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News Release

Wesfarmers

27 August 2021

Proposed return of capital to shareholders

Wesfarmers today announced a proposed return of capital to shareholders of $2.00 per share.

The distribution is subject to approval by Wesfarmers shareholders at the Annual General Meeting (AGM) on 21 October 2021. If approved, the total amount of the distribution will be approximately $2.3 billion.

Chief Financial Officer Anthony Gianotti said that the proposed return of surplus capital to shareholders reflects Wesfarmers' commitment to efficient capital management and its focus on providing a satisfactory return to shareholders.

"The proposed return of capital is enabled by the strength of the Group's balance sheet, its access to well-established funding sources and the resilient and cash-generative nature of its businesses, as well as the receipt of proceeds from the sale of assets in recent years," Mr Gianotti said.

"Upon completion of the return of capital, Wesfarmers expects to retain its current strong credit ratings and maintain the balance sheet capacity to withstand a range of economic conditions, support continued investment in the Group's businesses and take advantage of value-accretive opportunities as they arise.

"The distribution will provide an opportunity to reset the capital structure and, together with the maturity of two Euro bonds in October 2021 and August 2022, will support the continued optimisation of the Group's debt maturity profile and cost of borrowing."

An application for a Class Ruling has been lodged with the Australian Taxation Office 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.

If the Class Ruling is issued in line with the application, it is expected to confirm that there is no immediate tax liability for most Wesfarmers shareholders relating to the capital return. Instead, the cost base of shares for capital gains tax purposes will be reduced by the capital component. For shareholders with a cost base of less than the capital component, an assessable capital gain could arise.

A detailed explanation of the proposal and confirmation of the timetable will be included with the Notice of Meeting which will be sent to shareholders in September 2021.

If approved, shareholders are expected to receive their payments on 2 December 2021.

For more information:

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