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# Confidential Information Memorandum

Project Kingfisher - Acquisition of Target Co Pty Ltd

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**Project Code:** WES-PKF-2026-001

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## 1. Executive Summary

This Confidential Information Memorandum ("CIM") has been prepared by Wesfarmers Limited (ASX: WES) in connection with the proposed acquisition of Target Co Pty Ltd ("Target" or the "Company"), a leading Australian specialty retailer operating under the brand name "HomeStyle" across 187 locations nationally. The transaction is referred to internally as "Project Kingfisher".

The Target represents a compelling strategic opportunity for Wesfarmers to expand its retail portfolio into the premium home and lifestyle segment, leveraging existing supply chain infrastructure and retail management capabilities across the Wesfarmers group.

### Key Transaction Highlights

Metric	Detail
Enterprise Value (Indicative)	\$2.4 - \$2.8 billion
Implied EV/EBITDA Multiple	10.5x - 12.2x FY25E
Revenue (FY25E)	\$3.1 billion
EBITDA (FY25E)	\$228 million
EBITDA Margin	7.4%
Store Network	187 stores across all Australian states
Employees (FTE)	~8,400
Expected Synergies (Run-Rate)	\$45 - \$65 million p.a.

## 2. Business Overview

Target Co Pty Ltd was founded in 2003 by Michael and Sarah Chen in Melbourne, Victoria. The Company has grown from a single-store operation into one of Australia's premier home and lifestyle retailers, with a curated product range spanning furniture, homewares, textiles, lighting, and outdoor living categories.

The Company operates a vertically integrated model with approximately 35% of its product range sourced through its own-brand design and manufacturing partnerships, primarily located in Vietnam and Indonesia. The remaining 65% comprises third-party branded and licensed product.

HomeStyle has established a differentiated market position targeting the mid-to-premium segment (average transaction value of \$185), with a loyal customer base of approximately 2.1 million active loyalty program members.

## 2.1 Revenue by Category (FY25E)

Category	Revenue (\$m)	% of Total	YoY Growth
Furniture	\$1,023	33.0%	+6.2%
Homewares & Textiles	\$837	27.0%	+8.1%
Lighting & Electrical	\$403	13.0%	+4.7%
Outdoor & Garden	\$341	11.0%	+12.3%
Online Direct-to-Consumer	\$310	10.0%	+22.5%
Commercial / Trade	\$186	6.0%	+3.1%
Total	\$3,100	100.0%	+8.4%

## 3. Strategic Rationale

The acquisition of Target Co aligns with Wesfarmers' stated strategy of investing in businesses with strong market positions, attractive growth profiles, and opportunities for operational improvement. Key strategic drivers include:

**Portfolio Diversification:** Entry into the premium home and lifestyle segment, which is currently underrepresented in the Wesfarmers retail portfolio. The HomeStyle brand is complementary to existing Bunnings and Kmart operations with minimal cannibalisation risk estimated at less than 3% of combined revenue.

**Synergy Realisation:** Identified synergies of \$45-65 million per annum, primarily in procurement (\$20-28m), supply chain and logistics (\$12-18m), and corporate overhead (\$13-19m). Synergies are expected to be substantially realised within 24 months of completion.

**Digital & Omnichannel Growth:** The Target's online platform (currently 10% of revenue) represents significant upside potential. Wesfarmers' investment in OneDigital and data analytics capabilities can accelerate e-commerce penetration towards the 20-25% range observed in comparable international markets.

## 4. Financial Summary

### 4.1 Historical and Projected Financial Performance

A\$ millions	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue	\$2,540	\$2,860	\$3,100	\$3,379	\$3,650
Gross Profit	\$1,143	\$1,316	\$1,457	\$1,604	\$1,752
Gross Margin	45.0%	46.0%	47.0%	47.5%	48.0%
EBITDA	\$178	\$206	\$228	\$264	\$301
EBITDA Margin	7.0%	7.2%	7.4%	7.8%	8.2%
EBIT	\$132	\$155	\$174	\$207	\$240
Net Profit After Tax	\$89	\$105	\$118	\$142	\$166
Capital Expenditure	(\$68)	(\$74)	(\$82)	(\$78)	(\$75)
Free Cash Flow	\$102	\$121	\$136	\$172	\$210

## 5. Transaction Process & Timeline

Phase	Activity	Expected Timing
Phase 1	Indicative, non-binding proposals due	14 February 2026
Phase 2	Management presentations & site visits	March 2026
Phase 3	Confirmatory due diligence	March - April 2026
Phase 4	Binding offers due	30 April 2026
Phase 5	Preferred bidder selected & SPA negotiation	May 2026
Phase 6	Regulatory approvals (ACCC / FIRB)	June - August 2026
Completion	Target settlement date	September 2026