makes change in these areas even more critical than before if we are to ensure that our next generation have gainful employment and access to all the social services which we take for granted. It will require inspired and determined governments to achieve this.

I take this opportunity, on behalf of my fellow directors, to thank our outgoing director, Diane Smith-Gander AO, for her outstanding contribution to the Board and the company over the last eleven years. Diane has had a wealth of experience over the course of her career – from her banking and management consulting days to her numerous board and chair roles in for-profit and not-for-profit organisations – and that experience showed in the way she conducted herself on our Board: ready and able to provide wise counsel to management, independent minded and focused at all times on the company and our stakeholders' interests. Diane has been recognised nationally for her constant advocacy for the engagement of women in executive roles and for gender equality. We shall greatly miss her contribution around the board table.

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The Board is currently in the process of identifying potential new directors – one to replace Diane and a second to fill a skills gap in the digital space which we identified in our latest board evaluation process; and we hope to be in a position to conclude that over the next few months.

In closing I pay tribute to our dedicated team members, led by Chief Executive Officer Rob Scott. The last year has presented enormous and unique challenges for all of us and our employees have responded in a truly outstanding way, with great dedication and effort. They are a wonderful team.

I now invite Rob to deliver his address as Managing Director.

MANAGING DIRECTOR'S ADDRESS

Thank you Chairman, and thank you too, Richard, for your Welcome to Whadjuk Country this NAIDOC week.

I'm pleased to provide this update on Wesfarmers' performance in 2020.

As our Chairman said, this has been one of the most extraordinary and challenging years for our Group.

More than ever, our performance is testament to the dedication of our talented and committed team and our connection to community.

Our performance

The Group's response to the bushfires, and then COVID-19, was grounded in an unwavering focus on the safety and wellbeing of our team, our customers and the general public.

Our businesses showed tremendous leadership and ingenuity in developing COVID-safe practices, expanding online and digital solutions for customers and supporting our stakeholders when they needed help.

When our communities do well and Australia does well – so too can Wesfarmers.

This year, we put these words into action.

In the early stages of COVID-19, I visited Officeworks in Fremantle, here in Western Australia, which was one of the first stores in Australia to install Perspex screens.

Store manager Chloe and her team were working around the clock, helping customers set up home offices, and get ready for home schooling – all while keeping our team safe.

About the same time, at Bunnings in O'Connor, also here in Perth, Sacha, Aaron and the team continued to deliver their trademark welcome – while counting customers into the store, from big wide queues to help with physical distancing, well before being required to do so by government. The garden centre was doing a roaring trade and the local green-life suppliers were busy replenishing the shelves to keep up with demand.

For always putting the safety of colleagues and customers first, I particularly thank our team members who have shown incredible professionalism, knowing that they'll always be supported for doing what is right.

This year, Melburnians have endured the harshest of lockdowns.

Congratulations to the people of Victoria for your efforts to contain the spread of COVID-19 and thank you for your support of our teams and businesses.

I would like to give a special thanks to our Melbourne-based teams, and the leaders of our retail businesses that are based in Melbourne.

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In particular, Mike Schneider at Bunnings, Ian Bailey at Kmart Group and Sarah Hunter at Officeworks. At a time of great personal hardship, your commitment to your teams and businesses was exceptional. Millions of customers and thousands of businesses benefited.

Also a special thanks to our Chief Human Resources Officer, Jenny Bryant, who has provided exceptional support to our team, while locked down at home in Melbourne. Thanks as well to Jenny's dog Lilly, who has been making an active contribution to video conferences, especially around dinner time.

There has been no time to rest in our retail divisions as we prepare for probably our biggest trading season and Christmas ever. Our stores are in great shape and have employed thousands of new team members ready to welcome customers to our COVID-safe operations.

Community and sustainability

In the context of the challenges associated with COVID-19, it was particularly pleasing to reduce our total recordable injury frequency rate by 23 per cent last year.

We also expanded our commitment to safety by increasing our focus on mental health and wellbeing, which is particularly important in the current environment.

In 2020, across the Group, we added around 2,700 team members.

This NAIDOC week, I'm pleased to report that we now have more than 2,100 team members who identify as Aboriginal or Torres Strait Islander, and we are well on the path to achieving proportional representation.

Our annual report and website detail the progress on our sustainability agenda.

We were particularly pleased this year to commit to new targets and aspirations, responding to climate change.

Our retail businesses adopted net zero targets for 2030 which will be achieved through improved energy efficiency and increased use of renewable power. In addition to reducing carbon emissions, these initiatives make good commercial sense and will help us build more resilient businesses.

Recent trading and outlook

The Chairman referred to our financial results for the 2020 financial year. Today we released a trading update for the year to date as at the end of October. I will now provide some comments on recent trading and outlook.

Trading performance has been pleasing in what was a period of significant disruption, with our businesses adapting well to restrictions on trade in Melbourne and New Zealand. Sales outside of these regions remained strong through the year to date, supported by the ongoing trend of people spending more time at home, the continued recovery in employment and government stimulus initiatives.

Sales in Bunnings, Officeworks and Catch were particularly strong. Sales in Kmart and Target were more impacted by the trading restrictions in Melbourne and New Zealand, given a higher weighting towards apparel. Inventory availability issues also affected sales at Kmart, particularly early in the period. In more recent months, Kmart has made good progress to improve availability. Nine large Target stores and six Target Country stores were converted in the period ending October and the performance of the converted stores has been pleasing, with great customer feedback and significant growth in transactions.

Growth in e-commerce sales, excluding Catch, have remained strong, at 166 per cent for the first four months, supported by the expansion of our capabilities with home delivery, contactless click & collect and drive and collect. Catch sales also grew by 114 per cent over the same period. Group online sales of $1.3 billion during the period builds on the $2.0 billion of ecommerce sales in FY2020, supported by our investment in recent years in data and digital capabilities.

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As noted in our trading update, additional direct costs have been incurred to ensure COVID-safe operations, as well as some other costs associated with paid pandemic leave and the commitment to pay all our Victorian team members through the lockdown. There were also additional costs associated with supporting higher levels of online sales, through peak demand.

Our industrial divisions have made a pleasing start to the year, and performance is in line with internal expectations. Blackwoods has benefited from growth in sales to major customers and strong demand for safety and hygiene products while the demand from oil and gas companies has been weak. Blackwoods' outlook depends on future activity levels in the mining, manufacturing and construction sectors.

In Chemicals, Energy and Fertilisers, demand for ammonium nitrate remains resilient but as always, the outlook for the division is dependent on commodity prices and seasonal conditions.

Good progress is being made optimising the design of the Covalent Lithium project and a final investment decision will be considered in the first quarter of next calendar year.

Subject to the continued successful containment and management of COVID-19 cases, we are optimistic about trading through the remainder of the calendar year in our retail divisions. This is supported by pent-up demand in Melbourne.

The longer-term outlook remains uncertain and will depend on a range of factors including future treatment and management of COVID-19, the capacity of businesses to maintain operations, the extent of recovery in employment levels and future government stimulus and reform.

Even with a vaccine, we will likely be living with the risks of COVID-19 for months, if not years.

Importantly, we've learnt an enormous amount this year including about how to manage the risks, to protect those most vulnerable and to minimise the harm to lives and livelihoods. By working together, governments, health experts, businesses, community groups and the public can achieve remarkable outcomes.

At Wesfarmers, we are committed to playing our part and I am confident that our 107,000 team members will respond well to the challenge.

While uncertainties remain, Wesfarmers businesses are well-positioned for a range of economic scenarios and our strong balance sheet will provide the financial flexibility to invest in our existing businesses and new opportunities that may arise.

I want to finish by once again thanking our team for their contribution during an exceptionally difficult year.

And I now hand back to you, Chairman.

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