

AICD Perth

Peter Wilkinson

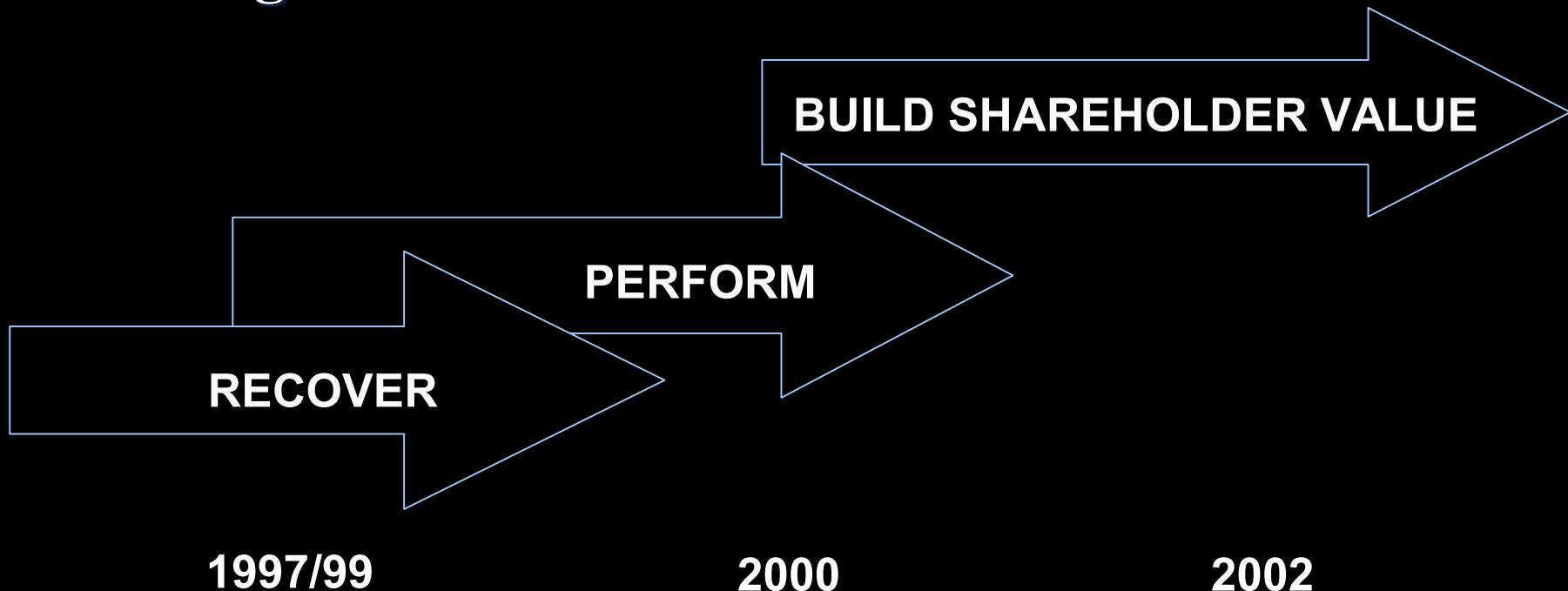
CEO David Jones Limited

October 2002

OVERVIEW OF STRATEGY



Moving from rebuilding the brand to building value for shareholders





RECOVER



DAVID JONES

BACKGROUND & OBJECTIVES



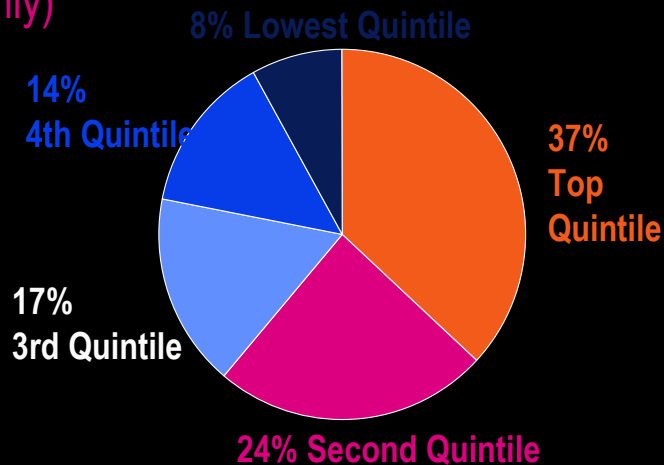
Background

- In 1997 we set about re-establishing the David Jones Brand
- We developed a value proposition which would reconstitute the brand and aim it squarely at a viable long term market segment

Most affluent customer group is the fastest growing market segment

WE IDENTIFIED THAT THE MOST AFFLUENT CUSTOMERS HAD THE MOST VALUE FOR US

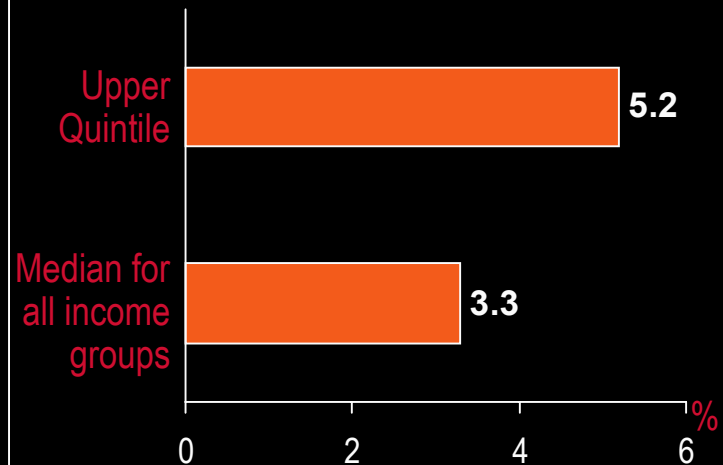
Expenditure* by income quintile % (Syd only)



* DJ Type products

THE TOP-INCOME QUINTILE'S INCOME IS GROWING SIGNIFICANTLY FASTER THAN THE NATIONAL MEDIAN

Annual % growth in income, '94/5 - '97/8



Source: ABS income distribution 1997-98

So Who is our Target Customer?



- Female
- AB Socio
- Aged 30 - 54 years
- Married with children
- Tertiary educated
- Owns/paying off a home
- Employed full or part time
- Manager/professional type roles
- Has an above average income



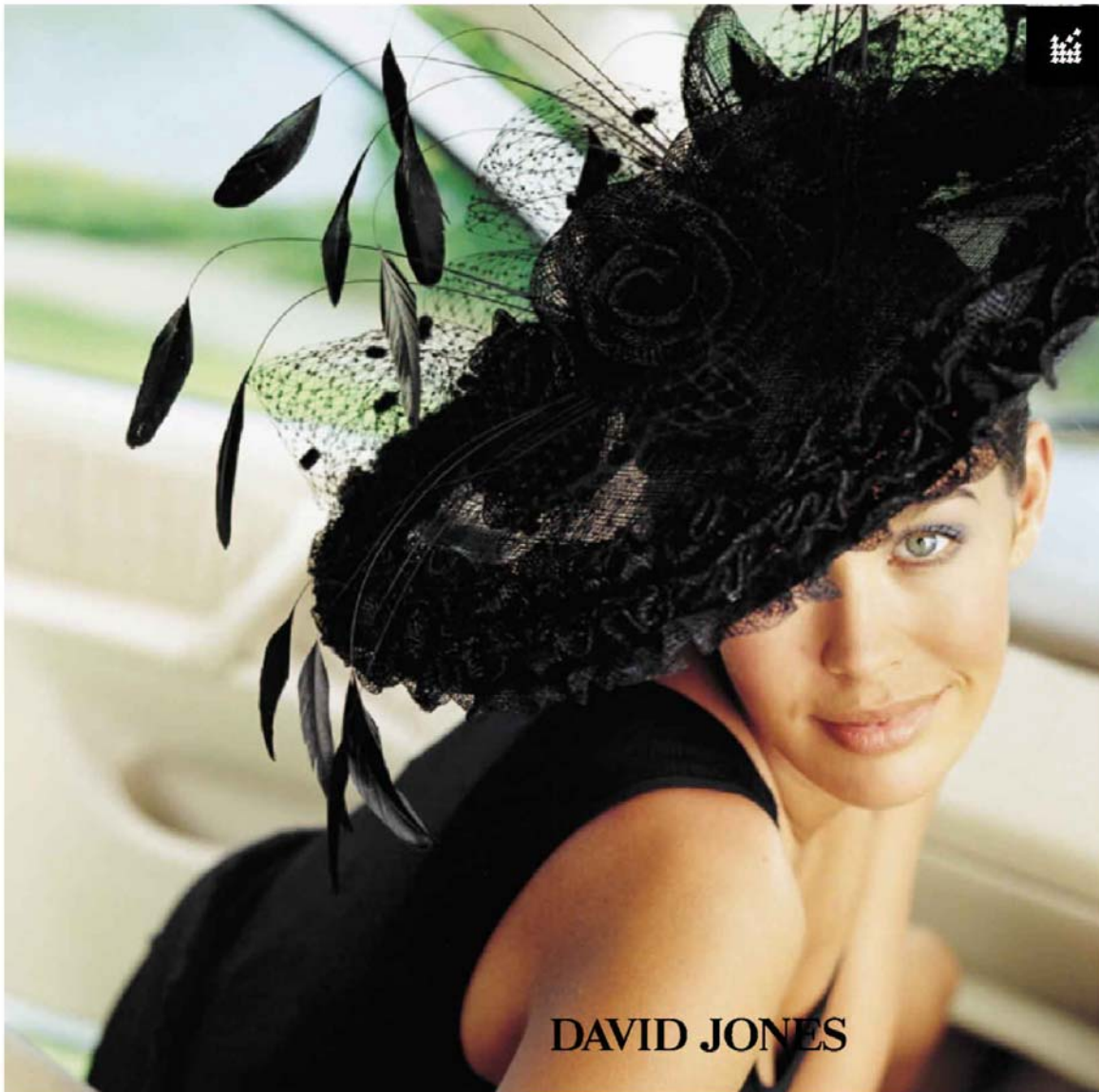
KEY VALUE PROPOSITION ELEMENTS



- Staff/Service
- Product Range
- Store Environment
- Communication



GROW



DAVID JONES

OVERVIEW



- Core Merchandise and Marketing Strategy - differentiation
- Stores Program - improve selling space by 38% 1998-2004, concentrate on most productive stores including the CBD of Perth
- Service Program - 5 star service
- Human Resources - succession planning, training and development
- Financial - improve balance sheet flexibility, rigorous financial discipline building

SIGNIFICANT DIFFERENTIATION



- Strategy has assisted us to develop a significant point of difference to our key competitor
- e.g. 65% of womenswear and 68% of menswear exclusive to DJS as a dept store.
- Provides competitive advantages which protect profit
- We are continuing to develop new segments in fact young fashion is one of our fastest growing areas - e.g. Baby Doll
- Refining other areas such as Home - a more fashionable element



BUILD SHAREHOLDER VALUE



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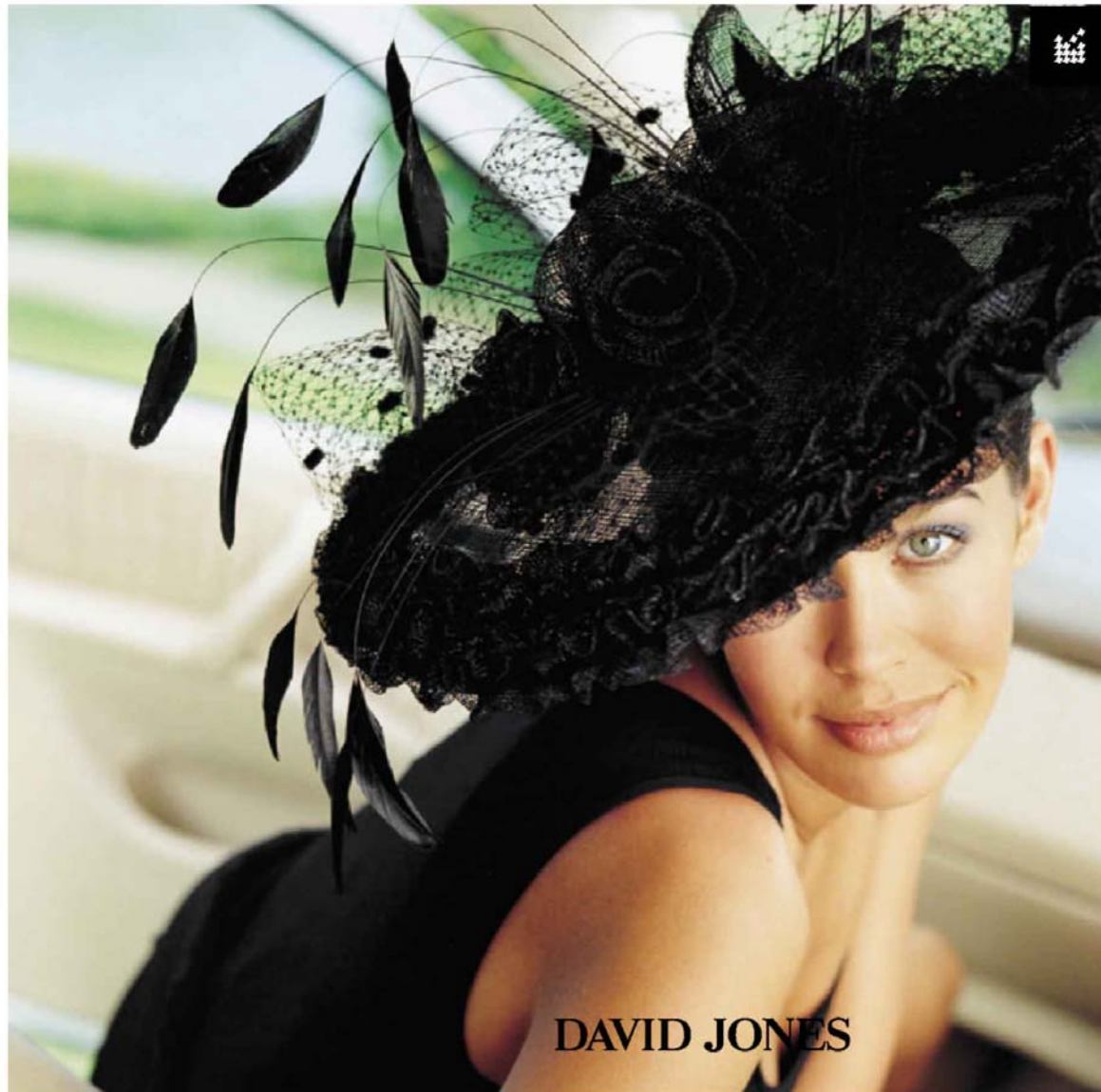
STRATEGIC REVIEW



- Strategy is formally reviewed annually
- Major review 2002 communicated to the market in May
- Core objective to achieve ROI of 15% in FY2004
- No change to core department stores
- Capital Management
- Capital Expenditure
- Foodchain



David Jones returns to Western Australia



DAVID JONES

AHERNS



- DJS Acquired Aherns in early 1999
- Phased changeover to DJS
- We wanted to demonstrate respect for the Aherns brand while introducing key elements of the DJS value proposition over time such that at the time of rebranding, the transition was complete
- Significant sales and market share gains in WA.

HAY STREET STORE



- Strong CBD presence has proven to be integral to brand acceptance and development in every state DJS is in
- Have doubled the size of the Hay Street store, which opens next week
- Very positive experience from refurbishment program to date which has included work on suburban stores to better reflect the DJS brand

HAY ST



HAY ST



HAY ST



CLAREMONT



CLAREMONT

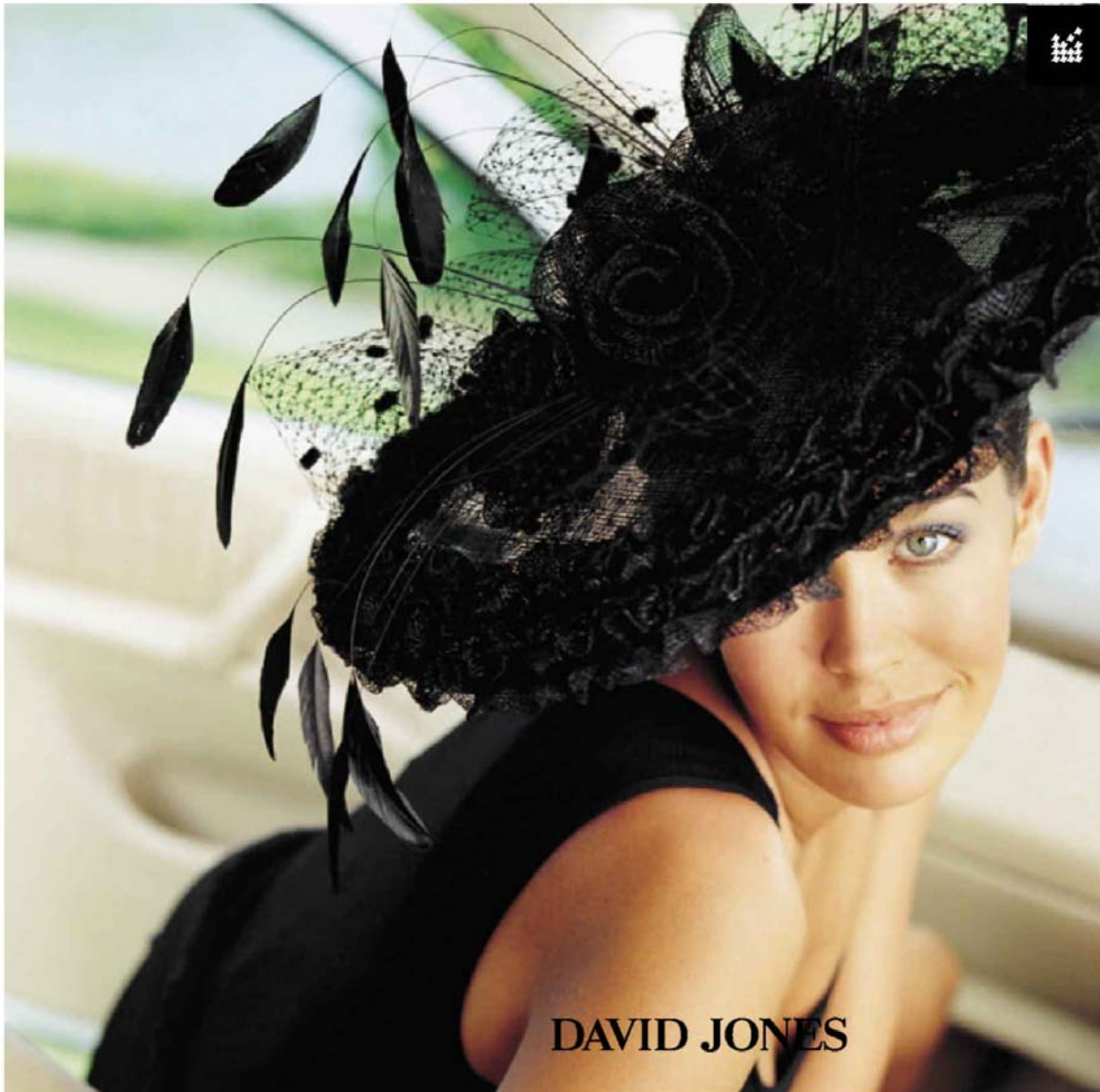


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RESULTS 2002



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RESULTS 2002



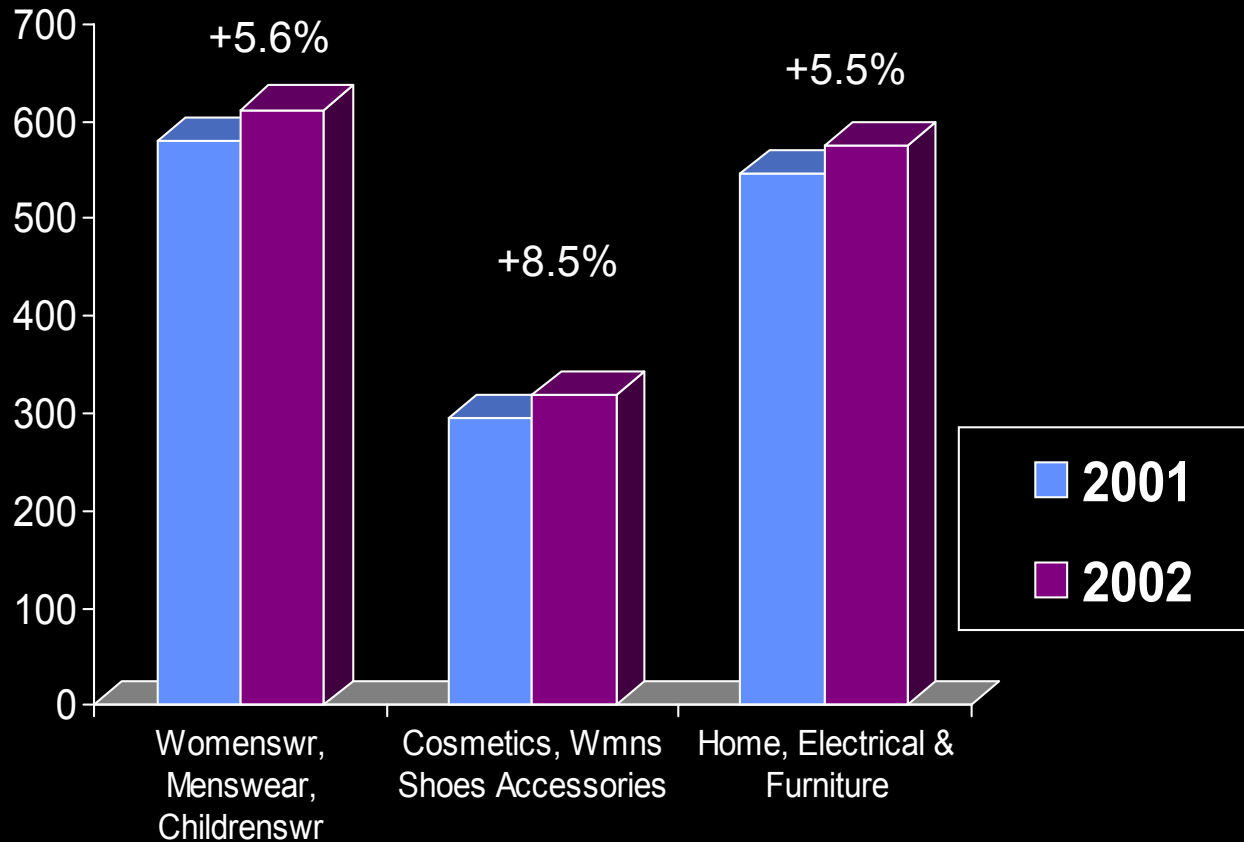
- Strong sales performance (+7.8%)
- Strong core business result EBIT +24.6%, including excellent credit card contribution (+40%)
- 3 year run of market share gains
- Gross margin and inventory well controlled
- Worlds best practice shrinkage result
- Good cost management
- Improvement in ROI
- Reduced capex

CORE RETAIL CATEGORY PERFORMANCE



SALES

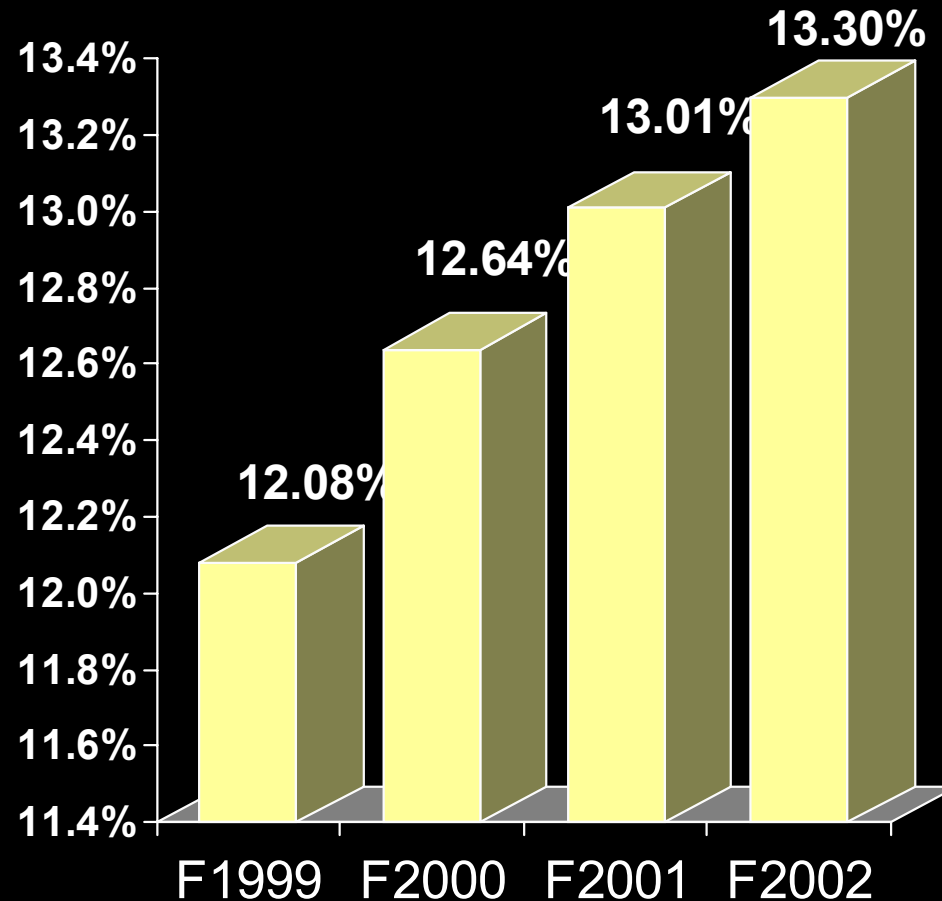
FY2001 vs FY2002



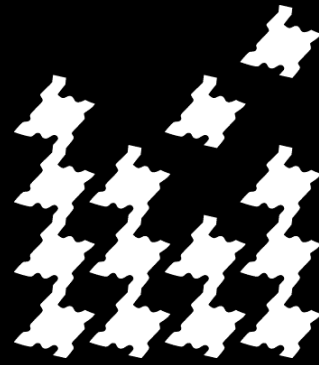
CORE RETAIL-MARKET SHARE



Share of Department Store Market



Note: Adjusted for WA in all years



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