

2021 Full-year results

27 August 2021

Financial highlights

Year ended 30 June (\$m)	2021	2020	Variance %
Results from continuing operations excluding significant items^a			
Revenue	33,941	30,846	10.0
Earnings before interest and tax	3,776	3,179	18.8
Earnings before interest and tax (after interest on lease liabilities)	3,550	2,942	20.7
Net profit after tax	2,421	2,083	16.2
Basic earnings per share (cps)	214.1	184.2	16.2
Results including discontinued operations and significant items^a			
Net profit after tax	2,380	1,697	40.2
Basic earnings per share (cps)	210.4	150.0	40.2
Full-year ordinary dividend (fully-franked, cps)	178	152	17.1

^a Further detail on significant items and discontinued operations is set out on page 22.

Wesfarmers Limited has reported a statutory net profit after tax (NPAT) of \$2,380 million for the full-year ended 30 June 2021. NPAT from continuing operations, excluding significant items, increased 16.2 per cent to \$2,421 million.

Wesfarmers Managing Director Rob Scott said that the strong financial result for the 2021 financial year is a testament to the dedication of team members and leaders across the Group, who continued to find new and valuable ways to meet customers' needs and support the community during a period of significant disruption.

Wesfarmers continued to prioritise providing a safe environment for customers and team members, and a strong focus on workplace safety supported a 7.7 per cent improvement in the Group's total recordable injury frequency rate (TRIFR) to 9.6 for the year.

The Group extended additional support measures to team members impacted by COVID-19, including paid pandemic leave and commitments to pay all permanent and many casual team members during prolonged lockdowns, including when there was no meaningful work for them. To support community vaccination efforts, the Group also committed to provide paid vaccination leave for permanent team members.

"While COVID-19 had a significant impact on operations during the year, the Group's businesses maintained their focus on building deeper customer relationships and trust," Mr Scott said. "In line with Wesfarmers' objective of delivering superior and sustainable long-term returns, the businesses continued to invest in providing greater value, quality and convenience for customers, including through strengthened data and digital capabilities.

"Bunnings, Kmart Group and Officeworks delivered strong sales and earnings growth for the year. While customer demand remained resilient, sales growth in Bunnings, Officeworks and Catch moderated from mid-March as the businesses began to cycle elevated demand following the onset of COVID-19 in the prior year. Pleasingly, sales growth from mid-March remained strong on a two-year basis across all of the Group's retail businesses.

"The result in Chemicals, Energy and Fertilisers reflected a continued solid operating performance, and the performance of all business units in the Industrial and Safety division improved during the year.

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“Investment in data and digital capabilities accelerated, and the Group commenced the development of a data and digital ecosystem that will enable a more seamless and personalised customer experience across the retail businesses. Digital engagement across all businesses continued to increase and total online sales across the Group, including the Catch marketplace, increased to \$3.3 billion.”

The Group delivered good progress against its sustainability agenda during the year. Scope 1 and 2 emissions reduced by 8.9 per cent as the businesses progress towards their net zero ambitions. Wesfarmers also employed approximately 6,000 more team members at the end of June 2021 compared with the prior corresponding period. Aboriginal and Torres Strait Islander team member employment increased by over 1,100 during the year and as at 30 June 2021 represented 2.8 per cent of the Group's Australian workforce, an increase from 1.9 per cent 12 months prior.

The Group recorded a solid operating cash flow result for the year. Operating cash flows of \$3,383 million were 25.6 per cent lower than the prior year, with strong earnings growth offset by a normalisation in working capital positions across the retail businesses following the lower inventory and higher payables balances recorded at the end of the 2020 financial year as a result of elevated demand.

Wesfarmers maintained significant balance sheet flexibility during the year to support continued investment across the Group while addressing ongoing uncertainty. The Group recorded a net cash position of \$109 million at the end of the year.

The directors have determined to pay a fully-franked final ordinary dividend of 90 cents per share reflecting the strong NPAT result and Wesfarmers' dividend policy of distributing franking credits to shareholders. The final dividend brings total fully-franked ordinary dividends for the full year to 178 cents per share.

In addition to the final ordinary dividend, the directors are recommending a return of capital of 200 cents per share, representing a \$2,268 million distribution. The recommended distribution is subject to shareholder approval at the 2021 Annual General Meeting (AGM) on 21 October 2021. This distribution will enable a more efficient capital structure while maintaining balance sheet capacity to take advantage of value-accretive opportunities as they arise.

Impact of COVID-19

During the year, COVID-19 continued to impact the Group's operations and financial results. The Group maintained many of the important measures implemented in the prior year to protect the health and safety of customers, team members and suppliers, and continued to support efforts to limit the spread of COVID-19. Many of the changes made to ensure safe operations and respond to changing customer shopping preferences have been increasingly integrated into normal business practices.

The Group continued to provide paid pandemic leave to team members and also paid all permanent and many casual team members during prolonged lockdowns, even in the event there was no meaningful work for them. In addition, to support team members and the community with vaccination efforts, the Group also committed to provide paid vaccination leave to all permanent team members. Wesfarmers did not receive any support under the Australian government's JobKeeper program.

Customers spending more time working, learning and relaxing at home, in part due to travel restrictions, continued to support strong demand in some product categories. Government stimulus measures, including those designed to provide income support to households and businesses, along with measures to stimulate residential construction activity, also had a positive impact on the Group's retail sales during the year.

Bunnings, Officeworks and Catch experienced moderating sales growth from mid-March as they began to cycle the strong demand experienced in the prior year. Volatility in customer traffic to stores resulting from government-mandated restrictions and physical distancing requirements also impacted sales growth.

The Group's investment in digital capabilities over recent years supported increased online penetration across the retail businesses, although online sales growth moderated in the second half as customers returned to shopping instore and the businesses began cycling periods of strong online demand in the prior year.

Disruptions and capacity constraints in global supply chains led to some inventory delays and higher ocean freight charges. Some additional fulfilment costs were incurred in stores and distribution centres to accommodate peak periods of online demand. The Group's businesses continued to adjust inventory management practices to mitigate the impact of supply chain disruptions on stock availability.

Group results summary

Year ended 30 June (\$m)	2021	2020	Variance %
Key financials			
Results from continuing operations^a			
Revenue	33,941	30,846	10.0
EBIT	3,717	2,744	35.5
EBIT (after interest on lease liabilities)	3,491	2,507	39.3
EBIT (after interest on lease liabilities) (excluding significant items) ^a	3,550	2,942	20.7
NPAT	2,380	1,622	46.7
NPAT (excluding significant items) ^a	2,421	2,083	16.2
Basic earnings per share (excluding significant items) ^a (cps)	214.1	184.2	16.2
Results including discontinued operations^a			
NPAT from discontinued operations ^a	-	75	<i>n.m.</i>
NPAT	2,380	1,697	40.2
NPAT (excluding significant items) ^a	2,421	2,075	16.7
Return on equity (excluding significant items) ^a (R12, %)	26.1	22.1	4.0 ppt
Cash flows and dividends			
Operating cash flows	3,383	4,546	(25.6)
Net capital expenditure	632	568	11.3
Free cash flows	2,741	5,188	(47.2)
Cash realisation ratio (excluding significant items) ^{a,b} (%)	86	126	(40 ppt)
Full-year ordinary dividend (fully-franked, cps)	178	152	17.1
Special dividend – Coles sell-down ^c (fully-franked, cps)	-	18	<i>n.m.</i>
Proposed return of capital ^d (cps)	200	-	<i>n.m.</i>
Balance sheet and credit metrics			
Net financial debt / (cash) ^e	(109)	(471)	<i>n.m.</i>
Debt to EBITDA (excluding significant items) ^{a,f} (x)	1.3	1.5	(0.2 x)

n.m. = not meaningful

^a Further detail on significant items and discontinued operations is set out on page 22.

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

^c The 2020 special dividend relates to the distribution of the after-tax profit on the sale of the Group's 10.1 per cent interest in Coles.

^d The proposed return of capital is subject to shareholder approval at the Wesfarmers AGM on 21 October 2021.

^e Interest-bearing liabilities less cash at bank and on deposit, net of cross-currency interest rate swaps and interest rate swap contracts. Excludes lease liabilities.

^f Total debt including lease liabilities, net of cash and cash equivalents, divided by EBITDA excluding significant items.

Divisional earnings summary

Year ended 30 June (\$m)	2021	2020	Variance %
Earnings before tax (EBT) excluding significant items^a			
Bunnings	2,185	1,826	19.7
Kmart Group	693	410	69.0
Officeworks	212	197	7.6
WesCEF ^b	384	394	(2.5)
Industrial and Safety ^c	70	39	79.5
Divisional EBT (excluding significant items)^a	3,544	2,866	23.7

^a Further detail on significant items is set out on page 22.

^b 2020 includes \$18 million of insurance proceeds relating to the five-month ammonia plant production disruption that commenced in February 2018.

^c 2020 includes \$15 million of payroll remediation costs.

Divisional performance overview

Bunnings

Revenue for Bunnings increased 12.5 per cent to \$16,871 million for the year, with earnings increasing 19.7 per cent to \$2,185 million. Excluding the net contribution from property, earnings increased 21.3 per cent on the prior year.

“The strong sales and earnings growth achieved in Bunnings reflects continued execution of its strategic agenda, the resilience of its operating model and its capacity to adapt to changing customer needs,” Mr Scott said.

“Bunnings continued to invest in the customer experience through its commitment to lowest prices, improvements to thousands of products and delivery of a new retail website.

“Bunnings also continued to build deeper relationships with trade customers during the year, including through the introduction of a new trade desk format, enhancements to the PowerPass app and the opening of a new format Adelaide Tools store.”

Kmart Group

Kmart Group’s revenue increased 8.3 per cent to \$9,982 million for the year. Earnings before significant items increased 69.0 per cent to \$693 million. Kmart Group completed the planned changes to the Kmart and Target store networks during the year, with trading results from converted stores exceeding internal expectations. Including significant items associated with these changes, Kmart Group recorded earnings of \$634 million.

“Kmart and Target earnings growth for the year was driven by higher sales, lower clearance costs and an improvement in the cost of doing business as a result of planned network changes. This was partially offset by higher operational costs associated with online fulfilment and ongoing investment in technology in Kmart. Kmart continued to invest in key strategic initiatives to enhance its customer offer, increase resilience and flexibility in its supply chain and support the development of data and digital assets and capabilities.

“Following a strong start to 2021, Catch’s gross transaction value increased 41.0 per cent for the year. Gross transaction value growth moderated in the second half, reflecting the rapid shift to online channels in the prior corresponding period. Catch’s earnings were impacted by investment in technology, marketing and fulfilment capacity to support long-term growth, as well as a number of enhancements to its subscription program.”

Officeworks

Officeworks’ revenue increased 8.7 per cent to \$3,029 million for the year. Earnings increased 7.6 per cent to \$212 million.

“Officeworks delivered solid earnings growth for the year, supported by strong sales growth, despite some margin pressure from continued investment in price, changes in sales mix and higher supply chain costs.

“Officeworks continued to invest in the every-channel model, including through a new Print and Create website, launch of a Geeks2U subscription program and development of its data and digital capabilities to provide more timely, personalised and engaging communication to customers.”

Chemicals, Energy and Fertilisers

Wesfarmers Chemicals, Energy & Fertilisers (WesCEF) revenue increased 2.9 per cent to \$2,146 million and earnings decreased 2.5 per cent to \$384 million for the year.

“WesCEF delivered a solid operating performance for the year. Good earnings growth in the Energy and Fertilisers businesses was offset by lower earnings in the Chemicals business, which was impacted by higher ammonia input costs, additional supply from a competitor ammonium nitrate (AN) plant on the Burrup Peninsula and weaker export demand in Sodium Cyanide resulting from disruptions to international gold mines due to COVID-19. WesCEF progressed the development of the Mt Holland lithium project, including preliminary work to evaluate potential capacity expansion opportunities.”

Industrial and Safety

Industrial and Safety’s revenue increased 6.3 per cent to \$1,855 million. Earnings increased to \$70 million, up from \$54 million in the prior year, excluding significant items and payroll remediation costs.

“While the turnaround at Industrial and Safety remains a work in progress, it was pleasing to see an improvement in performance and profitability across all of the business units over the year,” Mr Scott said. “Earnings growth was supported by higher sales and increased operating efficiencies at Blackwoods, as well demand growth from Coregas’ industrial and healthcare customers.”

Group performance overview

Portfolio actions

In February 2021, Wesfarmers, along with its joint venture partner Sociedad Quimica y Minera de Chile S.A. (SQM), gave approval on the Final Investment Decision for the Mt Holland lithium project. Subsequent to the end of the financial year, Ministerial approval in relation to the lithium hydroxide refinery was received and the project has now received all critical approvals.

Project development and some construction activities have commenced on the mine and concentrator at Mt Holland, and the Kwinana refinery. First production of lithium hydroxide is expected in the second half of the 2024 calendar year.

“We are pleased to have received all critical approvals to begin construction of the Mt Holland lithium project,” Mr Scott said. “The project capitalises on WesCEF’s chemical processing expertise and Western Australia’s unique position to support growing global demand for electric vehicle battery materials, and will make an important contribution to global efforts to reduce greenhouse gas emissions.”

The Group completed the planned changes to the Kmart and Target store networks, with 31 large format Target stores converted to Kmart stores and 55 Target Country stores converted to K hub small format stores.

“To date, the performance of converted stores has exceeded expectations, delivering positive customer feedback and strong uplifts in transaction volumes and sales, while also supporting a reduction in Target’s lease liability by approximately one-third. These changes will accelerate the growth of Kmart while simplifying the Target operating model and reflect Wesfarmers’ commitment to long-term value creation and disciplined capital allocation.”

In April 2021, Bunnings entered into an agreement to acquire Australian hard surfaces retailer, Beaumont Tiles. The proposed acquisition supports Bunnings’ broader investment in enhancing its commercial offering, and remains subject to the satisfaction of a number of conditions including regulatory approval.

Subsequent to the end of the financial year, Wesfarmers made a non-binding indicative offer to acquire Australian Pharmaceutical Industries Limited (API), a leading Australian distributor of pharmaceutical goods that operates a portfolio of complementary wholesale and retail businesses in the growing health, wellbeing and beauty sector. There is no certainty as to whether the proposed transaction will proceed.

Other businesses

Other businesses and corporate overheads reported earnings excluding significant items of \$6 million, compared to \$76 million in the prior year. The lower contribution reflects the reclassification of the Group's 4.9 per cent interest in Coles to a financial asset following the sale of the Group's 10.1 per cent interest in the second half of the 2020 financial year, as well as the conclusion of the Curragh value sharing arrangement in the 2020 financial year. Earnings from this segment benefitted from a positive contribution from property revaluations in BWP Trust.

Corporate overhead costs were in line with the prior year, with accelerated digital investment offsetting efficiencies in other areas.

Significant items

Post-tax significant items of \$41 million (\$59 million pre-tax) recorded during the year relate to Target store closure and conversion costs as part of the restructuring actions in Kmart Group announced during the 2020 financial year.

Significant items for the year were well below initial expectations of \$120 to \$140 million outlined in May 2020 due to better than expected trading performances of Target stores prior to closure or conversion leading to lower levels of clearance activity, and team member redeployment outcomes.

Cash flow and financing

The Group recorded a solid operating cash flow result for the year. Operating cash flows of \$3,383 million were 25.6 per cent lower than the prior year, with strong earnings growth offset by the normalisation in working capital positions across the retail businesses following the favourable but temporary balances recorded at the end of the 2020 financial year. The Group recorded a working capital outflow of \$695 million for the year.

Gross capital expenditure of \$896 million was 3.3 per cent higher than the prior year due to increased investment in data and digital initiatives across all divisions, the conversion of Target stores to Kmart stores, as well as the ongoing development of the Mt Holland lithium project. Proceeds from sale of plant, property and equipment (PP&E) of \$264 million were \$35 million below the prior year, driven by lower proceeds from property sales in Bunnings. The resulting net capital expenditure of \$632 million was \$64 million, or 11.3 per cent, higher than the prior year.

Free cash flows of \$2,741 million were 47.2 per cent lower than the prior year, reflecting lower operating cash flows as a result of the normalisation of working capital positions. Free cash flows in the prior period also included \$2.1 billion in net proceeds from the partial sale of the Group's investment in Coles, partially offset by the acquisition consideration associated with Kidman and Catch of \$1.0 billion.

In June 2021, Wesfarmers issued Australia's inaugural sustainability-linked bonds. The \$1.0 billion issuance comprised a \$650 million seven-year bond and a \$350 million ten-year bond, with interest rates that are linked to the achievement of agreed targets in relation to the use of renewable electricity in the Group's retail divisions and the CO₂e emissions intensity of AN production in WesCEF.

Dividends and capital management

The Group's dividend policy considers available franking credits, current earnings and cash flows, future cash flow requirements and target credit metrics. The Board has determined to pay a fully-franked ordinary final dividend of 90 cents per share, taking the full-year ordinary dividend to 178 cents per share. The final dividend will be paid on 7 October 2021.

In addition to the final ordinary dividend, the directors are recommending a return of capital of 200 cents per share. This distribution will ensure a more efficient capital structure for the Group while maintaining balance sheet capacity to take advantage of value-accretive opportunities as they arise.

The recommended distribution is subject to shareholder approval at the 2021 AGM in October 2021. If approved, the total amount of the distribution will be approximately \$2,268 million and will be paid on 2 December 2021.

An application for a Class Ruling has been lodged with the Australian Taxation Office (ATO) in relation to the form and taxation treatment of the proposed distribution. The form of the distribution is dependent on the Class Ruling, but is likely to be entirely capital in nature, with no dividend component. Shareholders will be unable to elect to participate in the Dividend Investment Plan in relation to the capital return.

Together, the capital return and final dividend would bring the total distribution to shareholders for the year to 378 cents per share.

Trading update and outlook

Year-to-date trading update

2022 financial year to date ^a	Total sales growth (%)	2Y total sales growth ^b (%)	Online penetration (% sales)
Bunnings (7 weeks)	(4.7)	24.4	3.3
Kmart and Target (8 weeks)	(14.3) ^c	(12.3) ^c	K: 17.2 T: 32.0
Catch gross transaction value (7 weeks)	(8.5)	112.5	100.0
Officeworks (7 weeks)	(1.5)	31.1	44.2

^a See Additional Disclosures (page 26) for relevant retail calendars.

^b Two-year growth is calculated as growth between the 2022 financial year to date and the corresponding period in the 2020 financial year.

^c Kmart and Target sales growth reflects the impact of the permanent closure of 13 Target stores and 45 Target Country stores.

Sales in the Group's retail divisions have been affected by recent lockdowns that have required store closures and restricted trading in multiple regions, including New South Wales and Victoria. Sales growth during the 2022 financial year to date has varied considerably across regions, with solid customer demand and trading results in areas less affected by lockdowns.

In response to recent lockdowns the Group's retail businesses have incurred additional COVID-19 related costs, including higher picking and fulfilment costs to meet the needs of customers in affected areas.

Bunnings' sales for the 2022 financial year to date declined 4.7 per cent on the prior corresponding period, with solid growth from commercial customers, offset by a decline in consumer sales as the business cycled elevated demand in the prior period. Sales growth remained strong on a two-year basis at 24.4 per cent.

Combined Kmart and Target sales for the 2022 financial year to date declined 14.3 per cent on the prior corresponding period and 12.3 per cent on a two-year basis. The Kmart and Target result reflects the significant impact of COVID-19 restrictions, including government-mandated temporary store closures across a number of regions. The number of temporary store closures has progressively increased since the beginning of the year and in mid-August almost 50 per cent of stores were closed due to lockdowns across Australia and New Zealand. Kmart and Target sales growth also reflects the permanent closure of 13 Target stores and 45 Target Country stores as part of the planned network changes during the 2021 financial year.

Catch's gross transaction value for the 2022 financial year to date declined 8.5 per cent as the business cycled the significant shift to online channels in the prior corresponding period. On a two-year basis, gross transaction value growth was 112.5 per cent.

Officeworks' sales for the 2022 financial year to date declined 1.5 per cent, driven by the impact of elevated sales in the prior corresponding period due to customers establishing spaces to work and learn at home. Sales growth remained strong on a two-year basis at 31.1 per cent.

The impact of lockdowns on household and business confidence has become more acute as recent lockdowns have been extended and further widespread restrictions would negatively impact overall business activity and the Group's trading performance.

Wesfarmers will continue to support the health response and vaccination efforts, including among our team members and in our local communities. The acceleration of community vaccination programs in Australia and New Zealand is positive, and necessary to enable a progressive return to more normal lives and business activity.

Building on commitments to team members made last year, the Group will continue to pay all permanent and many casual team members impacted by lockdowns until at least the end of December 2021. This important commitment will support team members who are required to isolate or where there is no meaningful work. Wesfarmers sees this as an investment that provides much needed certainty to team members, their families and our businesses in the lead up to Christmas. Under recent lockdown conditions this commitment is expected to require payroll costs of \$2 to \$4 million per week and impact near-term earnings.

The retail divisions are well positioned for the resumption of normal trading as lockdowns and restrictions ease.

Outlook

The Group's strong balance sheet and portfolio of cash-generative businesses with market-leading positions make it well positioned to withstand a range of economic conditions and deliver satisfactory shareholder returns over the long term.

The Group remains committed to investment in key strategic initiatives, notwithstanding the likelihood of further near-term disruptions to operating conditions as a result of COVID-19. This relates to investment in developing a market-leading data and digital ecosystem, building platforms for long-term growth and accelerating the pace of continuous improvement.

Progress has accelerated on the development of a data and digital ecosystem, which will provide customers a more seamless and personalised digital experience across the Wesfarmers retail businesses. A new Managing Director has been appointed to lead these efforts from November 2021. To support this initiative, operating expenditure of approximately \$100 million is expected to be incurred over the next 12 months.

The Group's retail businesses will maintain their focus on meeting the changing needs of customers, including through accelerated investment in data and digital capabilities to deliver even greater value, quality and convenience. Given the impact of lockdowns in recent months and the prospect of continued trading restrictions, earnings in the Group's retail businesses during the first half of the 2022 financial year may be below the prior corresponding period.

Ongoing disruptions to supply chains as well as global supply constraints for some products and inputs are expected to create additional costs and impact stock availability in some categories.

The performance of the Group's industrial businesses will continue to be subject to international commodity prices, foreign exchange rates, competitive factors and seasonal outcomes. WesCEF will focus on continuing its strong operational performance, developing the Mt Holland lithium project and investigating capacity expansion opportunities. Industrial and Safety will maintain its focus on delivering improvements in performance and profitability.

Wesfarmers will continue to actively consider climate change risk in the context of key business decisions and manage the portfolio with deep carbon awareness. The Group will maintain its focus on delivering progress against its net zero emissions targets and aspirations, and will make disciplined investments to ensure appropriate climate change resilience in each of its businesses.

Wesfarmers will also maintain its focus on providing safe and inclusive environments for team members and customers, achieving progress toward employment parity for Aboriginal and Torres Strait Islanders and working alongside global peers, non-government organisations and others to mitigate risks and enhance human rights in our supply chains.

Following the issuance of \$1.0 billion in sustainability-linked bonds in June 2021 with strong demand, and as two higher-cost Euro bonds totalling approximately \$1.6 billion mature over the next 18 months, the Group will continue to pursue opportunities to actively manage its debt maturity profile and lower its cost of borrowing.

The Group will continue to develop and enhance its portfolio, building on its unique capabilities and platforms to take advantage of growth opportunities within existing businesses and to pursue investments and transactions that create value for shareholders over the long term.

For further information:

More detailed information regarding Wesfarmers' 2021 full-year results can be found in the Wesfarmers 2021 Annual Report (including Appendix 4E) for the year ended 30 June 2021.

Media

Rebecca Keenan
Media and Public Affairs Manager
+61 8 9327 4423 or +61 402 087 055
RKeenan@wesfarmers.com.au

Investors

Simon Edmonds
Investor Relations Manager
+61 8 9327 4438 or +61 409 417 710
SEdmonds@wesfarmers.com.au

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

Bunnings



Year ended 30 June (\$m)	2021	2020	Variance %
Revenue	16,871	14,999	12.5
EBITDA ^a	2,993	2,601	15.1
Depreciation and amortisation	(692)	(658)	(5.2)
EBIT^a	2,301	1,943	18.4
Interest on lease liabilities	(116)	(117)	0.9
EBT^a	2,185	1,826	19.7
Net property contribution	(10)	16	<i>n.m.</i>
EBT (excluding net property contribution)^a	2,195	1,810	21.3
EBT margin excluding property ^a (%)	13.0	12.1	
ROC ^{a,b} (R12, %)	82.4	58.0	
Total store sales growth ^c (%)	12.4	14.7	
Store-on-store sales growth ^{c,d} (%)	11.9	14.7	
Online penetration (%)	2.3	0.9	
Safety (R12, TRIFR)	11.3	10.3	
Scope 1 and 2 emissions (ktCO ₂ e)	235	263	

n.m. = not meaningful

^a 2020 includes \$20 million of additional cleaning, security and protective equipment to respond to COVID-19, as well as \$70 million of costs associated with the permanent closure of seven New Zealand stores, the accelerated rollout of the online offering and trading restrictions in New Zealand.

^b ROC is calculated as EBT / rolling 12 months capital employed, where capital employed excludes right-of-use assets and lease liabilities.

^c See Additional Disclosures (pages 25 and 26) for relevant retail calendars and definitions.

^d Store-on-store sales growth excludes stores in months that were impacted by extended periods of temporary closure in Victoria and New Zealand.

Performance review

Revenue for Bunnings increased 12.5 per cent to \$16,871 million for the year, with earnings increasing 19.7 per cent to \$2,185 million. Excluding the net contribution from property, earnings increased 21.3 per cent.

Total store sales increased 12.4 per cent for the year, with store-on-store sales increasing 11.9 per cent. Sales growth was recorded across all major trading regions and product categories, with sales growth in outdoor living particularly strong as customers continued to spend more time at home. Online penetration increased to 2.3 per cent as digital engagement with both consumer and trade customers continued to increase.

In the second half, total store sales increased 0.7 per cent, or 25.3 per cent on a two-year basis, and store-on-store sales declined 2.1 per cent. Consumer sales moderated from mid-March as the business began to cycle the elevated growth in the prior year, particularly in categories such as gardening and paint. This was partially offset by strong demand from commercial customers. Online penetration declined to 1.5 per cent in the second half, compared to 3.1 per cent in the first half, reflecting increased customer traffic to stores due to fewer COVID-19 related trading restrictions relative to the first half.

COVID-19 continued to impact Bunnings' operations and the communities it serves, with Bunnings responding to changes in the external environment by adjusting its operations and working with suppliers to limit impacts on product availability during the year. Travel restrictions and customers spending more time at home continued to support sales growth. To ensure a safe environment for team and customers, costs of approximately \$27 million associated with additional cleaning, security and protective equipment were incurred during the year.

Bunnings' strong sales and earnings growth reflects the execution of its strategic agenda and the increased value and relevance of its offer for consumer and commercial customers. During the year, Bunnings refreshed thousands of products, introduced new showroom experiences, delivered a new retail website and continued to invest in enhancements to its digital offer. Bunnings also deepened its relationships with trade customers through a new trade service desk format and enhancements to the PowerPass app.

Return on capital increased to 82.4 per cent as a result of strong earnings growth, disciplined capital management and a temporary benefit from lower average inventory balances due to strong customer demand. The lower net property contribution during the 2021 financial year was driven by fewer property disposals compared with the prior year as well as the writedown of some New Zealand assets.

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During the year, Bunnings opened 16 new stores and closed 10 stores, reflecting investment in the expansion and renewal of the store network. At the end of the period there were 278 warehouses, 70 smaller format stores and 30 trade centres in the Bunnings network and five Adelaide Tools stores, including a new format store that was opened in Parafield, South Australia. Six Bunnings warehouses, three smaller format stores and two trade centres are currently under construction and are due to complete in the first half of the 2022 financial year.

Outlook

While the operating environment remains uncertain, Bunnings' trading performance in the 2022 financial year is expected to moderate following the extraordinary growth recorded in the 2021 financial year, which saw Australians and New Zealanders required to spend more time at home due to COVID-19 restrictions.

Bunnings' sales for the 2022 financial year to date declined 4.7 per cent on the prior corresponding period, with solid growth from commercial customers, offset by a decline in consumer sales as the business cycled elevated demand in the prior period. Sales growth remained strong on a two-year basis at 24.4 per cent.

Bunnings remains focused on evolving its home and lifestyle offer in store and online, deepening its relationship with commercial customers, optimising inventory and supply chain management, delivering an even better service experience across every customer touchpoint and maintaining strong cost discipline.

Bunnings will continue to accelerate the development of its digital offer by providing retail customers with a more personalised digital experience and introducing a new fully-transactable website for commercial customers.

Kmart Group



Year ended 30 June ^a (\$m)	2021	2020	Variance %
Revenue	9,982	9,217	8.3
EBITDA ^b	1,326	1,113	19.1
Depreciation and amortisation	(539)	(601)	10.3
EBIT^b	787	512	53.7
Interest on lease liabilities	(94)	(102)	7.8
EBT^b	693	410	69.0
Significant items	(59)	(635)	<i>n.m.</i>
EBT including significant items	634	(225)	n.m
EBT margin ^b (%)	6.9	4.5	
ROC ^c (R12, %)	52.1	20.4	
Safety (R12, TRIFR)	9.2	12.8	
Scope 1 and 2 emissions (ktCO ₂ e)	293	304	
Kmart			
Total sales growth ^d (%)	12.0	5.4	
Comparable sales growth ^{d,e} (%)	7.8	4.3	
Online penetration (%)	7.8	5.0	
Target			
Total sales growth ^d (%)	(3.7)	(2.6)	
Comparable sales growth ^{d,e} (%)	13.3	(0.8)	
Online penetration (%)	15.1	8.9	
Catch			
Gross transaction value growth ^f (%)	41.0	49.2	

n.m. = not meaningful

^a 2020 includes Catch from 12 August 2019.

^b 2021 excludes \$59 million of pre-tax restructuring costs. 2020 excludes a pre-tax non-cash impairment of \$525 million in Target and \$110 million of pre-tax restructuring costs and provisions.

^c ROC is calculated as EBT / rolling 12 months capital employed, where capital employed excludes right-of-use assets and lease liabilities. Earnings excludes significant items.

^d See Additional Disclosures (pages 25 and 26) for relevant retail calendars and definitions.

^e Comparable growth calculation excludes stores that were temporarily closed as a result of COVID-19 restrictions for the duration of the closure period, where the closure period was longer than two weeks.

^f 2021 gross transaction value growth reflects the period 1 July 2020 to 30 June 2021 and 1 July 2019 to 30 June 2020. 2020 gross transaction value growth reflects the period 12 August 2019 to 30 June 2020 and 12 August 2018 to 30 June 2019.

Performance review

Kmart Group's revenue increased 8.3 per cent to \$9,982 million for the year. Excluding significant items, earnings of \$693 million were 69.0 per cent above the prior year. The earnings result was underpinned by strong growth in Kmart and Target, partially offset by ongoing investment in Catch.

As previously announced, pre-tax significant items of \$59 million recorded in the 2021 financial year relate to Target store closure and conversion costs that could not be provided for in the prior year. Significant items for the year were significantly below initial expectations of \$120 to \$140 million outlined in May 2020 due to better than expected trading performance of Target stores prior to closure or conversion leading to lower levels of clearance activity, and team member redeployment outcomes. Total online sales across Kmart Group, including the Catch marketplace, increased to \$1.9 billion for the year.

Kmart and Target

Year ended 30 June (\$m)	2021	2020	Variance %
Revenue	9,456	8,853	6.8
EBITDA ^a	1,349	1,093	23.4
EBT ^a	739	409	80.7

^a Excludes pre-tax significant items of \$59 million in 2021 and \$635 million in 2020.

Kmart and Target revenue increased by \$603 million, or 6.8 per cent for the year, while earnings before significant items increased 80.7 per cent to \$739 million. Both businesses experienced solid sales growth in home, active and kids categories, which was partially offset by lower demand for some apparel products.

Kmart and Target sales and earnings performance was affected by a number of COVID-19 restrictions throughout the year, including the government-mandated temporary closure of 38 Kmart stores and 32 Target stores in metropolitan Melbourne during the first half, and shorter closures in Victoria, Queensland, Western Australia and New Zealand in the second half. The impact of these restrictions was partially offset by a significant increase in online penetration and strong customer demand when these stores reopened.

During the year, Kmart and Target successfully completed the planned changes to the Kmart and Target store networks, with 31 large format Target stores converted to Kmart stores and 55 Target Country stores converted to the K hub small format. In addition, there were 10 large format Target store closures along with 48 Target Country closures. To date, the conversion program has exceeded expectations, delivering positive customer feedback and strong uplifts in transaction volumes and sales, and has also supported a reduction in Target's lease liability by approximately one-third. A significant number of impacted store and support office team members have been redeployed across the Wesfarmers Group and additional roles have been created in local communities following the conversion to Kmart and K hub stores.

Kmart's total sales increased 12.0 per cent for the year, with comparable sales increasing 7.8 per cent, driven by a continued focus on lowest price positioning and an enhanced product range. In the second half, total sales increased by 18.4 per cent, and comparable sales increased 6.0 per cent, reflecting strong customer demand and the additional sales from Target store conversions.

Target's total sales decreased 3.7 per cent for the year despite the store closure and conversion program, with comparable sales increasing 13.3 per cent, driven by increased demand for full-price items and improvements in the product range. In the second half, total sales decreased by 11.3 per cent, with comparable sales increasing 13.6 per cent, reflecting a return to positive comparable transaction growth.

Online penetration for Kmart and Target was 7.8 per cent and 15.1 per cent respectively. Strong online sales growth was supported by the introduction of customer-driven initiatives such as contactless click and collect, same day delivery options in some areas, as well as an expanded fulfilment network.

Kmart and Target earnings growth for the year was driven by higher sales, lower clearance costs and an improvement in the cost of doing business as a result of planned network changes. This was partially offset by higher operational costs associated with online fulfilment and ongoing investment in technology in Kmart. Continued disruption and capacity constraints in global supply chains resulted in higher ocean freight charges. Kmart continued to invest in key strategic initiatives to enhance its customer offer and develop its data and digital assets and capabilities, including new in-store retail technology with the completion of a successful RFID pilot and initiatives to increase resilience and flexibility in the supply chain.

During the year, Kmart opened four Kmart stores in addition to the 31 large format Target conversions and closed six stores. There were 462 stores across Kmart and Target as at 30 June 2021 down from 522 as at 30 June 2020, reflecting the significant reduction in the Target store network.

Catch

Year ended 30 June ^a (\$m)	2021	2020
Gross transaction value	973	632
Revenue	528	364
EBITDA	(24)	20
EBT ^b	(46)	1
Gross transaction value growth ^c (%)	41.0	49.2

^a 2020 includes Catch from 12 August 2019. Variance not shown due to different period of ownership between 2021 and 2020.

^b Includes an amortisation expense in 2021 and 2020 of \$11 million and \$10 million respectively, relating to assets recognised as part of the acquisition.

^c 2021 gross transaction value growth reflects the period 1 July 2020 to 30 June 2021 and 1 July 2019 to 30 June 2020. 2020 gross transaction value growth reflects the period 12 August 2019 to 30 June 2020 and 12 August 2018 to 30 June 2019.

Catch's gross transaction value increased 41.0 per cent on the prior year to \$973 million, driven by strong growth in both the retail and marketplace offerings. Following significant growth in the first half, Catch's performance moderated in the second half as the business cycled the significant shift to online channels that occurred in the prior corresponding period. Active customers increased by 0.6 million during the year, resulting in 2.9 million customers as at 30 June 2021.

Catch's earnings performance for the year reflects accelerated investment in technology, marketing and capabilities to support customer acquisition and growth in gross transaction value, with head office headcount approximately doubling during the year. Investments were also made in automation technology and fulfilment capacity, as well as in broadening the range of categories and brands available in both the retail and marketplace offerings. Catch continued to enhance the Club Catch subscription offering, including introducing free shipping. Earnings in the second half were affected by higher levels of clearance in the retail business following a moderation in revenue growth.

Catch implemented a number of customer-driven initiatives to leverage Wesfarmers Group assets, including offering click and collect in over 430 Kmart and Target stores, introducing new Kmart products into the retail range and joining Flybuys as a loyalty partner.

Outlook

The near-term trading environment is expected to remain uncertain and volatile. Kmart Group will remain focused on being there for customers, keeping customers and team members safe, and ensuring the continued focus on building for the future.

Combined Kmart and Target sales for the 2022 financial year to date declined 14.3 per cent on the prior corresponding period and 12.3 per cent on a two-year basis. The Kmart and Target result reflects the significant impact of COVID-19 restrictions, including government-mandated temporary store closures across a number of regions. The number of temporary store closures has progressively increased since the beginning of the year and in mid-August almost 50 per cent of stores were closed due to lockdowns across Australia and New Zealand. Kmart and Target sales growth also reflects the permanent closure of 13 Target stores and 45 Target Country stores as part of the planned network changes during the 2021 financial year.

Catch's gross transaction value for the 2022 financial year to date declined 8.5 per cent as the business cycled the significant shift to online channels in the prior corresponding period. On a two-year basis, gross transaction value growth was 112.5 per cent.

Kmart will remain focused on delivering growth through leveraging its scale and product development capabilities. This will be supported by the delivery of strategic initiatives including the migration of all online transactions to the new Kmart website, building a flexible and resilient supply chain, and completing the rollout of RFID infrastructure to Australian stores. While good progress was made during the year to improve inventory availability, current global supply chain disruptions and cost pressures are expected to persist, and the business will continue incurring additional freight and raw material costs while maintaining higher levels of inventory to mitigate availability risks.

Following the substantive completion of the restructuring of Target and changes to its store network, Target will focus on embedding a simplified operating model in a competitive and dynamic market. Target will continue to improve the product offer in destination categories while accelerating online growth. Following the annualisation of the store closure and conversion program, Target is expected to be a smaller but profitable business.

Catch will continue to invest for the future, building a scalable operating model and infrastructure to enable strong gross transaction value growth over time. While Catch will continue to improve its offering and brand proposition, and leverage Wesfarmers Group assets, gross transaction value growth in the first half is expected to be moderate as the business cycles the very strong growth achieved in the prior corresponding period. Catch will invest in its fulfilment network to improve delivery speed to customers, including the opening of a New South Wales fulfilment centre in the 2022 financial year.

Officeworks



Year ended 30 June (\$m)	2021	2020	Variance %
Revenue	3,029	2,787	8.7
EBITDA	328	307	6.8
Depreciation and amortisation	(106)	(99)	(7.1)
EBIT	222	208	6.7
Interest on lease liabilities	(10)	(11)	9.1
EBT	212	197	7.6
EBT margin (%)	7.0	7.1	
ROC ^a (R12, %)	22.3	20.2	
Total sales growth ^b (%)	8.6	20.4	
Online penetration (%)	35.2	29.9	
Safety (R12, TRIFR)	6.1	7.9	
Scope 1 and 2 emissions (ktCO ₂ e)	40	43	

^a ROC is calculated as EBT / rolling 12 months capital employed, where capital employed excludes right-of-use assets and lease liabilities.

^b See Additional Disclosures (page 26) for relevant retail calendars.

Performance review

Officeworks' revenue increased 8.7 per cent for the year to \$3,029 million, and earnings increased 7.6 per cent to \$212 million.

The safety, health and wellbeing of team members and customers remains a priority for Officeworks, and a focus on best practice COVID-19 safety measures was maintained during the year. Officeworks' focus on manual handling improvement supported a reduction in TRIFR to 6.1.

Sales growth of 8.6 per cent for the year was underpinned by continued improvements to the product offering, as well as strong demand for products that support customers working and learning from home.

Sales for the second half declined by 3.2 per cent, as the business began to cycle the elevated sales in the prior year, particularly in technology products. Pleasingly, on a two-year basis sales growth in the second half remained strong at 24.4 per cent.

During the year, Officeworks continued to invest in providing an easy and engaging customer experience across every channel through a new Print and Create website, improved click and collect and delivery capabilities, trial of the Classroom Essentials service for schools, launch of the Geeks2U subscription offer and enhancements to the Officeworks mobile app and website.

Officeworks continued to leverage its data and digital capabilities to improve the customer experience and enhance operating efficiency. Development and rollout of the data and analytics platform progressed during the year, providing more timely, personalised and engaging communication to customers. Online penetration, including click and collect, increased to 35.2 per cent for the year.

The business delivered earnings growth of 7.6 per cent for the year, supported by the strong sales growth, partially offset by some margin pressure from continued investment in price, changes in sales mix and higher supply chain costs.

The solid earnings result combined with disciplined capital management supported an increase in return on capital to 22.3 per cent.

During the year, Officeworks upgraded 68 stores and opened three new stores in Queensland, South Australia and Western Australia. At 30 June 2021, there were 167 stores across Australia.

Outlook

The near-term outlook remains uncertain, with changing customer shopping patterns and any future COVID-19 measures expected to impact trading conditions.

Officeworks' sales for the 2022 financial year to date declined 1.5 per cent, driven by the impact of elevated sales in the prior corresponding period due to customers establishing spaces to work and learn at home. Sales growth remained strong on a two-year basis at 31.1 per cent.

Ongoing global supply shortages of some products as well as international shipping disruptions will impact stock availability in some categories. Officeworks remains focused on managing stock availability and improving processes across supply chain and stores to ensure customers' needs are fulfilled.

Officeworks will build on the progress achieved over the past year, during which the business improved team member safety, updated store layouts, and continued to expand and evolve its product and services offering. The business will continue to provide essential products and important services to customers as they adjust and adapt to new ways of working, learning, creating and connecting.

Officeworks will continue to drive long-term growth by executing its strategic agenda through continued investment in the every-channel model, enhancing supply chain capabilities, and expanding its presence in the education, business-to-business and work from home segments.

Chemicals, Energy and Fertilisers



Year ended 30 June ^a (\$m)	2021	2020	Variance %
Revenue^b			
Chemicals	1,018	1,022	(0.4)
Energy	406	424	(4.2)
Fertilisers	722	639	13.0
Total	2,146	2,085	2.9
EBITDA ^c	473	481	(1.7)
Depreciation and amortisation	(88)	(86)	(2.3)
EBIT^c	385	395	(2.5)
Interest on lease liabilities	(1)	(1)	-
EBT^c	384	394	(2.5)
External sales volumes ^d ('000 tonnes)			
Chemicals	1,099	1,152	(4.6)
LPG & LNG	220	215	2.3
Fertilisers	1,324	1,202	10.1
ROC ^{c,e} (R12, %)	17.7	20.3	
ROC ^{c,e} (R12, %) (excluding ALM)	28.6	30.5	
Safety (R12, TRIFR)	3.0	3.3	
Scope 1 and 2 emissions ^f (ktCO ₂ e)	881	983	

^a 2020 includes Australian Light Minerals (ALM), the holding company for WesCEF's 50 per cent interest in the Covalent Lithium joint venture, from 23 September 2019.

^b Excludes intra-division sales.

^c 2020 includes \$18 million of insurance proceeds relating to the five-month ammonia plant production disruption that commenced in February 2018.

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

^e ROC is calculated as EBT / rolling 12 months capital employed, where capital employed excludes right-of-use assets and lease liabilities.

^f 2020 restated to reflect a correction to the NGER submission (previously reported as 964.7).

Performance review

Revenue of \$2,146 million was up 2.9 per cent on the prior year. Chemicals revenue was broadly in line with the prior year. Energy revenue decreased 4.2 per cent due to lower wholesale electricity sales volumes. Fertilisers revenue increased 13.0 per cent due to favourable growing conditions resulting in increased sales volumes as well as stronger international pricing.

Earnings of \$384 million decreased 2.5 per cent for the year. Excluding one-off insurance proceeds of \$18 million in the prior year, earnings increased by 2.1 per cent as a result of higher fertiliser sales volumes, increased domestic LPG sales volumes and a higher Saudi Contract Price (Saudi CP), the international benchmark indicator for LPG. These factors were partially offset by an increase in the cost of ammonia imports and lower volumes of ammonium nitrate (AN) spot sales to the Western Australian mining sector. The result also includes Wesfarmers' 50 per cent investment in Covalent Lithium.

The ongoing safety campaign 'Safe Person, Safe Process, Safe Place' and additional focus on high potential incident investigations have supported the continued downward trend in TRIFR to 3.0.

Chemicals

Chemicals delivered a solid result, with continued strong plant availability and production volumes. Ammonia earnings were impacted by an increase in the global ammonia price, which was unfavourable in the fourth quarter due to timing differences between increased import costs and the cost pass-through mechanism in customer contracts. Earnings in the AN business were impacted by lower spot sales to the Western Australian mining sector, as expected, as well as higher logistics and precious metal catalyst costs. Earnings in the Sodium Cyanide business were marginally down due to ongoing COVID-19 disruptions impacting demand from international gold mining customers.

Energy

Kleenheat earnings increased on the prior year, supported by additional domestic LPG sales following the closure of BP's Kwinana Refinery in February 2021 and a higher Saudi CP, which offset the impact of lower wholesale electricity volumes. The natural gas retailing business continued to grow its residential customer base in Western Australia, resulting in higher residential sales volumes.

Fertilisers

Fertilisers earnings increased significantly on the prior year, driven by higher sales volumes following favourable growing conditions. Recent investment in storage infrastructure allowed the business to meet increased market demand. The business has also continued to invest in data and digital capabilities to enhance and expand its service offering to customers.

Outlook

The Chemicals business is likely to benefit from a higher global ammonia price, as the increasing index price is passed through in customer contracts. Manufacturing volumes of ammonia will be impacted by a five-yearly maintenance shutdown in the 2022 financial year. Production and demand for AN from the Western Australian mining sector is expected to remain robust. The Sodium Cyanide business is likely to be impacted by reduced demand from international gold mine customers due to COVID-19 and modest feedstock cost pressures. The Chemicals businesses will continue evaluating opportunities to expand production capacity.

Kleenheat earnings are expected to be adversely impacted by higher Western Australian contracted domestic gas pricing, partially offset by the annualised increase in domestic LPG sales volumes. The natural gas retailing business remains focused on maintaining its market-leading customer service.

In the Fertilisers business, a favourable 2021 growing season is expected to support positive grower sentiment, but earnings will remain contingent upon seasonal outcomes in Western Australia during the second half of the 2022 financial year and the impact of increasing competitive pressures.

Covalent Lithium is continuing project development and commencing construction on the Mt Holland lithium mine, concentrator and Kwinana refinery, following the receipt of critical regulatory approvals in July 2021. Preliminary work to evaluate expansion options for the project will commence in parallel with the construction of the first phase of the project.

Overall earnings for Chemicals, Energy and Fertilisers will continue to be impacted by international commodity prices (in particular, ammonia and Saudi CP), exchange rates, competitive factors and seasonal outcomes.

Industrial and Safety

Blackwoods

NZ Safety Blackwoods

WORKWEAR
GROUP

coregas

GREENCAP
Group Further to Managing Risk

Year ended 30 June (\$m)	2021	2020	Variance %
Revenue	1,855	1,745	6.3
EBITDA ^a	148	136	8.8
Depreciation and amortisation	(74)	(77)	3.9
EBIT^a	74	59	25.4
Interest on lease liabilities	(4)	(5)	20.0
EBT^a	70	54	29.6
EBT including payroll remediation costs	70	39	79.5
Significant items	-	(310)	<i>n.m</i>
EBT including significant items	70	(271)	<i>n.m</i>
EBT margin ^a (%)	3.8	3.1	
ROC ^b (R12, %)	6.2	2.7	
Safety (R12, TRIFR)	4.3	4.8	
Scope 1 and 2 emissions (ktCO ₂ e)	27	27	

n.m. = not meaningful

^a 2020 excludes a pre-tax non-cash impairment of \$310 million and \$15 million of payroll remediation costs.^b ROC is calculated as EBT / rolling 12 months capital employed, where capital employed excludes right-of-use assets and lease liabilities. 2020 earnings excludes significant items and includes payroll remediation costs.

Performance review

Industrial and Safety revenue of \$1,855 million was 6.3 per cent above the prior year. Excluding significant items and payroll remediation costs, earnings of \$70 million were 29.6 per cent above the prior year, underpinned by earnings growth across all businesses. The Industrial and Safety businesses continued the reliable supply of critical products to customers during the year despite global supply chain disruptions due to COVID-19.

Blackwoods' revenue increased on the prior year, underpinned by growth from strategic customers, and in Western Australia and New Zealand, as well as strong demand for critical products in the first quarter, including respiratory, cleaning and hygiene products. This was partially offset by weakness in the coal mining and oil and gas sectors, and the cycling of elevated demand for critical products in the prior year from mid-March due to COVID-19.

Earnings growth in Blackwoods was supported by higher sales and increased operating efficiencies through scale across the cost base. The business continued to invest in customer service and digital capabilities including the enterprise resource planning (ERP) system.

Workwear Group's revenue and earnings increased on the prior year, primarily driven by strong growth across the industrial workwear brands, KingGee and Hard Yakka, partially offset by the sale of its UK business, Incorporatewear, and the impact of COVID-19 on the uniforms business where some customer segments including airlines, retail and hospitality were adversely impacted. The business continued to invest in strengthening brand desirability, simplifying its operating model and improving operational efficiency.

Coregas' earnings increased on the prior year due to higher demand from industrial customers, particularly in the Trade'N'Go and specialty gas offers, and from healthcare customers, reflecting investment in these product offerings in recent years. The business also benefited from its involvement in the Hydrogen Energy Supply Chain project, a world-first pilot project to ship liquified hydrogen to Japan. Earnings were partially offset by higher material and delivery costs.

Greencap's earnings increased on the prior year due to the improved performance of the consulting services business and growth in the Online Solutions business, partially offset by higher investment in digital capability.

Safety and injury management remains a core focus and, pleasingly, TRIFR declined to 4.3 for the year.

Outlook

Market conditions are expected to remain uncertain in the 2022 financial year and the Industrial and Safety businesses will continue to manage COVID-19 related global supply chain disruptions while maintaining its focus on delivering continued improvements in performance and profitability.

Recent lockdowns have restricted activity for some customers, affecting demand from sectors such as construction.

Blackwoods' demand outlook is dependent on economic conditions, business confidence, commodity prices and investment in the resources, manufacturing and construction sectors. Blackwoods will continue to focus on improvements to its customer value proposition and core operational capabilities, including in data and digital, as well as completion of the implementation of the ERP system.

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

Customer demand in Coregas is expected to remain stable with continued strength in healthcare and industrial segments offset by ongoing competitive pressures. The business will continue to focus on growth opportunities in healthcare, hydrogen-related projects and other specialty gas adjacencies.

Other



Year ended 30 June (\$m)	Holding %	2021	2020	Variance %
Share of profit of associates and joint ventures				
Coles ^a	4.9	-	111	<i>n.m.</i>
BWP Trust	24.8	65	52	25.0
Other associates and joint ventures ^b	Various	23	38	(39.5)
Sub-total share of profit of associates and joint ventures		88	201	<i>n.m.</i>
Interest revenue		11	10	10.0
Other ^c		40	(3)	<i>n.m.</i>
Corporate overheads		(132)	(131)	(0.8)
Total Other EBIT^d		7	77	<i>n.m.</i>
Interest on lease liabilities		(1)	(1)	-
Total Other EBT^d		6	76	<i>n.m.</i>
Significant items		-	510	<i>n.m.</i>
Total Other EBT (including significant items)		6	586	<i>n.m.</i>

n.m. = not meaningful

^a Wesfarmers held a 15 per cent interest in Coles as at 30 June 2019 and sold 10.1 per cent of its interest via two separate transactions on 18 February 2020 and 30 March 2020.

^b Includes investments in Gresham, Flybuys, Wespine and BPI.

^c 2021 includes \$40 million of dividends received from the Group's 4.9 per cent interest in Coles. 2020 includes \$9 million from the Curragh value sharing arrangement.

^d 2020 excludes \$290 million gain on sale of the 10.1 per cent interest in Coles and \$220 million revaluation of the remaining 4.9 per cent interest in Coles.

Performance review

Other businesses and corporate overheads recorded earnings before significant items of \$6 million, compared with \$76 million in the prior year.

Earnings from the Group's associates and joint ventures decreased by \$113 million, primarily due to the reclassification of the Group's 4.9 per cent interest in Coles to a financial asset following the sale of the Group's 10.1 per cent interest during the second half of the 2020 financial year. This was partially offset by a positive contribution from property revaluations in BWP Trust.

Other corporate earnings of \$40 million were recorded, compared to a \$3 million loss in the prior period. The increase reflects the recognition of dividends received from the 4.9 per cent interest in Coles and a favourable Group insurance result, partially offset by the cessation of the Curragh value share arrangement in the second half of the 2020 financial year.

Corporate overhead costs were in line with the prior year, with accelerated digital investment offsetting efficiencies in other areas.

Discontinued operations and significant items

Year ended 30 June (\$m)	2021	2020
Discontinued operations NPAT (excluding significant items)		
Quadrant Energy (13.2% indirect interest sold 27 November 2018)	-	(8)
NPAT (excluding significant items)	-	(8)
Significant items (pre-tax)		
Non-cash impairment in Kmart Group	-	(525)
Non-cash impairment in Industrial and Safety	-	(310)
Restructuring costs and provisions in Kmart Group	(59)	(110)
Gain on sale of 10.1% interest in Coles	-	290
Revaluation of retained investment in Coles	-	220
Total significant items (pre-tax)	(59)	(435)
Significant items (post-tax)		
Non-cash impairment in Kmart Group	-	(437)
Non-cash impairment in Industrial and Safety	-	(298)
Restructuring costs and provisions in Kmart Group	(41)	(83)
Gain on sale of 10.1% interest in Coles	-	203
Revaluation of retained investment in Coles	-	154
Capital losses in BUKI ^a (disposed in June 2018)	-	84
True-up of tax base in Coles ^a	-	10
Tax expense on sale of Bengalla ^a	-	(11)
Total significant items (post-tax)	(41)	(378)

^a Also reported as discontinued operations.

Discontinued operations

Post-tax discontinued operations, excluding significant items, in the 2020 financial year relate to an \$8 million adjustment to the tax expense from Wesfarmers' indirect interest in Quadrant Energy which was divested in November 2018.

Significant items

Post-tax significant items of \$41 million (\$59 million pre-tax) recorded during the year relate to Target store closure and conversion costs as part of the restructuring actions in Kmart Group announced during the 2020 financial year.

Significant items for the 2021 financial year were significantly below initial expectations of \$120 to \$140 million outlined in May 2020 due to better than expected trading performances of Target stores prior to closure or conversion leading to lower levels of clearance activity, and team member redeployment outcomes.

Post-tax significant items of \$378 million (\$435 million pre-tax) were recorded in the 2020 financial year, relating to the restructuring actions in Kmart Group, as well as non-cash impairments in Target, and Industrial and Safety, partially offset by a gain on sale of the Group's 10.1 per cent interest in Coles and revaluation of the Group's remaining interest in Coles.

Cash flow, financing and dividends

Year ended 30 June (\$m)	2021	2020	Variance %
Cash flows including discontinued operations			
Operating cash flows	3,383	4,546	(25.6)
Gross capital expenditure	896	867	3.3
Net capital expenditure	632	568	11.3
Free cash flows	2,741	5,188	(47.2)
Cash realisation ratio (excluding significant items) ^{a,b} (%)	86	126	(40 ppt)
Balance sheet and credit metrics			
Net financial debt / (cash) ^c	(109)	(471)	<i>n.m.</i>
Other finance costs	118	133	(11.3)
Weighted average cost of debt ^d (%)	4.74	4.22	0.52 ppt
Debt to EBITDA (excluding significant items) ^{a,e} (x)	1.3	1.5	(0.2 x)
Dividends per share			
Full-year ordinary dividend (fully-franked, cps)	178	152	17.1
Special dividend – Coles sell-down ^f (fully-franked, cps)	-	18	<i>n.m.</i>
Proposed return of capital ^g (cps)	200	-	<i>n.m.</i>

^a Further detail on significant items is set out on page 22.

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

^c Interest-bearing liabilities less cash at bank and on deposit, net of cross-currency interest rate swaps and interest rate swap contracts. Excludes lease liabilities.

^d Weighted average cost of debt based on total gross debt before hedging costs, undrawn facility fees and amortisation of debt establishment costs.

^e Total debt including lease liabilities, net of cash and cash equivalents, divided by EBITDA excluding significant items.

^f The 2020 special dividend relates to the distribution of the after-tax profit on the sale of the Group's 10.1 per cent interest in Coles.

^g The proposed return of capital is subject to shareholder approval at the Wesfarmers AGM on 21 October 2021.

Cash flow

The Group recorded a solid operating cash flow result for the year. Operating cash flows of \$3,383 million were 25.6 per cent lower than the prior year, with strong earnings growth offset by the normalisation in working capital positions across the retail businesses following the favourable but temporary balances recorded at the end of the 2020 financial year. The Group recorded a working capital outflow of \$695 million for the year.

Gross capital expenditure of \$896 million was 3.3 per cent higher than the prior year due to increased investment in data and digital initiatives across all divisions, the conversion of Target stores to Kmart stores, as well as the continued development of the Mt Holland lithium project. Proceeds from sale of PP&E of \$264 million were \$35 million below the prior year, partly driven by lower proceeds from property sales in Bunnings. The resulting net capital expenditure of \$632 million was \$64 million, or 11.3 per cent, higher than the prior year.

Free cash flows of \$2,741 million were 47.2 per cent lower than the prior year, reflecting lower operating cash flows as a result of the normalisation of working capital positions. Free cash flows in the prior period also included \$2.1 billion in net proceeds from the partial sale of the Group's investment in Coles, partially offset by the acquisition consideration associated with Kidman and Catch of \$1.0 billion.

Financing

The Group maintained significant balance sheet flexibility and recorded a net cash position of \$109 million as at 30 June 2021, comprising interest-bearing liabilities, excluding lease liabilities, net of cross-currency swap assets and cash at bank and on deposit. This compares to a net cash position of \$471 million as at 30 June 2020. The reduction in net cash reflects the ongoing normalisation in working capital positions across the retail businesses.

2021 Full-year results

In June 2021, Wesfarmers issued Australia's inaugural sustainability-linked bonds. The \$1.0 billion issuance comprised a \$650 million seven-year bond and a \$350 million ten-year bond, with interest rates that are linked to the achievement of agreed targets in relation to the use of renewable electricity in the Group's retail divisions and the CO₂e emissions intensity of AN production in WesCEF.

In addition to the new sustainability-linked bonds, the Group has two higher-cost Euro bonds with maturities in October 2021 (\$866 million) and August 2022 (\$764 million).

Other finance costs decreased 11.3 per cent to \$118 million for the year, reflecting lower average debt balances.

The Group's strong credit ratings remained unchanged during the year with a rating from Moody's Investors Services of A3 (stable) and rating of A- (stable) from Standard & Poor's.

Dividends and capital management

The Group's dividend policy considers available franking credits, current earnings and cash flows, future cash flow requirements and target credit metrics. The Board has determined to pay a fully-franked ordinary final dividend of 90 cents per share, taking the full-year ordinary dividend to 178 cents per share. The final dividend will be paid on 7 October 2021.

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

The last date for receipt of applications to participate in, or to cease or vary participation in, the Plan, is 3 September 2021. No discount will apply to the allocation price and the Plan will not be underwritten. Shares to be allocated under the Plan will be transferred to participants on 7 October 2021. Given the Group's strong credit metrics, it is intended that any shares to be issued under the Plan will be acquired on-market and transferred to participants.

In addition to the final ordinary dividend, the directors are recommending a return of capital of 200 cents per share. This distribution will ensure a more efficient capital structure for the Group while maintaining balance sheet capacity to take advantage of value-accretive opportunities as they arise.

The recommended distribution is subject to shareholder approval at the 2021 AGM on 21 October 2021. If approved, the total amount of the distribution will be approximately \$2,268 million and will be paid on 2 December 2021.

An application for a Class Ruling has been lodged with the ATO in relation to the form and taxation treatment of the proposed distribution. The form of the distribution is dependent on the Class Ruling, but is likely to be entirely capital in nature, with no dividend component. Shareholders will be unable to elect to participate in the Plan in relation to the capital return.

Together, the capital return and final dividend would bring the total distribution to shareholders for the year to 378 cents per share.

2021 Full-year and second-half retail sales results

Headline retail sales results

Full-year sales ¹ (\$m)	2021	2020	Variance %
Bunnings²	16,861	14,996	12.4
Kmart	6,795	6,068	12.0
Target	2,592	2,692	(3.7)
Total Kmart Group³	9,387	8,760	7.2
Officeworks	3,014	2,775	8.6

Second-half sales ¹ (\$m)	2021	2020	Variance %
Bunnings²	7,815	7,721	1.2
Kmart	3,137	2,651	18.3
Target	1,065	1,200	(11.3)
Total Kmart Group³	4,202	3,851	9.1
Officeworks	1,499	1,549	(3.2)

¹ See Additional Disclosures (page 26) for relevant retail calendars.

² Includes cash, trade and online sales, excludes property income and sales related to Trade Centres and 'Frame and Truss'.

³ Excludes Catch.

Key metrics

Key metrics ¹ (%)	First half 2021	Second half 2021	Full year 2021
Bunnings			
Total store sales growth ²	24.8	0.7	12.4
Store-on-store sales growth ²	27.7	(2.1)	11.9
Online penetration	3.1	1.5	2.3
Kmart Group			
Kmart			
Comparable sales growth ³	9.1	6.0	7.8
Online penetration	8.7	6.7	7.8
Target			
Comparable sales growth ³	13.0	13.6	13.3
Online penetration	15.9	13.9	15.1
Catch			
Gross transaction value growth ⁴	95.6	(4.0)	41.0
Officeworks			
Total sales growth	23.6	(3.2)	8.6
Online penetration	37.1	33.2	35.2

¹ See Additional Disclosures (page 26) for relevant retail calendars.

² Includes cash, trade and online sales, excludes property income and sales related to Trade Centres, 'Frame and Truss' and Adelaide Tools.

³ Comparable store sales include layby sales. Layby sales are excluded from total sales under Australian Accounting Standards.

⁴ 2021 gross transaction value growth reflects the period 1 July 2020 to 30 June 2021 and 1 July 2019 to 30 June 2020.

Retail calendars – full-year periods

Business	Retail sales period
Bunnings, Officeworks and Catch	
2021	1 Jul 2020 to 30 Jun 2021 (12 months)
2020	1 Jul 2019 to 30 Jun 2020 (12 months)
2019	1 Jul 2018 to 30 Jun 2019 (12 months)
Kmart	
2021	29 Jun 2020 to 27 Jun 2021 (52 weeks)
2020	1 Jul 2019 to 28 Jun 2020 (52 weeks)
2019	25 Jun 2018 to 30 Jun 2019 (53 weeks)
Target	
2021	28 Jun 2020 to 26 Jun 2021 (52 weeks)
2020	30 Jun 2019 to 27 Jun 2020 (52 weeks)
2019	24 Jun 2018 to 29 Jun 2019 (53 weeks)

Restatement of 2019 retail sales

For the calculation of 2020 retail sales growth rates in Kmart and Target, 2019 retail sales have been restated on a 52-week basis for comparability to the 2020 retail calendar period. 2019 retail sales growth rates have not been restated and reflect retail sales growth on a 53-week basis.

Retail calendars – trading update year-to-date periods

Business	Retail sales period
Bunnings, Officeworks and Catch	
2022 year to date	1 July 2021 to 18 August 2021 (7 weeks)
2021 year to date	1 July 2020 to 18 August 2020 (7 weeks)
2020 year to date	1 July 2019 to 18 August 2019 (7 weeks)
Kmart	
2022 year to date	28 June 2021 to 22 August 2021 (8 weeks)
2021 year to date	29 June 2020 to 23 August 2020 (8 weeks)
2020 year to date	1 July 2019 to 25 August 2019 (8 weeks)
Target	
2022 year to date	27 June 2021 to 21 August 2021 (8 weeks)
2021 year to date	28 June 2020 to 22 August 2020 (8 weeks)
2020 year to date	30 June 2019 to 24 August 2019 (8 weeks)

Retail operations – store network

	Open at 1 Jul 2020	Opened	Closed	Re-branded	Open at 30 Jun 2021
BUNNINGS					
Bunnings Warehouse	274	13	(9)	-	278
Bunnings smaller formats	68	3	(1)	-	70
Bunnings Trade Centres	30	-	-	-	30
Adelaide Tools	6	1	(2)	-	5
Total Bunnings	378	17	(12)	-	383
KMART GROUP					
Kmart	239	4	(6)	31	268
K hub	-	-	-	55	55
Total Kmart	239	4	(6)	86	323
Total Target	283	-	(58)	(86)	139
OFFICEWORKS					
Officeworks	167	3	(3)	-	167

Retail operations – store network history

Open at 30 June	2021	2020	2019	2018	2017
BUNNINGS					
Bunnings Warehouse	278	274	267	259	249
Bunnings smaller formats	70	68	75	78	77
Bunnings Trade Centres	30	30	32	32	33
Adelaide Tools	5	6	-	-	-
Total Bunnings	383	378	374	369	359
KMART GROUP					
Kmart	268	239	231	228	220
K hub	55	-	-	-	-
Kmart Tyre and Auto	-	-	-	256	251
Total Kmart	323	239	231	484	471
Target Large	139	182	183	187	184
Target Small	-	101	106	116	119
Total Target	139	283	289	303	303
OFFICEWORKS					
Officeworks	167	167	167	165	164

Five-year history – financial performance and key metrics

Group financial performance

Year ended 30 June (\$m)	Post-AASB 16		Pre-AASB 16			
	2021	2020	2020	2019	2018	2017
Summarised income statement						
Revenue	33,941	30,846	30,846	44,684	69,878	68,444
EBIT (after interest on lease liabilities)	3,491	2,507	2,529	6,818	2,796	4,402
Other finance costs	(118)	(133)	(133)	(175)	(221)	(264)
Income tax expense	(993)	(677)	(683)	(1,133)	(1,378)	(1,265)
Profit after tax from discontinued operations	-	75	75	3,570	(212)	113
NPAT (including discontinued operations)	2,380	1,697	1,713	5,510	1,197	2,873
Summarised balance sheet						
Total assets	26,214	25,425	19,068	18,333	36,933	40,115
Total liabilities	16,499	16,081	9,191	8,362	14,179	16,174
Net assets	9,715	9,344	9,877	9,971	22,754	23,941
Net debt / (cash) ¹	227	(85)	(85)	2,500	3,933	4,809
Summarised cash flow statement						
Operating cash flows	3,383	4,546	3,597	2,718	4,080	4,226
Add/(less): Net capital expenditure	(632)	(568)	(568)	(827)	(1,209)	(1,028)
Add/(less): Other investing cash flows	(10)	1,210	1,210	1,072	551	975
Add/(less): Total investing cash flows	(642)	642	642	245	(658)	(53)
Free cash flows	2,741	5,188	4,239	2,963	3,422	4,173
Add/(less): Financing cash flows	(2,631)	(3,070)	(2,121)	(2,851)	(3,752)	(3,771)
Net increase/(decrease) in cash	110	2,118	2,118	112	(330)	402
Distributions to shareholders (cents per share)						
Interim ordinary dividend	88	75	75	100	103	103
Final ordinary dividend	90	77	77	78	120	120
Full-year ordinary dividend	178	152	152	178	223	223
Special dividend ²	-	18	18	100	-	-
Key performance metrics						
Earnings per share (cents per share)	210.4	150.0	151.5	487.2	105.8	254.7
Earnings per share from continuing operations excluding sig. items (cents per share)	214.1	184.2	185.6	171.5	256.8	244.7
Operating cash flow per share ³ (cents per share)	299.1	401.9	318.0	240.3	360.1	374.1
Cash realisation ratio (excluding sig. items) ⁴ (%)	86	126	135	86	101	102
Return on equity (R12, %)	25.8	17.8	17.1	38.7	5.2	12.4
Return on equity (R12, %) (excluding sig. items)	26.1	22.1	21.1	19.2	11.7	12.4
Net tangible asset backing per share (\$ per share)	5.14	4.89	5.36	5.21	4.33	4.44

¹ Total interest-bearing loans and borrowings less cash. Excludes cash in transit and lease liabilities.

² The 2020 special dividend relates to the distribution of the after-tax profit on the sale of the Group's 10.1 per cent interest in Coles.

³ For the purposes of this calculation reserved shares have been included.

⁴ Operating cash flows as a percentage of net profit after tax, before depreciation and amortisation.

Divisional key performance metrics

Year ended 30 June (\$m)	Post-AASB 16		Pre-AASB 16			
	2021	2020	2020	2019	2018	2017
Bunnings						
Revenue	16,871	14,999	14,999	13,166	12,544	11,514
EBITDA ¹	2,993	2,601	2,053	1,818	1,683	1,505
Depreciation and amortisation	(692)	(658)	(201)	(192)	(179)	(171)
Interest on lease liabilities	(116)	(117)	-	-	-	-
EBT ¹	2,185	1,826	1,852	1,626	1,504	1,334
EBT margin ¹ (%)	13.0	12.2	12.3	12.3	12.0	11.6
ROC ¹ (R12, %)	82.4	58.0	61.8	50.5	49.4	41.8
Capital expenditure (cash basis)	445	511	511	470	497	367
Total sales growth (%)	12.4	13.9	13.9	5.1	8.8	8.9
Total store sales growth ² (%)	12.4	14.7	14.7	5.2	8.9	8.9
Store-on-store sales growth ² (%)	11.9	14.7	14.7	3.9	7.8	7.3
Online penetration (%)	2.3	0.9	0.9	n.r.	n.r.	n.r.
Safety (R12, TRIFR)	11.3	10.3	10.3	11.2	11.6	n.r.
Scope 1 and 2 emissions (ktCO ₂ e)	235	263	263	270	260	250
Kmart Group						
Revenue ³	9,982	9,217	9,217	8,713	8,837	8,528
EBITDA ^{3,4}	1,326	1,113	630	745	862	739
Depreciation and amortisation ³	(539)	(601)	(216)	(195)	(202)	(196)
Interest on lease liabilities	(94)	(102)	(1)	-	-	-
EBT ^{3,4}	693	410	413	550	660	543
EBT margin ^{3,4} (%)	6.9	4.4	4.4	6.3	7.5	6.4
ROC ^{3,4,5} (R12, %)	52.1	20.4	20.9	29.4	32.8	24.1
Capital expenditure ³ (cash basis)	185	142	142	207	293	225
Safety (R12, TRIFR)	9.2	12.8	12.8	19.4	19.1	n.r.
Scope 1 and 2 emissions (ktCO ₂ e)	293	304	304	319	331	360
Kmart (excludes KTAS from 2018)						
- Total sales growth ⁶ (%)	12.0	5.4	5.4	1.5	8.0	7.9
- Comparable sales growth ⁶ (%)	7.8	4.3	4.3	0.0	5.4	4.2
- Online penetration (%)	7.8	5.0	5.0	n.r.	n.r.	n.r.
Target						
- Total sales growth ⁶ (%)	(3.7)	(2.6)	(2.6)	(1.5)	(4.7)	(14.5)
- Comparable sales growth ⁶ (%)	13.3	(0.8)	(0.8)	(0.8)	(5.1)	(14.9)
- Online penetration (%)	15.1	8.9	8.9	n.r.	n.r.	n.r.
Catch						
- Gross transaction value growth (%)	41.0	49.2	49.2	n.r.	n.r.	n.r.

n.r. = not reported

¹ Includes net property contribution for 2021 of (\$10) million; 2020 of \$16 million post-AASB 16 (\$36 million pre-AASB 16); 2019 of \$85 million; 2018 of \$33 million; 2017 of \$43 million.

² Includes cash, trade and online sales, excludes property income and sales related to Trade Centres, 'Frame and Truss' and Adelaide Tools.

³ 2017 to 2019 includes KTAS.

⁴ Earnings excludes pre-tax non-cash impairments relating to Target in 2020 (\$525 million), 2018 (\$306 million) and 2016 (\$1,266 million), and pre-tax restructuring costs and provisions in 2021 (\$59 million), 2020 (\$110 million) and 2016 (\$145 million).

⁵ ROC includes the impact of lower capital employed as a result of pre-tax non-cash impairments relating to Target in 2020 (\$525 million), 2018 (\$306 million) and 2016 (\$1,266 million).

⁶ Based on retail periods (rather than Gregorian reporting).

Divisional key performance metrics (continued)

Year ended 30 June (\$m)	Post-AASB 16		Pre-AASB 16			
	2021	2020	2020	2019	2018	2017
Officeworks						
Revenue	3,029	2,787	2,787	2,314	2,142	1,964
EBITDA	328	307	221	195	181	168
Depreciation and amortisation	(106)	(99)	(31)	(28)	(25)	(24)
Interest on lease liabilities	(10)	(11)	-	-	-	-
EBT	212	197	190	167	156	144
EBT margin (%)	7.0	7.1	6.8	7.2	7.3	7.3
ROC (R12, %)	22.3	20.2	19.6	17.0	16.6	14.7
Capital expenditure (cash basis)	65	40	40	42	45	36
Total sales growth (%)	8.6	20.4	20.4	7.6	9.1	6.1
Online penetration (%)	35.2	29.9	29.9	n.r.	n.r.	n.r.
Safety (R12, TRIFR)	6.1	7.9	7.9	8.5	10.2	11.9
Scope 1 and 2 emissions (ktCO ₂ e)	40	43	43	46	49	51
Chemicals, Energy and Fertilisers						
Chemicals revenue	1,017	1,022	1,022	1,000	932	813
Energy revenue ¹	406	424	424	468	423	368
Fertilisers revenue	722	639	639	610	475	458
Total revenue	2,146	2,085	2,085	2,078	1,830	1,639
EBITDA ^{2,3}	473	481	474	518	469	472
Depreciation and amortisation	(88)	(86)	(81)	(80)	(79)	(77)
Interest on lease liabilities	(1)	(1)	-	-	-	-
EBT ^{2,3}	384	394	393	438	390	395
ROC ^{2,3} (R12, %)	17.7	20.3	20.2	32.6	27.7	27.4
ROC ^{2,3} (R12, %) (excluding ALM)	28.6	30.5	30.4	32.6	27.7	27.4
Capital expenditure (cash basis)	137	110	110	58	60	44
Safety (R12, TRIFR)	3.0	3.3	3.3	4.2	5.4	2.2
Scope 1 and 2 emissions ⁴ (ktCO ₂ e)	881	983	983	897	770	798
<i>Sales volumes⁵ ('000 tonnes)</i>						
Chemicals	1,099	1,152	1,152	1,098	1,056	979
LPG & LNG	220	215	215	221	181	135
Fertilisers	1,324	1,202	1,202	1,125	988	956

n.r. = not reported

¹ Includes interest revenue from Quadrant Energy loan notes and excludes intra-division sales.² 2017 to 2019 includes Quadrant Energy.³ 2020 and 2019 includes \$18 million and \$30 million of insurance proceeds respectively, relating to the five-month ammonia plant production disruption that commenced in February 2018. 2019 includes a \$19 million provision for the removal of redundant equipment. 2017 includes a profit on sale of land of \$22 million and \$33 million relating to WesCEF's share of revaluation gains in Quadrant Energy.⁴ 2020 restated to reflect a correction to the NGER submission (previously reported as 964.7).⁵ External sales exclude AN volumes transferred between Chemicals and Fertilisers business segments.

Divisional key performance metrics (continued)

Year ended 30 June (\$m)	Post-AASB 16		Pre-AASB 16			
	2021	2020	2020	2019	2018	2017
Industrial and Safety						
Revenue	1,855	1,745	1,745	1,752	1,750	1,776
EBITDA ¹	148	121	78	124	159	158
Depreciation and amortisation	(74)	(77)	(38)	(38)	(41)	(43)
Interest on lease liabilities	(4)	(5)	-	-	-	-
EBT ¹	70	39	40	86	118	115
EBT margin ¹ (%)	3.8	2.2	2.3	4.9	6.7	6.5
ROC ¹ (R12, %)	6.2	2.7	2.8	5.8	8.4	8.4
Capital expenditure (cash basis)	62	59	59	83	50	34
Safety (R12, TRIFR)	4.3	4.8	4.8	6.9	6.6	8.1
Scope 1 and 2 emissions (ktCO ₂ e)	27	27	27	26	26	29

¹ 2020 earnings excludes a \$310 million pre-tax non-cash impairment and includes \$15 million of payroll remediation costs.