



**ASX & MEDIA RELEASE**  
**Two pages**

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## **DAVID JONES SALES TRACKING AND CORE BUSINESS PERFORMANCE**

Australian Department Store retailer David Jones Limited ('David Jones') today advised it was tracking to achieve a full year sales performance for its core business of between \$1.525b and \$1.535b (2000 \$1.464b)① an increase of 4% - 5%. The sales result will be achieved despite a decrease in 4<sup>th</sup> quarter sales over the same quarter last year of between 4% and 6% (2000 \$398m). Like for like②, sales are expected to be minus 1.0% for the full year on an adjusted for GST and WST basis.

David Jones Chief Executive Officer, Mr. Peter Wilkinson said, "last year our 4<sup>th</sup> quarter sales were considerably inflated by consumer spending leading into the introduction of the GST. We experienced a +20% result in the 4<sup>th</sup> quarter 2000."

"We flagged that the 4<sup>th</sup> quarter would be particularly tricky to gauge and it has been. We have only just completed the most significant part of the 4<sup>th</sup> quarter for our business, that being the winter sale period. We are now able to provide the market with a more accurate indication as to our trading performance and its expected impact on EBIT," Mr. Wilkinson said.

He said that "despite the changed conditions this year, our core business performance relative to the market remains solid and we are operating efficiently".

### **THE ENVIRONMENT AND ITS EFFECT ON SALES PERFORMANCE**

Trading conditions for the non-food part of the retail sector continue to be difficult. Several important factors including, an ongoing lull in consumer demand, comparison to the GST phase in and the resultant strong short term shift in purchasing patterns, prolonged deep discounting in certain sections of the retail market, and a generally warmer winter have combined to make the 4<sup>th</sup> quarter extremely complex.

This year the total Department Store market as measured by the ABS has declined in real terms (down 1.8% period August 2000 to May 2001). Despite this David Jones has continued to gain market share (at end May 2001 12.90%, 2000 12.39%).

"Our women's apparel and cosmetics categories continue to perform strongly relative to the market. David Jones focused branding and retail strategy and strong relationship with our core customer group have enabled us to navigate these changed conditions better than many of our competitors," Mr. Wilkinson said.

### **EFFECT OF SALES PERFORMANCE**

EBIT contribution from the core businesses (includes retail earnings from the core department stores, Aherns inclusive of amortisation, general property, asset sales, and the credit card business net of securitisation) for the Full Year is expected to be between \$68 and \$71.5m (2000 \$88.9m③). This FY2001 projected figure does not include the costs of the new businesses which remain in line with our comments at the time of our 3<sup>rd</sup> Quarter sales release.

## **DAVID JONES**

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At the midpoint of the range given, on a comparable basis EBIT for the core business is down an estimated 18 % as follows:

	<b>2001</b>	<b>2000</b>
<b>EBIT</b>	\$69.5 m(Est)	\$88.9m <sup>③</sup>
<b>Less Asset Sales</b>	\$ 8.8 m	\$ 3.1m
<b>Less Property Income</b>	\$ 4.7	\$17.4
<b>Comparable EBIT</b>	<b>\$56.00 (Est)</b>	<b>\$68.4</b>

Buyer's gross profit margin percentage for the year is expected to be only slightly lower in percentage terms (2001 Est. 38.1%, 2000 38.4%) despite the reduction in sales volume, some specific sales mix issues (such as continued sectoral weakness in menswear) and responding to competitive discounting activity.

"Despite the change in trading conditions our well established stock management practices have held us in good stead. We expect at this stage that our end of year stock position will be only 2% higher than last year and that we will hold our aged stock levels around our 5% benchmark" Mr. Wilkinson said.

"We are pleased to say that inroads have been made with our core business cost program during the second half. Despite the reduction in like for like sales our SG&A % for the second half 2001 will be lower than for the comparable half 2000."

## **SUMMARY**

"Whilst this year has continued to be extremely challenging we remain pleased with our performance relative to the market. Our consistent market positioning has allowed us to manage this period better than many of our competitors." Mr. Wilkinson said.

Mr. Wilkinson advised, "we will provide further details of our performance to the market as part of our scheduled reporting for 4<sup>th</sup> quarter sales figures (week commencing 6 August) and our Full Year Results (mid September)".

## **NOTES**

- ① All sales figures are on an adjusted for GST and WST basis. They do not include the new businesses.
- ② LFL information - Q4 LFL figure does not include the new businesses. For general comparison purposes note that Aherns was acquired in February 2000, Chadstone opened December 1999 and Southland opened May 2000.
- ③ For the purposes of direct comparison please note that the figure of \$88.9 relates back to the Earnings before Tax, Interest and Abnormals figure in the ASX release for the FY 2000 results. A copy of this release is available on the company website at [www.davidjones.com.au](http://www.davidjones.com.au).

## **ENDS**

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