

# News Release



9 June 2020

## Retail trading update

Wesfarmers has provided an update on retail trading and the continuing actions being taken across the Group in relation to COVID-19.

Wesfarmers Managing Director Rob Scott said that it was pleasing to see a gradual reopening of the economy alongside the continuation of appropriate measures with respect to COVID-19.

“Each of our businesses remains vigilant in prioritising the safety of team members and customers. Safety measures, including restricting the number of people in store, may at times result in some inconvenience and we are grateful for the patience and understanding of customers.”

Mr Scott said team members across the Group had made a significant contribution and shown great dedication in meeting the extraordinary challenges faced over recent months.

“I again acknowledge and thank our team members for their incredible efforts to support each other and their communities, first during the devastating bushfires in Australia last summer and more recently through the impact of the COVID-19 pandemic. Our divisions are taking appropriate steps to recognise the efforts of their teams, reflecting the different impacts experienced across the Group’s diverse operations.”

To support the continued safe operation of retail stores, the Group’s retail divisions have put in place additional cleaning and security teams and have provided additional personal protective equipment to team members.

Following the easing of trading restrictions in New Zealand and north-western Tasmania, the Group’s retail networks have returned to full operation.

### Summary of sales performance (to May 2020)

Total sales growth (%) <sup>1</sup>	1H20 reported	2H20 to date	FY2020 YTD
Bunnings	5.8	19.2	11.3
Kmart	7.6	4.1	6.1
Target	(4.3)	(1.8)	(3.4)
Catch (Gross transaction value) <sup>2</sup>	21.4	68.7	43.7
Officeworks	11.5	27.8	19.3

<sup>1</sup> Sales performance is calculated to the end of May 2020, with growth rates calculated on the prior corresponding period. See note on final page for relevant retail calendars.

<sup>2</sup> Includes period under Wesfarmers ownership, commencing 12 August 2019.

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Significant demand growth has continued in Bunnings and Officeworks as customers continue to spend more time working, learning and relaxing at home. As a result, sales growth in the calendar year to date has increased significantly relative to the levels achieved in the first half of the financial year. Given the significant changes to the usual customer shopping patterns and expected future changes to government measures, it is uncertain whether the higher levels of sales growth will continue for the remainder of the calendar year.

In Bunnings, the strong sales performance is supported by continued growth in consumer and commercial markets across all major Australian trading regions and in all product categories. While disciplined cost control remains a focus, Bunnings has invested approximately \$20 million in additional cleaning, security and protective equipment to respond to COVID-19 over the last three months. In addition, Bunnings will incur costs of approximately \$70 million in the 2020 financial year associated with trading restrictions in New Zealand, the permanent closure of seven small-format stores during the half, and the accelerated roll-out of its online offering, including the write-off of legacy e-commerce platform assets.

In recent weeks, sales momentum in Kmart and Target has improved with a general increase in customer footfall in shopping centres and a recovery in customer demand for apparel, particularly winter clothing. Despite this improvement, weekly sales performance remains highly variable as customer shopping patterns adjust and competitor clearance activity continues. In Kmart, significant growth in high-demand categories such as home and living ranges has resulted in some availability issues in recent weeks and is expected to impact sales in June. Additional operating costs associated with COVID-19, together with the temporary closure of New Zealand stores, will also impact Kmart Group's earnings in the 2020 financial year. Pleasing progress continues in Catch, with strong growth in both in-stock and marketplace segments and ongoing growth in Club Catch subscriptions.

In Officeworks, strong sales growth is supported by continued demand for technology, home office furniture and learning and education products. As announced at the half-year results, earnings growth in the second half is expected to be moderated by changes in sales mix and continued investment in price, team, technology and COVID-19 related operating costs.

In the calendar year to date, the Group's retail businesses delivered total online sales growth of 89 per cent<sup>1</sup>, reflecting the significant investment across the Group in respective e-commerce capabilities in recent years as well as greater customer preference for shopping online during COVID-19. On a financial year to date basis, total online sales across the Group increased 60 per cent<sup>1</sup> to \$1.4 billion or \$1.9 billion including Catch<sup>2</sup>.

Further commentary on divisional performance will be provided as part of the Group's full-year results in August.

**For more information:**

**Media**

Cathy Bolt  
Media and External Affairs Manager  
+61 8 9327 4423 or +61 417 813 804  
[cbolt@wesfarmers.com.au](mailto:cbolt@wesfarmers.com.au)

**Investors**

Erik du Plessis  
Manager, Investor Relations  
+61 8 9327 4603 or +61 439 211 630  
[EduPlessis@wesfarmers.com.au](mailto:EduPlessis@wesfarmers.com.au)

This announcement was authorised to be given to the ASX by the Wesfarmers Disclosure Committee.

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<sup>1</sup> Growth rate excludes contribution of Catch.

<sup>2</sup> Includes contribution of Catch since acquisition on 12 August 2019.

**2020 RETAIL CALENDARS**

<b>Bunnings, Officeworks and Catch</b>	<b>First half</b>	<b>Second half to date</b>
<b>FY 2020</b>	1 Jul 2019 to 31 Dec 2019	1 Jan 2020 to 31 May 2020
<b>FY 2019</b>	1 Jul 2018 to 31 Dec 2018	1 Jan 2019 to 31 May 2019
<b>Kmart</b>	<b>First half</b>	<b>Second half to date</b>
<b>FY 2020</b>	1 Jul 2019 to 5 Jan 2020 (27 weeks)	6 Jan 2020 to 31 May 2020 (21 weeks)
<b>FY 2019</b>	25 Jun 2018 to 30 Dec 2018 (27 weeks)	31 Dec 2018 to 26 May 2019 (21 weeks)
<b>Target</b>	<b>First half</b>	<b>Second half to date</b>
<b>FY 2020</b>	30 Jun 2019 to 4 Jan 2020 (27 weeks)	5 Jan 2020 to 30 May 2020 (21 weeks)
<b>FY 2019</b>	24 Jun 2018 to 29 Dec 2018 (27 weeks)	30 Dec 2018 to 25 May 2019 (21 weeks)

Note: The 2020 financial year will be a 52 week retail year, with 25 weeks in the second half.

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