



DAVID JONES LIMITED
ANNUAL RESULTS
2001/2002

PRESENTERS:

PETER WILKINSON - CEO & STEPHEN GODDARD - CFO

Results Summary



	F2001	F2002	% Change
Sales	1547.5m	1668.2m	7.8
Core Business EBIT	58.4m	70.4m	20.5
Net Profit ⁽¹⁾	28.5m	35.5m	24.6
Net Profit ⁽²⁾	28.0m	6.6m	(76.4)
EPS ⁽³⁾	7.3c	8.8c	20.5
EPS ⁽⁴⁾	7.1c	1.5c	(78.9)
DPS	8.0c	7.0c	(12.5)

(1) Pre Significant Items and Preference Share Dividends

(2) Post Significant Items and pre Preference Share Dividends

(3) Pre Significant one off Items

(4) Post Significant one off Items

Key Points



- Strong core business result
- Strategic review in May
- Significant items (pre tax) include
 - writedown in relation to Foodchain (\$19.5m)
 - one-off head office restructuring (\$4.6m)
 - one-off charge for refinement of accounting methods re inventory cost (\$6.9m)
 - Provision for possible exit costs at Foodchain Parramatta and Port Melbourne as flagged in May 02 (\$5.3m)
 - accounting treatment to effectively discount interest free sales to fair value (\$2.5m)
- Continuing work on Foodchain

EBIT



Financial

Stores

Credit Card

**Online/
Foodchain**

	F2001	F2002	Change
	\$m	\$m	%
Contribution from			
- Retail	47.8	55.5	16.1
- Credit	10.6	14.9	40.5
Core Business EBIT	58.4	70.4	20.5
- Property	4.8	2.5	(47.9)
Comparable Business EBIT	63.2	72.9	15.3
- New Businesses	(14.4)	(15.2)	5.6
Continuing EBIT pre-significant items	48.8	57.7	18.2

Significant Items



Financial

Stores

Credit Card

**Online/
Foodchain**

Significant Items

	F2001	F2002
	\$m	\$m
- Sale of Assets	8.9	-
- Online Writeoff	(11.5)	-
- Contingent Liability	(2.8)	-
- Foodchain Writedown	-	(19.5)
- Inventory Rebate Adjustment	-	(6.9)
- Head Office Restructuring Cost	-	(4.6)
- Discounting of Interest Free Sales to fair value	-	(2.5)
- Provision possible exit Foodchain Parramatta & Port Melbourne	-	(5.3)
Total significant items pre tax	(5.4)	(38.8)
- Tax	4.9	9.9
Total Significant items post tax	0.5	(28.9)

PAT Comparison

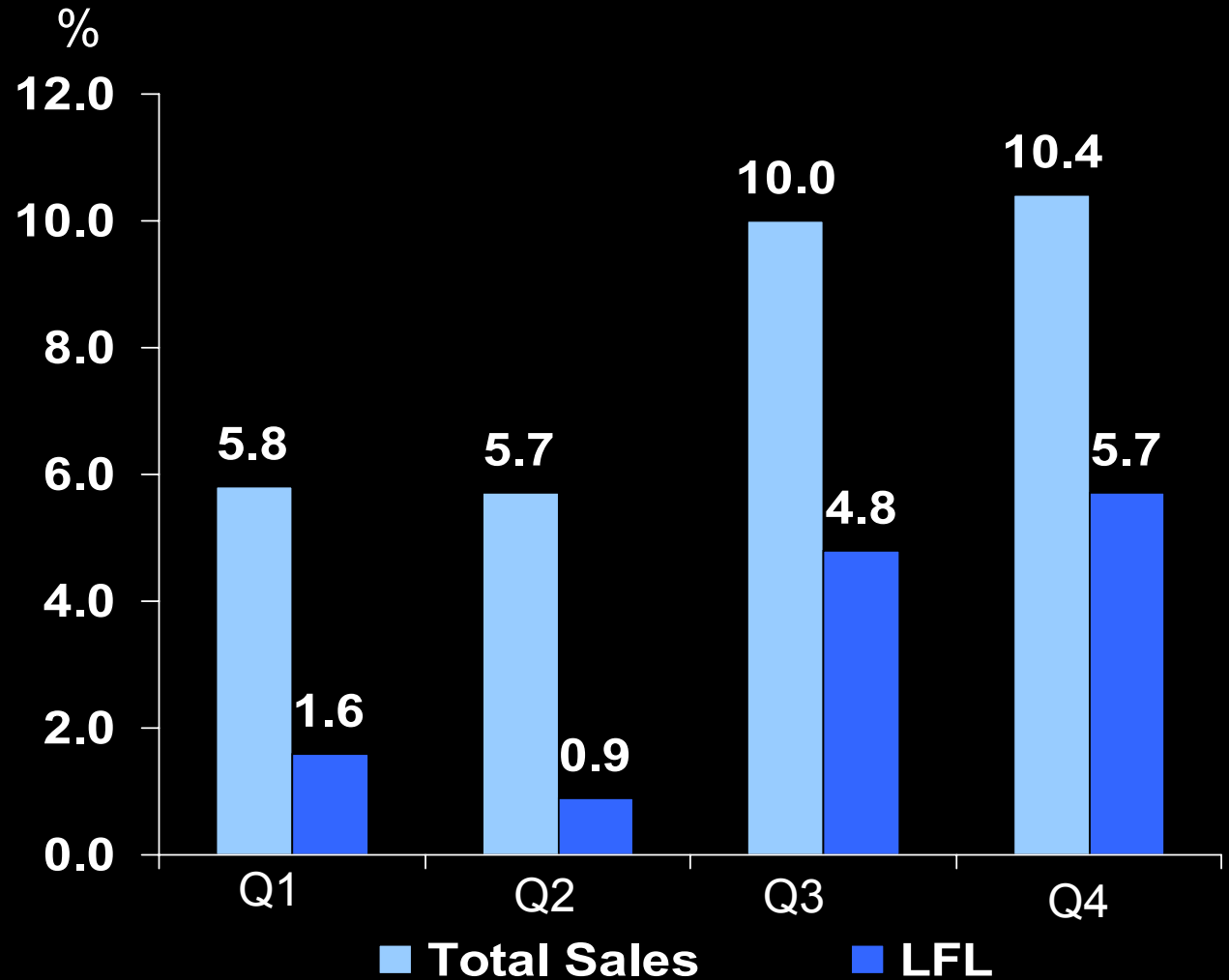


	F2001	F2002	Change	
Financial	\$m	\$m	%	
Stores	Reported EBIT (pre significant items)	48.8	57.7	18.2
	- Less Interest	11.6	7.3	(37.1)
	PBT	37.2	50.4	35.5
Credit Card	- Less Tax	8.7	14.9	73.3
	PAT (pre significant items)	28.5	35.5	24.6
Online/ Foodchain	- Less Significant items after Tax	0.5	28.9	
	PAT	28.0	6.6	(76.5)

Sales Revenue



Sales Trend - FY2002



Financial

Stores

Credit Card

Online/
Foodchain

Core Retail - Category Performance



Financial

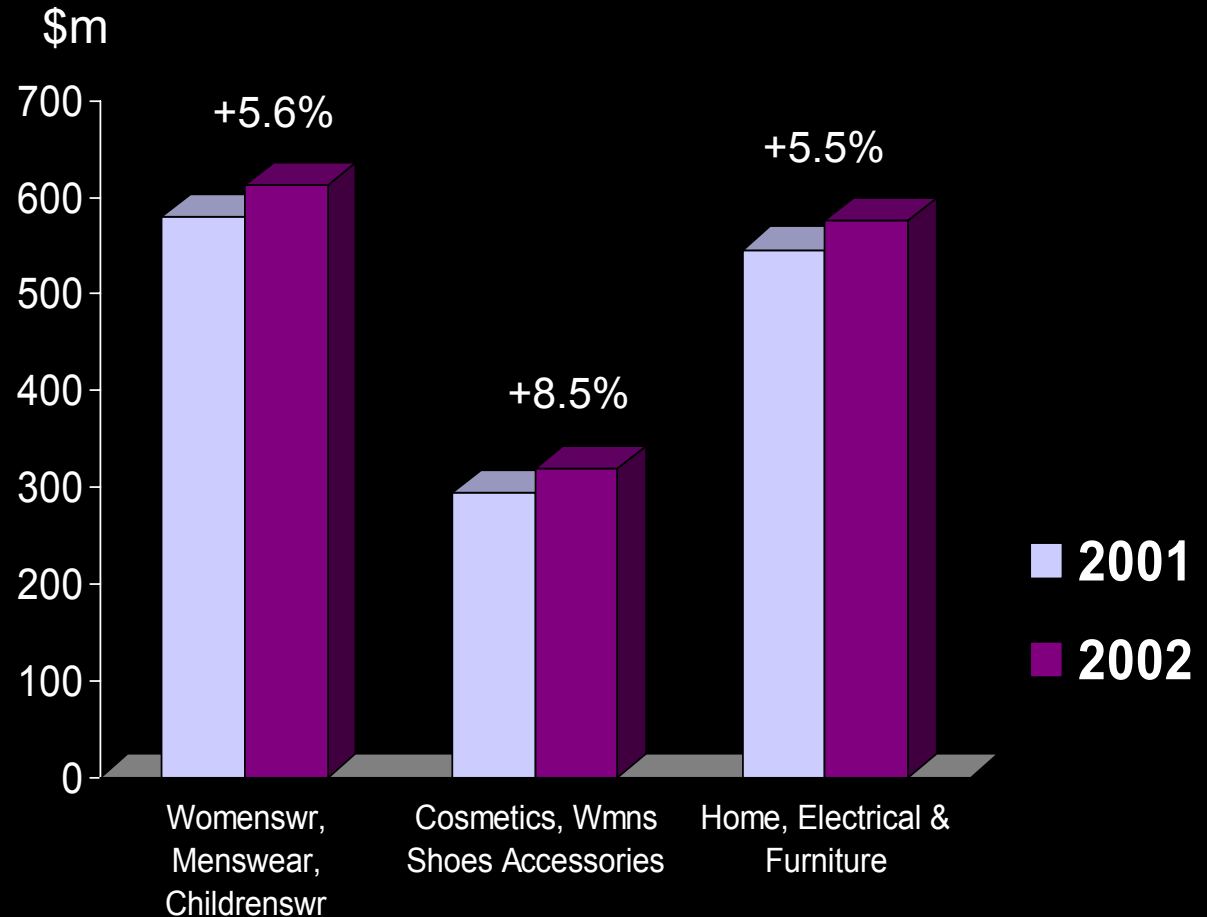
Stores

Credit Card

Online/
Foodchain

SALES

FY2001 vs FY2002



Core Retail - Geographic Split



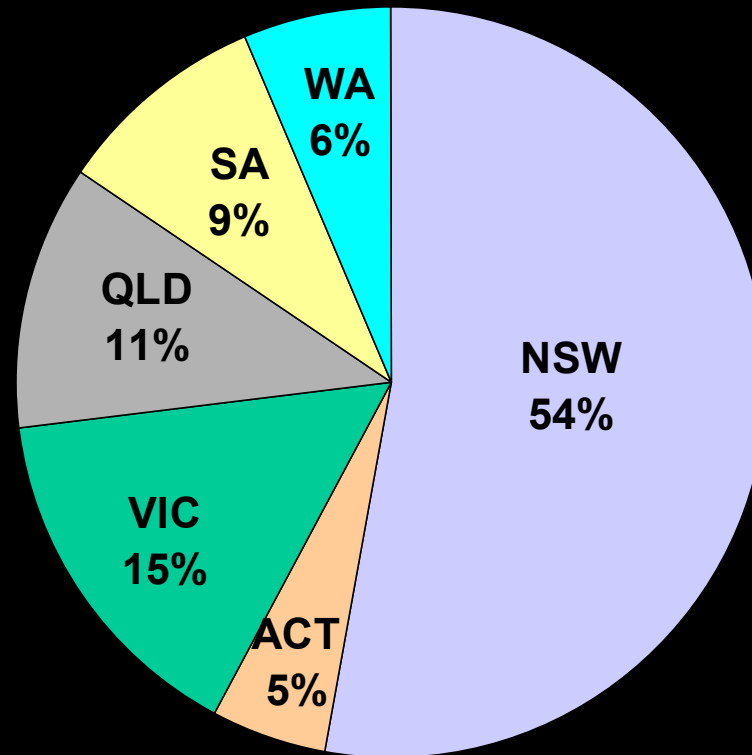
Financial

Stores

Credit Card

Online/
Foodchain

SALES
FY2002

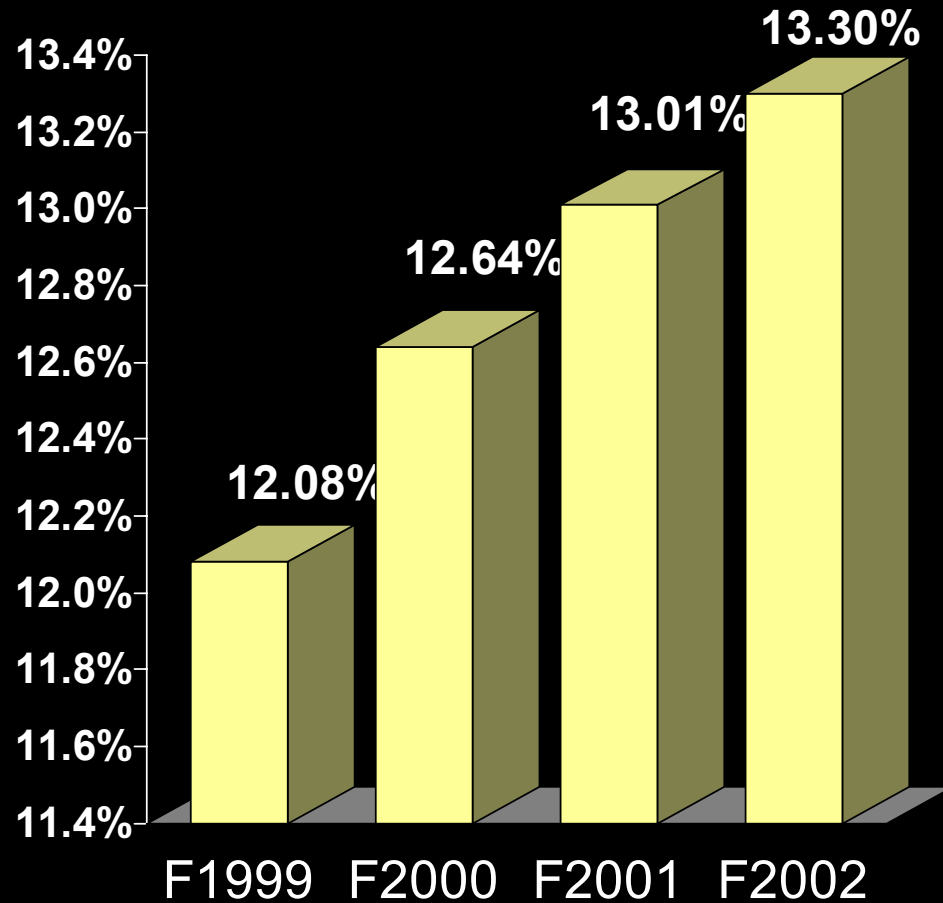


■ NSW ■ ACT ■ VIC ■ QLD ■ SA ■ WA

Core Retail - Market Share



Share of Department Store Market



Note: Adjusted for WA in all years

Financial

Stores

Credit Card

Online/
Foodchain

Core Retail - Gross Margin



Financial

Stores

Credit Card

**Online/
Foodchain**

	FY2001	FY2002
Gross Margin	36.3% *	35.9%

* adjusted for Eurest

- Strategically limited gross margin impact of industry- wide discounting. Countered on commodity items but held ground in key categories
- Significant merchandise point of difference to competitors - eg. 65% Womenswear, 68% Menswear, 70% Childrenswear
- Shrinkage at best practice levels
- Tight inventory management

Core Retail - Inventory Management



Financial

Stores

Credit Card

**Online/
Foodchain**

- Stock levels in line with end of corresponding period
- Aged stock below 5% benchmark
- Well established inventory management practices

Core Retail - SG&A



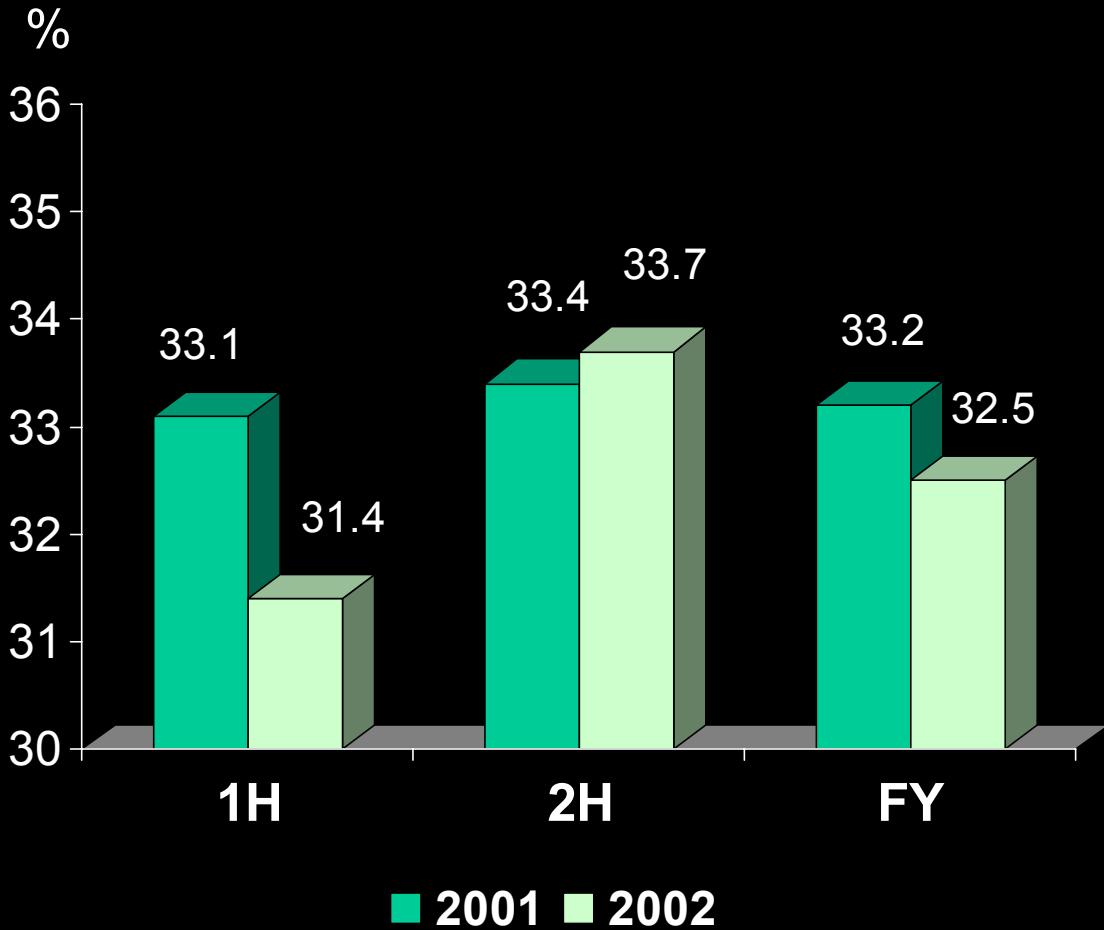
Financial

Stores

Credit Card

Online/
Foodchain

SG&A % to Sales



Core Retail - SG&A



Financial

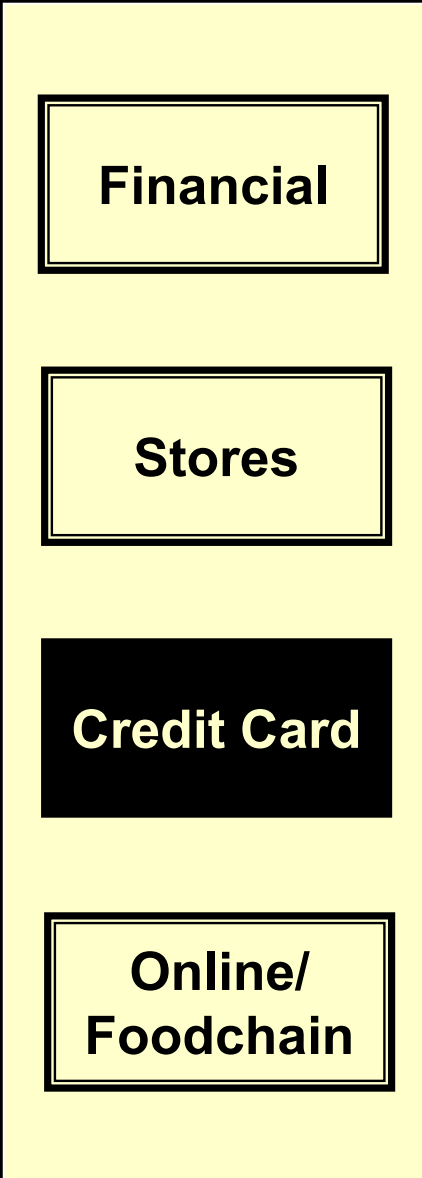
Stores

Credit Card

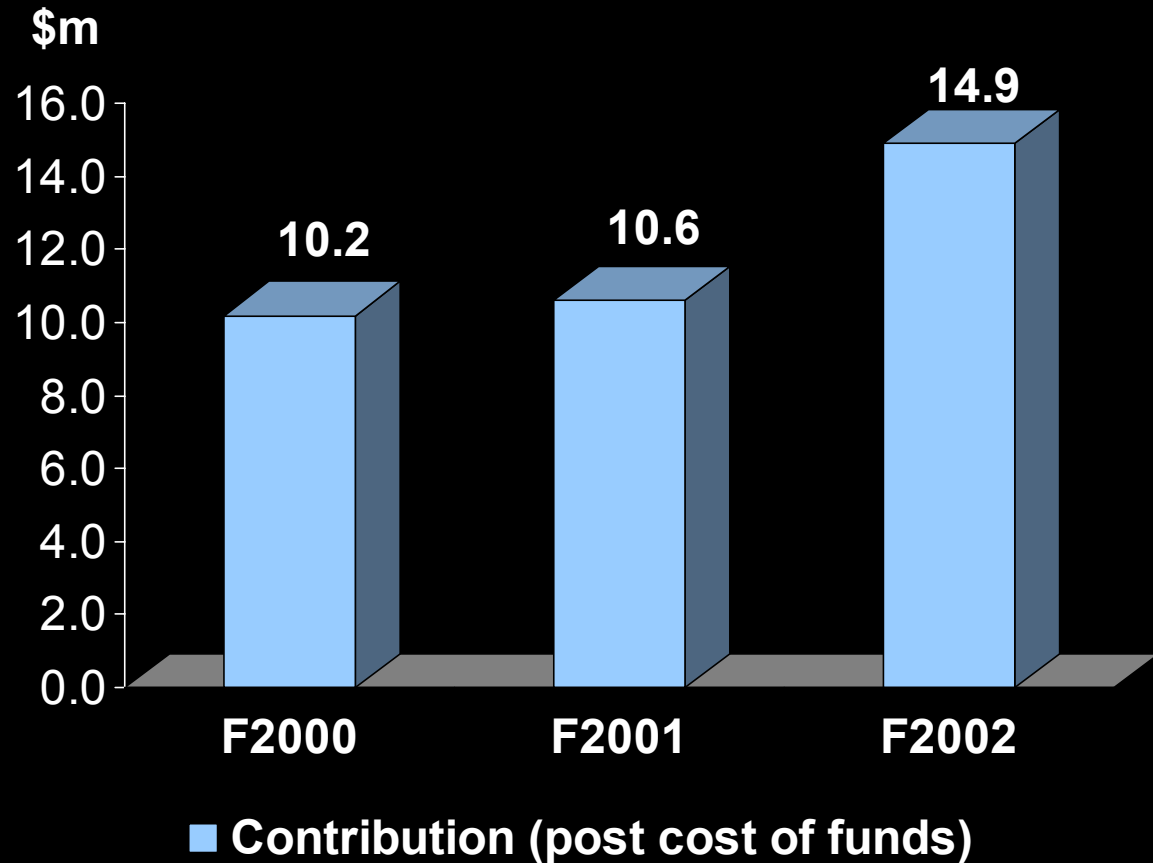
**Online/
Foodchain**

- Significant work during past two years
- SG&A % for 2H FY02 higher than corresponding half due to some one-off cost reduction in 2H FY01
- Further work on costs required to counter expected cost increases

Credit Card



Credit Card Contribution



Credit Card



Financial

Stores

Credit Card

**Online/
Foodchain**

- Outstanding result reflects
 - growth on overall card base
 - good sales result
 - tight cost control
 - low doubtful debts
 - reduced funding costs
- Interest free and deferred receivables totalled \$126m at year end FY2002

Capital Expenditure



Financial

Stores

Credit Card

**Online/
Foodchain**

- 2002 Capital Expenditure reduced from \$100m to \$71m
- 2003-2004 approximately \$60m per annum which is a sustainable level
- Hay St completes October 2002
- Bondi has commenced; completes end 2003
- Elizabeth & Market St continues; capital expenditure reduced; project completes 2007

DJs Online



Financial

Stores

Credit Card

**Online/
Foodchain**

- Consistently ranked as one of Australia's most successful retailing websites
- Revenue is growing to expectation
- Moving closer to breakeven in FY2003
- As per strategic plan now integrated into core business

Foodchain



Financial

Stores

Credit Card

**Online/
Foodchain**

- Full operational review conducted earlier this year
- \$19.5m writedown of costs associated with the development of Foodchain
- Operational issues being addressed; pleased with early progress
- Intend to exit Parramatta later in the year
- Working with Port Melbourne landlord on resolution
- Work continues toward being able to confirm long term viability of the concept

Cashflow



Financial

Stores

Credit Card

**Online/
Foodchain**

	F2001	F2002
	\$m	\$m
EBITDA	95.5	106.1
Working Capital	(2.0)	12.4
Interest	(11.4)	(7.4)
Tax Paid	(26.4)	(7.5)
Operating Cash Flow	55.7	103.5
Capital Expenditure	(97.7)	(70.6)
Free Cash Flow	(42.0)	33.0
Cash one-offs		(4.3)
Eliz Settlement	(2.8)	-
Dividends	(31.5)	(21.4)
Equity Proceeds	-	60.8
Sale of Assets	204.0	0.9
Net Cash Flow	127.7	69.0

F2001 EBITDA excludes profit on sale of assets and Elizabeth settlement

F2002 Working Capital includes benefit of additional credit card securitisation

Balance Sheet



Financial

Stores

Credit Card

**Online/
Foodchain**

	F2001	F2002
	\$m	\$m
Current Assets		
Inventory	287.3	287.2
Other Current Assets	94.4	81.9
	381.7	369.1
Non Current Assets		
Property Plant & Equipment	267.0	272.4
Other Non Current Assets	32.7	43.7
	299.7	316.1
Total Assets	681.4	685.2

....contd

Balance Sheet



Financial

Stores

Credit Card

**Online/
Foodchain**

...contd.

	F2001	F2002
	\$m	\$m
Current Liabilities		
Creditors & Provision	201.8	215.2
Borrowings	0.4	0.2
	202.2	215.4
Non Current Liabilities		
Creditors & Provision	11.5	14.4
Borrowings	61.4	0.1
	72.9	14.5
Total Liabilities	275.1	229.9
Net Assets & Shareholder Equity	406.3	455.3

Capital Management



Financial

Stores

Credit Card

**Online/
Foodchain**

- Strong operating cash flow
- ROFE FY2002 12.4% pre significant items
- Completion of \$65m RPS
- Balance sheet well positioned to accommodate seasonal working capital requirements as well as long term capex program
- Group remains on track to achieve ROFE of 15% by financial 2004

Financial Health Indicators



Financial

	F2001	F2002
Year end net debt: net debt + equity	11.0%	(4.2)%
Average net debt : net debt + equity	24.7%	13.3%
EBITDA Fixed Charge cover	2.28	2.25
EBIT Fixed Charge cover	1.56	1.63
Average Net Debt : EBITDA	1.33	0.60
Average Net Debt : EBIT	2.61	1.10
EBITDA Interest cover	8.16	13.12
EBIT Interest cover	4.16	7.15

Stores

Credit Card

Online/ Foodchain

- Disruption payment not deducted from rent to calculate fixed charge cover
- 2001 EBITDA excludes benefit of profit on sale & leaseback

Funds Employed



Financial

Inventory

F2001

287.3

F2002

287.2

Trade Payables

(166.3)

(166.8)

121.0

120.4

Stores

Receivables

90.9

65.4

Other Creditors

(29.4)

(39.0)

Working Capital

182.4

146.9

Credit Card

Fixed Assets

282.9

286.5

Total Funds Employed

465.3

433.4

Tax Balances

6.9

15.6

Dividend

(15.7)

(12.5)

Online/ Foodchain

Net Assets Employed

456.5

436.5

Net Debt

(50.2)

18.8

Equity

406.3

455.3

Return on Investment Analysis



	F2001	F2002
Financial		
Normalised EBIT pre Goodwill	50.5	59.7
Stores		
Normalised PAT pre Goodwill	31.1	37.4
ROFE* (year-end)	10.8%	13.8%
Credit Card		
ROFE (average)	9.3%	12.4%
ROE (year-end)	7.7%	8.2%
Online/ Foodchain		
ROE (average)	7.5%	9.0%

* excludes benefit of profit on sale & leaseback

Sales Environment



Financial

Stores

Credit Card

**Online/
Foodchain**

- Sales environment much stronger since beginning calendar 2002
- Continues to be positive sales environment
- Anticipate the current competitive retail environment will continue
- Successful summer fashion launch and good uptake of new stock
- 1Q Sales to be released early November

Profit Outlook



- We see the department store market growing between 2-3%
- If this growth continues through FY03 group reiterates its expectation to increase NPAT pre pref share dividends by a minimum of 15-20% compound in both FY03 and FY04 from \$35.5m
- Expect DJs gross margins to be stable despite competitive retail environment
- Further work on costs required to counter expected cost increases

Summary



- A strong core business result
- NPAT pre significant items at upper end of guidance range
- 3-year run of market share increase continues
- Work continues on Foodchain
- Reiterate guidance for FY03 and FY04



DAVID JONES LIMITED
ANNUAL RESULTS
2001/2002

17 September 2002