

DAVID JONES LIMITED  
HALF YEAR RESULTS  
March 2001

Presenters:

Peter Wilkinson - Chief Executive

Brian Hill - Chief Financial Officer



# Features of the Result

- Strong relative trading performance
- Continued growth in market share
- Continued growth in gross profit.
- Well managed inventory levels
- Successful launch of 2 new businesses
- Successful opening of new Adelaide CBD store
- Completion of sale and leaseback



# Performance Overview

Sales	\$831.6m	+11.8%
EBIT	\$ 42.8m	- 9.0%
NPAT	\$ 30.3m	+22.2%
EPS	7.7 cents	+22.0%
DPS	4.0 cents	No change



# Profit Summary

<b>Profit Summary</b>	<b>6 Months</b>	<b>6 Months</b>	<b>Change</b>
	<b>Jan 2001</b>	<b>Jan 2000</b>	
	<b>\$m</b>	<b>\$m</b>	<b>%</b>
EBIT	42.8	50.3	( 9.0)
Interest	<u>( 8.1)</u>	<u>( 5.0)</u>	<u>62.0</u>
Profit Before Tax	34.7	42.1	(17.6)
Income Tax	<u>( 4.4)</u>	<u>(17.3)</u>	<u>(74.6)</u>
Abnormals After Tax		<b>(4.1)</b>	
<b>Profit After Tax</b>	<b><u>30.3</u></b>	<b><u>24.8</u></b>	<b><u>22.2</u></b>



# Relevant Items

- Profit from sale and leaseback \$7.3m
- Development profit on Adelaide site \$1.5m
- Net costs of two new businesses \$5.5m
- Pre-opening expenses for new Adelaide store \$1.4m
- Higher interest costs for delayed proceeds from sale and leaseback approx. \$3.0m



# EBIT

<b>Earnings Before Interest &amp; Tax</b>	<b>6 Months Jan 2001 \$m</b>	<b>6 Months Jan 2000 \$m</b>	<b>Change %</b>
Retail Earnings	32.8	36.0	( 8.9)
Property	3.6	9.2	(60.9)
Credit	<u>4.6</u>	<u>5.1</u>	<u>( 9.8)</u>
<b>EBIT</b>	<b><u>42.8</u></b>	<b><u>50.3</u></b>	<b><u>( 9.0)</u></b>



# Taxation

- Taxation rate below prima facie income tax rate of 34%
- Reduction due to
  - \$5.75m non assessable in-substance sale of properties
  - \$1.56m reversal of taxation timing difference



# Retail Operations

<b>Retail Operations</b>	<b>6 Months Jan 2001 \$m</b>	<b>% of Sales</b>	<b>6 Months Jan 2000 \$m</b>	<b>% of Sales</b>
Sales Continuing Business	<b>827.2</b>		<b>780.3</b>	
Gross Margin	306.6	37.1	270.3	34.6
Selling General & Admin Expenses	_____	_____	_____	_____
<b>Retail EBIT</b>	<b><u>32.8</u></b>	<b><u>4.0</u></b>	<b><u>36.0</u></b>	<b><u>4.6</u></b>



# Sales Growth

<b>Sales Growth</b>	<b>6 Months Jan 2001</b>	<b>6 Months<sup>①</sup> Jan 2000</b>	<b>Change <sup>①</sup> %</b>
Store Sales	831.6	743.7	11.8%
New Stores	<u>87.0<sup>②</sup></u>	<u>2.1</u>	_____
Comparable Store Basis	<u><b>744.6</b></u>	<u><b>741.6</b></u>	<u><b>0.4%</b></u>

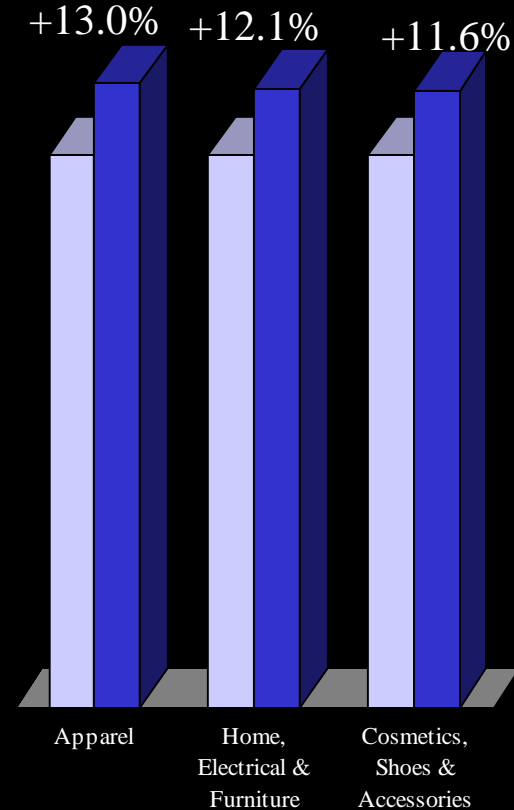
① Adjusted for Wholesale Sales Tax

② Aherns, Southland, Harbour Town, Chadstone



# Sales Trends

- Key categories continue to perform well
- Womens apparel performance relative to market remains strong



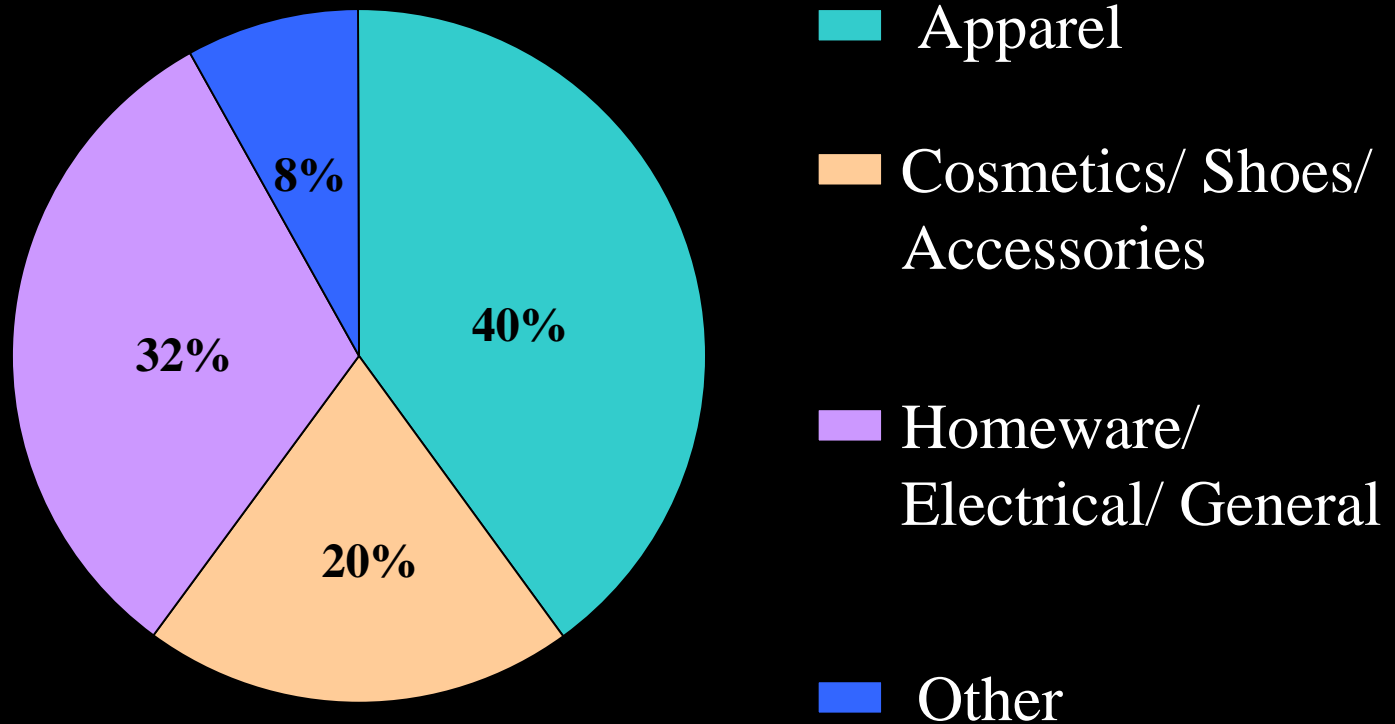
Comparison = 1stHalf 00/01 vs 1st Half 99/00

Total Stores figures for 99/00 are ex-WST

■ 99/00 ■ 00/01



# Sales Break Up





# Credit Card

## David Jones Credit Card

**Change on  
Corresponding Half**

New approved Credit Cards	32,223	-20%
- Without Shareholder Discount	25,267	+28%
Operating Expenses	\$5.49m	+10%
Credit Income	\$20.7m	+32%
Total Card Receivables	\$346.86m	+19%
Interest Free and Deferred Receivables	\$169.7m	+24%



# Cash Flow

<b>Cash Flow</b>	<b>6 Months Jan 2001 \$m</b>	<b>6 Months Jan 2000 \$m</b>	<b>Comments</b>
Net Cash Flow	163.3	(86.6)	
Major Items:			
- Non Cash Items	15.9	18.3	
- Debtors	2.9	( 7.7)	
- Creditors	(10.4)	36.4	Higher opening creditors level
- Dividends	(15.7)	(15.7)	



# Cash Flow

<b>Cash Flow contd.</b>	<b>6 Months Jan 2001 \$m</b>	<b>6 Months Jan 2000 \$m</b>	<b>Comments</b>
- Sale of Assets	203.6	0.4	Primarily in-substance sale of Eliz/Mkt Sts and Bourke St
- Capital Expenditure	(49.7)	(65.5)	Adelaide, Foodchain, DJ Online, Store Refurb.
- Return of Capital	-	(79.2)	
- Tax Payments	(17.8)	(11.2)	



# Balance Sheet

<b>Balance Sheet</b>	<b>As at Jan 2001 \$m</b>	<b>As at Jan 2000 \$m</b>	<b>Change \$m</b>	<b>Comments</b>
Inventory	283.4	250.2	33.2	Additional Aherns stores, Southland store
Debtors	84.9	74.4	10.5	
Property, Plant & Equip	259.1	431.7	(172.6)	Reduction mainly in-substance sale of Eliz/Mkt Sts and Bourke St
Other Assets	<u>56.7</u>	<u>24.7</u>	<u>32.0</u>	Aherns goodwill and higher cash
<b>Total Assets</b>	<b>684.1</b>	<b>781.0</b>		



# Balance Sheet

<b>Balance Sheet contd..</b>	<b>As at Jan 2001 \$m</b>	<b>As at Jan 2000 \$m</b>	<b>Change \$m</b>	<b>Comments</b>
Represented by:				
-Creditors & Provisions	220.0	213.5	6.5	
-Borrowings	39.8	153.0	(113.2)	Proceeds from in- substance sale of properties
-Equity	424.3	414.5	9.8	
<b>Debt to Equity</b>	<b>9.4%</b>	<b>36.9%</b>		



# New Businesses

## Foodchain by David Jones and David Jones Online

- Start-up Costs combined \$5.5m
- Sales combined \$4.4m



# Foodchain

- First store opened November 2000
- Brighton customer acceptance has been strong
- Good cross shopping, some departments have met maturity. Target sales level appears achievable
- Next Stores - Hawthorn opens June 2001, Parramatta opens July 2001
- Program - 7 stores open by end FY 2002
- FY01/02 openings include St Kilda, Kew, Williamstown and Port Melbourne

# Foodchain



- Good emerging site opportunities. David Jones continue to be highly selective
- Ballpark Store Characteristics
  - Net rent to sales 3.5% - 4.5%
  - Employees 60-70 inc part time, 20-30 on the floor at any one time
  - Fitout cost per store \$4m+, 1500m<sup>2</sup> GLA, approx 1200m<sup>2</sup> sell space
  - Targeted sales per store between \$10m-\$12m per annum

# David Jones Online



- Christmas 2001
  - Business met key sales and service level KPIs
  - Established DJO as a leading site (achieved world's first status in some cosmetics and fragrance categories)
- Key Outcomes against KPIs
  - 24 x 7 availability 99.5% of time
  - High conversion rate and average order size
  - Captured existing DJS customer plus delivered new customers (30% of traffic 25-34 years)
  - Low returns by industry standards
  - Strong sales performance, gift solutions option popular
  - Strong call centre performance

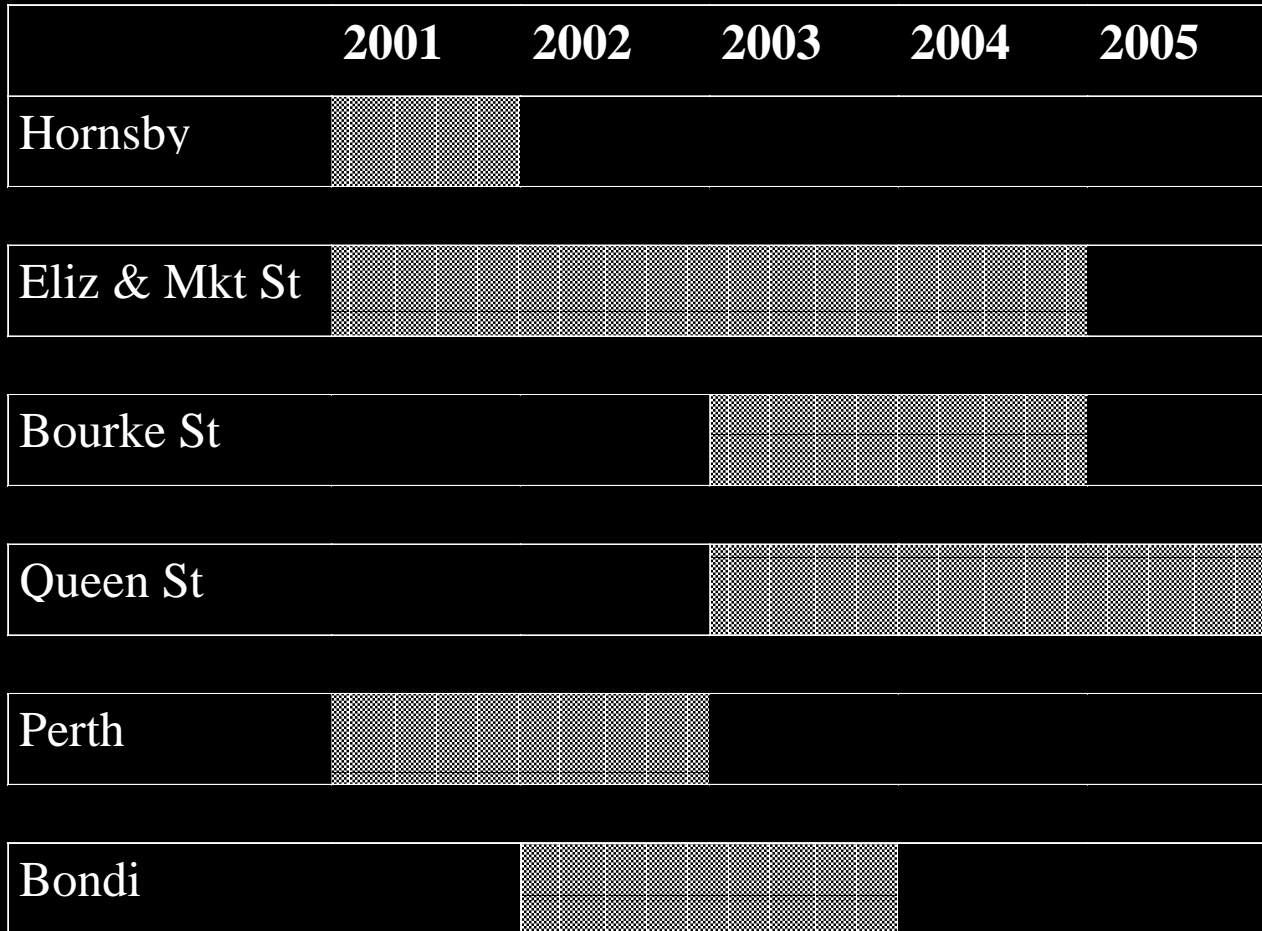


# David Jones Online

- Multi-channel strategy compelling to customers
  - Hamper sales up on LY all channels
  - High opt-in to email marketing program
  - Strong sales of both paper and e-gift vouchers
  - Increase in DJ Card applications via internet
  - High percentage of sales on line on DJ Card
- 3 New categories just launched
  - For Men
  - Intimates and Hosiery
  - Home



# Property Program





# Sales Environment

- Trading remains patchy
- Period from 1 Feb to 19 March in line with conditions in second quarter
- We believe conditions will persist during the third and fourth quarters
- Maximising brand leverage in promotions and advertising (eg Winter Fashion).
- Managing costs (Securing Our Future program)



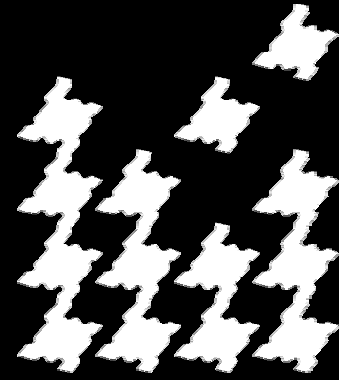
# 2nd Half 00/01

- Expect costs for new businesses to be roughly the same
- Lower interest amount than 1st half
- Continuation of trading environment expected
- Securing Our Future savings (annualised \$24m net at the end of 3 year program )
- No additional property sales (next Queen St in 2004)



# Going Forward

- Refurbishment program status
  - Elizabeth and Market Street started, escalators only this calendar year, Hay Street has commenced, opens 02
  - 3% floor space growth in calendar 01
- Foodchain
  - two more stores by end financial year
  - four next financial year
- E-commerce
  - 3 new categories have been added
  - Phased rollout continues more categories to come



# HALF YEAR RESULTS