

DAVID JONES

**FIRST HALF
RESULTS
AUG 03 - JAN 04**

PRESENTERS:
Mark McInnes
CHIEF EXECUTIVE
&
Stephen Goddard
FINANCE DIRECTOR

23 March 2004

1H04 Highlights vs 1H03



- 1H04 NPAT* of \$43.4m, up 58.2% - no significant items in 1H04
- On pre significant items basis NPAT** up 35.7%
- Company EBIT up 31.3% from 5.2% to 6.8% of Sales
- Department Store EBIT up 23.7% from 4.5% to 5.4% of Sales
- Credit Card EBIT up 20.0%
- New Dividend Policy; Payout Ratio not less than 75%
- Interim Dividend of 5 cps (fully franked) - up 67%

* pre reset preference shares (RPS) dividends but post significant items

** pre RPS dividends and pre significant items (in 1H03)

1H04 Key Performance Indicators



- Sales * +2.8%
- Gross Profit 37.7% (LY 36.9%)
- Cost of Doing Business 32.3% (LY 32.5%)
- Stock * +1.1%
- Operating Cashflow +70.9%

* as % increase for continuing business

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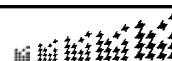
Refurbishments



- Market St Foodhall - opened Aug 03
- Bondi - completed Nov 03
- Ground & Lower Ground Elizabeth St - full refurbishment to be undertaken from May 04 to Nov 04
- Bourke St Foodhall - to be closed in Apr 04 and reopened as new Foodhall in Sept 04

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Gross Profit



- Gross Profit 37.7% (LY 36.9%)
- Improved performance due to:
 - continued focus on the best national and international brands
 - some benefit from category mix
- 1H Gross Profit typically 1% higher than 2H (eg. 1H03 36.9% vs 2H03 36.1%; 1H02 36.4% vs 2H02 35.4%)

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Results Summary



	1H03	1H04	% Change
Total Sales - continuing business (\$m)	900.9	926.3	+ 2.8%
Total Sales (\$m)	924.0	926.3	+ 0.3%
Total EBIT – before significant items (\$m)	48.3	63.4	+ 31.3%
Total NPAT – before significant items (\$m)	32.0	43.4	+ 35.7%
NPAT - after significant items (\$m)	27.4	43.4	+ 58.2%
EPS – before significant items (c)	7.2	9.9	+ 37.5%
DPS (c)	3.0	5.0	+ 66.7%

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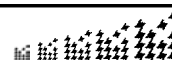
EBIT Summary



	1H03	1H04	Change
	\$m	\$m	%
EBIT Contribution from:			
- Department Stores	40.3	49.8	+ 23.7%
- Credit	10.2	12.3	+ 20.0%
- Property	1.3	1.4	+ 3.2%
- Foodchain (operating)	<u>(3.5)</u>	<u>—</u>	<u>-100.0%</u>
EBIT (before significant items)	48.3	63.4	+ 31.3%
Significant Items	<u>(4.6)</u>	<u>—</u>	<u>- 100.0%</u>
Total EBIT	43.7	63.4	+ 45.1%

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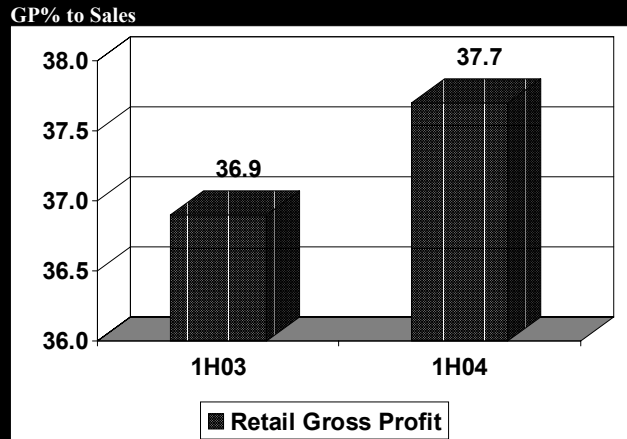
PAT Comparison



	1H03	1H04	Change
	\$m	\$m	%
EBIT (before significant items)	48.3	63.4	+31.3%
Less Interest	<u>2.0</u>	<u>1.1</u>	<u>- 42.6%</u>
PBT	46.3	62.3	+34.5%
Less Tax	<u>14.3</u>	<u>18.9</u>	<u>+31.9%</u>
PAT (before significant items)	32.0	43.4	+35.7%
Less significant items after Tax	<u>4.6</u>	<u>—</u>	<u>-100.0%</u>
PAT (after significant items)	27.4	43.4	+58.2%

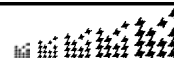
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Core Retail Gross Profit



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Inventory Management

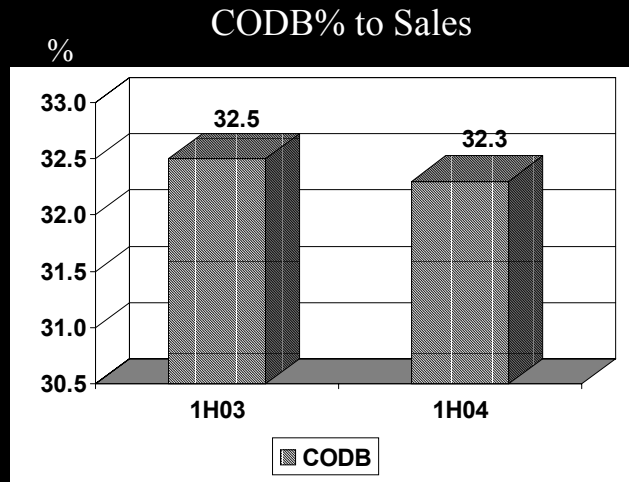


- Well established inventory management practices
- Inventory levels clean and well managed
- Total sales +2.8%, stock levels +1.1% (department stores only)
- Aged stock levels below 5% benchmark

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Core Retail - Cost of Doing Business

- more than offsets cost increases



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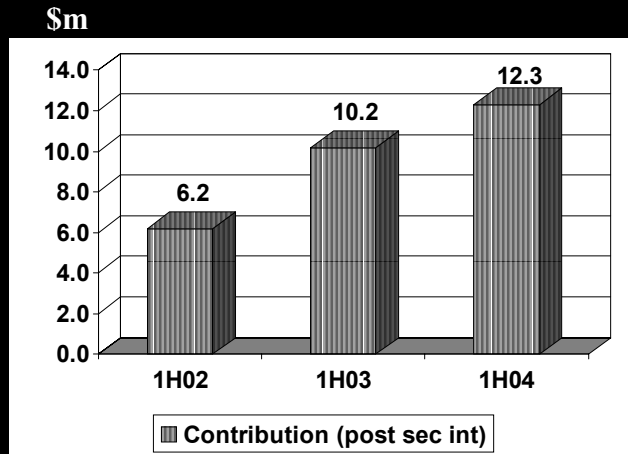
Cost of Doing Business (CODB)



- CODB 32.3% (LY 32.5%)
- Cost Efficiencies program well underway and on track
 - benefits sustainable
 - opportunities identified for FY05
 - no impact on customers or service levels

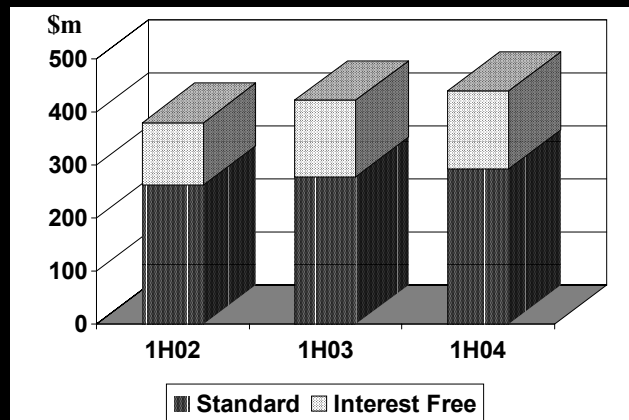
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Credit - EBIT (post securitised Interest)



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Credit - Half Year-end Standard/ Interest Free Receivables



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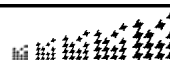
Credit Performance



- Flow on of initiatives from FY02 and FY03 delivered 20% EBIT growth
- Continued integration into core business marketing
- Focused management of costs
- Well managed interest free program
- Interest margins - risk of rising interest rates offset through hedging
- Continued good management of bad debts

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Cash Flow



	1H03	1H04
	\$m	\$m
EBITDA (before significant items)	73.1	85.0
Interest	(2.0)	(1.2)
Tax	(8.5)	(8.2)
Net reduction in Working Capital	<u>5.1</u>	<u>40.1</u>
Operating Cash Flow (before Significant Items)	67.7	115.7
Cash Significant Items	<u>(5.0)</u>	<u>(13.0)</u>
Operating Cash Flow	62.7	102.7
Capital Expenditure	(32.4)	(16.7)
Other	<u>0.2</u>	<u>0.1</u>
Net Investing Cash Flow	(32.2)	(16.6)
Free Cash Flow	30.5	86.1
Dividends	(12.5)	(15.0)
Equity Proceeds	<u>4.5</u>	<u>-</u>
Net Cash Flow	<u>22.4</u>	<u>71.2</u>

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Balance Sheet



	1H03 \$m	1H04 \$m
Current Assets		
Inventory	290.1	290.8
Other Current Assets	<u>112.1</u>	<u>165.3</u>
	402.2	456.1
Non Current Assets		
Property Plant & Equipment	280.9	216.2
Other Non Current Assets	<u>42.5</u>	<u>50.5</u>
	323.4	266.7
Total Assets	<u>725.6</u>	<u>722.8</u>

..... contd.

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Balance Sheet



	1H03 \$m	1H04 \$m
Current Liabilities		
Creditors & Provisions	215.5	247.1
Borrowings	<u>2.4</u>	<u>1.7</u>
	217.9	248.8
Non Current Liabilities		
Creditors & Provisions	24.2	25.6
Borrowings	<u>-</u>	<u>-</u>
	24.2	25.6
Total Liabilities	<u>242.1</u>	<u>274.4</u>
Net Assets & Shareholder Equity	<u>483.5</u>	<u>448.4</u>

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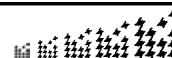
Funds Employed



	1H03	1H04
	(\$m)	(\$m)
Inventory	290.1	290.8
Trade Payables	<u>(181.6)</u>	<u>(222.1)</u>
	108.5	68.7
Receivables - current	68.5	49.0
Other Creditors - current	<u>(13.5)</u>	<u>(11.4)</u>
Working Capital	163.5	106.3
Receivables – non current	2.6	5.6
Other Creditors – non current	<u>(23.9)</u>	<u>(25.3)</u>
Fixed Assets	<u>294.0</u>	<u>253.7</u>
Total Funds Employed	436.2	340.4
Tax Balances	14.0	24.0
Restructuring	<u>(5.2)</u>	<u>(1.7)</u>
Dividend	<u>(2.7)</u>	<u>(2.7)</u>
Net Assets Employed	442.3	360.0
Cash/(Debt)	<u>41.2</u>	<u>88.4</u>
Equity	483.5	448.4

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Financial Health Indicators



	1H03	1H04
Half Year-end Net Debt: Net Debt + Equity	(9.3%)	(24.6%)
EBITDA Fixed Charge cover	2.67	2.98
EBIT Fixed Charge cover	2.09	2.46
EBITDA Interest cover	28.90	37.86
EBIT Interest cover	19.10	28.24

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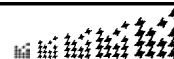
Capital Management



- Strong operating cash flow
- Balance sheet well positioned to accommodate seasonal working capital requirements and long term capital expenditure program

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Dividend



- New dividend policy - payout ratio of not less than 75% (previously 60%-80%)
- In line with philosophy of 'return excess cashflows to shareholders in the most efficient manner over time'.
- 1H04 Dividend 5 cps (fully franked) - up 67% on 1H03

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Outlook



- Reaffirm PAT guidance
- Capital Management - undertaking comprehensive review in conjunction with independent, external adviser, Gresham Partners