



Company	Wesfarmers Limited
Code	WES
Meeting	AGM
Date	14 November 2019
Venue	Perth Convention and Exhibition Centre
Monitor	John Campbell assisted by Ian Berry

Number attendees at meeting	1076 shareholders plus 335 visitors
Number of holdings represented by ASA	1761
Value of proxies	\$163.282m
Number of shares represented by ASA	3.967 million (equivalent to 12th largest holder)
Market capitalisation	\$46.7 billion
Were proxies voted?	Yes, on a poll
Pre AGM-Meeting?	Yes, with chair Michael Chaney

Wesfarmers' shareholders show their support at Australia's best attended AGM

The well-attended AGM followed an eventful, significant year for Wesfarmers (WES). The successful demerger of Coles was the largest demerger in Australian corporate history. Profits on disposal also arose from the sale of interests in Bengalla Coal, Quadrant Energy, and K-Mart Tyre and Auto. Kidman Resources, a lithium miner, was taken over and WES hopes to build a lithium hydroxide plant in a 50% joint-venture near the existing Wesfarmers chemicals complex at Kwinana, WA. The online retailer Catch was purchased to be incorporated in the K-Mart group and tech customer support business 'Geeks2U' was bought to assist Officeworks customers.

With all this activity WES still managed to increase overall net profit in continuing businesses by 13.5%.

The Chair restated the company's primary role to achieve good returns for its shareholders recognising that long term returns are generated by looking after all its stakeholders. WES have been a consistent investor in Australia and a big dividend payer. We asked about sustainability of dividends after the group's asset disposals and were told that WES policy was to distribute earnings to the extent of available franking credits.

The CEO referred to delivering superior performance and building data and digital capabilities and WES success in these endeavours. In terms of outlook he stated that the majority of retail

businesses were improving with sales growth in recent months. There were cost headwinds in respect of personnel costs, digital technology and the impact of the lower Australian dollar. These will offset some of the gains in productivity and growth. Bunnings is trading well, and K-Mart is improving although work remains with repositioning Target. Chemicals, Energy and Fertiliser continue to trade positively. Blackwoods remains a challenge and turnaround strategies have been initiated. Officeworks is growing sales and earnings.

The ASA monitor congratulated WES on its result. All resolutions were approved but one proxy advisor (ISS) had recommended against the remuneration report, with the result that there was a 21.5% vote against. The ASA voted in favour but took the opportunity of a promised review to say that WES should report take-home pay and should expand disclosure of targets and achievement in the performance scorecard. We think these areas also influenced ISS. The election of one new director Sharon Warburton attracted a 5.4% negative vote primarily due to her workload with now five directorships.