DAVID JONES LIMITED

FULL YEAR RESULTS

AUGUST 2003- JULY 2004

PRESENTERS

MARK McINNES - CHIEF EXECUTIVE

STEPHEN GODDARD - FINANCE DIRECTOR

FY04 Financial Highlights

- 53% underlying NPAT* growth in FY04 - $65.3m in FY04 compared to $42.7m in FY03
- Total Company EBIT to Sales ratio up 42% (5.4% in FY04; 3.8% in FY03)
- Achieved sustainable Cost Efficiencies in excess of $17m target in FY04
- Achieved $50m target for Capital Expenditure in FY04
- Gross Margin exceeded - Gross Margin of 37.1% in FY04 compared to 36.5% in FY03 and Strategic Review target of 36.5% to 36.9%
- Strong Cashflows - $97.8m cash at year end for FY04, up 464% on FY03
- 2H04 Dividend up 100% on 2H03 – 6 cps in 2H04 compared to 3 cps in 2H03
- Full Year Dividend up 83% on FY03 – 11 cps in FY04 compared to 6 cps in FY03

** Profit after Tax is before RPS dividend and pre significant items*

Results Summary

	FY 2004	FY 2003	% Change
Total Sales ($m)	1769.5	1,711.2 *	+ 3.4%
Total EBIT – pre significant items ($m)	95.3	65.2	+ 46.1%
NPAT – pre significant items ($m)	65.3	42.7	+ 53.0%
NPAT - post significant items ($m)	65.3	(25.5)	+ 356.5%
Basic EPS – pre significant items (c)	14.6	9.2	+ 58.7%
DPS (c)	11.0	6.0	+ 83.3%

** Includes DJ Online and Foodchain Sales*

Company Strategy

Strategy for FY04:

- Concentrate on core department store and credit card business
- No distractions of non-performing, non-core businesses
- Adopt revenue generating initiatives and financial disciplines to manage impact of economic cycle

Revenue Initiatives

Revenue initiatives played major role in:

- FY04 Sales
- Department Store contribution
- EBIT growth improvement
- Market positioning
- Competitive response

Revenue Generating Initiatives

1. Development and Expansion of our Brand Offering

- **Womenswear:** SABA, Lisa Ho and Ho, Witchery, Events, Gant, Jayson Brunsdon, Bare by Rebecca Davies, Willow, Sunjoo Moon, Alice McCall, Toni Maticevski, Camilla & Marc, Andrea Rembeck, Ben Sherman, Tommy
- **Menswear:** Ben Sherman, Ted Baker, Kenneth Cole, Helmut Lang, Costume Nationale, Miu Miu, Duffer of St. George, Fred Perry, Zambelli, Tommy Hilfiger, Sportscraft, Pringle
- **Youth Fashion:** True Religion, Free Soul, Blue Cult, Seven, Juicy Couture Fashion Assassin, Mavi Jeans, Earl Jeans, Von Dutch
- **Childrenswear:** Ben Sherman, Benetton, Baby Ka'Boosh, Ouch, Plum, Bondi Beach Company, Billy Cart, Diesel, Ticklish, Hawk

….contd.

Revenue Generating Initiatives

1. Development and Expansion of our Brand Offering

- **Accessories –** Mimco, Dior, Fendi, Prada, Mademoiselle, Benetton, Marcs, Furla, Billy Bag, Ted Baker, Herve Chapelier, Longines, Techno Marine, Swiss Army,Timex, Sportscraft, Simply Italian, MKD Design, Table Eight Jewellery, Hot Diamonds, Ophelia
- **Footwear** – Sportscraft, D&G, Lacoste, Merrell, Giorgio Armani, Emporio Armani, Defonseca, Urge, Tsubo, L'Autre Chose, Travel Pro
- **Homewares** – Ralph Lauren Home, Calvin Klein Home, Armani Casa, FCUK Homewares, Donna Hay Homewares, Yves Delorme, Olivier Desforges, Georg Jensen Homewares, Natuzzi Galleries, Apple Computers

….contd.

Revenue Generating Initiatives

1. Development and Expansion of our Brand Offering

- **Food** – Donna Hay Food, Max Brenner, Charbonnet & Walker, Godiva Chocolatier, Tetsuya Sauces and Dressings, Stefano De Pieri
- **Cosmetics –** Napoleon, SK-II, Origins, MAC, Jo Malone, OPI, Molton Brown, Jil Sander, Anthony Logistics, L'Artisan, Penhaligans, Vera Wang – Men, 3 Custom Colour, Cargo, Versace, Dyptique, Miller Harris

Revenue Generating Initiatives

2. Enhanced Marketing & Promotional Program

- Increased investment in marketing in competitive environment
- Investment funded from cost savings above $17m target
- Strategic decision leveraged positive consumer sentiment
- Combat rebranding of Myer in NSW
- Ability to invest in marketing programs evidence of our ability to respond to prevailing market conditions

Revenue Generating Initiatives

3. Strategic Refurbishments (within $ Capex target)

- Very successful FY04 refurbishment program – strong sales impact
- Market St Foodhall — Opened August 03
- Bondi Junction — Opened November 03
- Bourke St Foodhall — Opened September 04
- Elizabeth St Gr & LG Floors — To open November 04
- Queen Street - Phase 1 — To open around April 05
  - Phase 2 — To open early-mid 06
- Further focus on brand initiatives with over 250 individual installations expected in FY05

Revenue Generating Initiatives

4. Credit Card Cross-Promotional Campaign

- Credit business achieved all KPIs
- Credit Card EBIT contribution up 25.3% on LY and exceeded target growth
- Leveraged ownership of credit data to build sales
- Cross-marketing and integration into department store marketing program
- Strategic information advantage in place

Revenue Generating Initiatives

5. Shareholder Rewards Program

- Continuing with the DJs shareholder program
- Continue to monitor customer response in competitive loyalty market
- Reserve right to vary or suspend if not value enhancing to all shareholders
- Too early for results at this stage

Financial Disciplines

1. Cost Efficiencies

- Cost Efficiency program culturally embedded, with direct link to Management reward structure
- Savings for FY04 in excess of $17m target, providing flexibility for reinvestment
- $17m savings for FY05 written into budget
- Confident of $17m savings for FY06
- Areas of cost efficiencies and significant savings generated in FY04 included telecommunications, advertising, printing, packaging, lift & escalator maintenance
- Areas of focus in FY05 will include supply chain, cost efficiency ‘better business teams’ and structural costs to support the business

Financial Disciplines

2. Capital Expenditure Guidelines

- Met $50m target capex for FY04
- On track for FY05 target of $50m
- Capex Committee instituted with clear principles in place to manage business case reviews, approvals and return on investment

Financial Disciplines

3. Inventory Management

- Inventory management principles embedded in culture, with direct link to reward structure
- Aged inventory below 5% target (first year that all Buyers achieved individual aged inventory % targets)
- Inventory levels at year-end for FY04 +5.8% on last year, with extra week's deliveries in 53rd week

Financial Disciplines

4. Store Portfolio

- All 35 department stores contributed positive store profits in FY04
- Only one change to Store Portfolio in FY04 - as previously advised, Rockingham, WA (Aherns store) closed on 31 July 04 (Sales of $4.5m in FY04)

Financial Disciplines

5. Capital Management & Cashflow

- ROFE lifted to 26.1% in FY04 (14.8% in FY03)
- Strong operating Cashflows pre significant items ($180.6m in FY04 vs $97.2m in FY03)
- Capital Management review underway, with business performance and cash position providing greater flexibility for future options
- Independent advisers Gresham Partners assisting in Capital Management review
- Strong base for future Capital Management initiatives being built

EBIT Summary

	FY 2004	FY 2003	Change
EBIT Contribution from:	**$m**	**$m**	**%**
- Department Stores	65.0	47.5	+ 36.7%
- Credit	27.7	22.1	+ 25.3%
- Property	2.6	2.5	+ 5.3%
- Foodchain (Operating)	-	(6.9)	n/a
EBIT (pre significant items)	**95.3**	**65.2**	**+ 46.1%**
Significant Items	**-**	**(84.3)**	**n/a**
Total EBIT	**95.3**	**(19.1)**	**+599.8%**

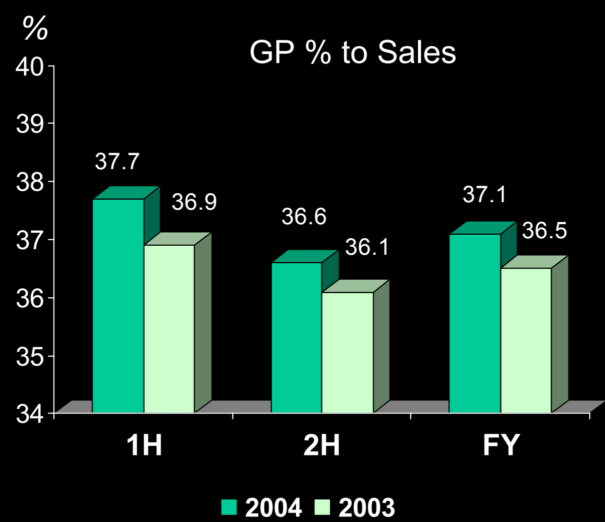
PAT Comparison

	FY 2004	FY 2003	Change
	$m	$m	%
EBIT (pre significant items)	95.3	65.2	+ 46.1%
Less Interest	0.6	3.2	- 82.7%
PBT	**94.7**	**62.0**	**+ 52.9%**
Less Tax	29.4	19.3	+ 52.6%
PAT (pre significant items)	**65.3**	**42.7**	**+ 53.0%**
Less Significant Items after Tax	-	68.2	n/a
PAT (post significant items)	**65.3**	**(25.5)**	+356.5%

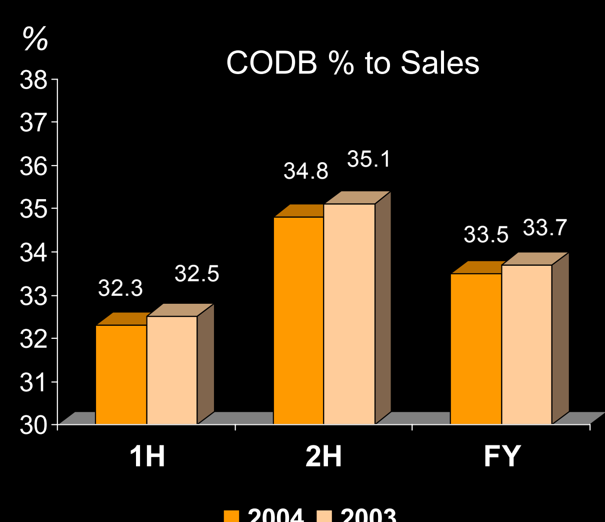
2H04 Performance (Pre Significant Items)

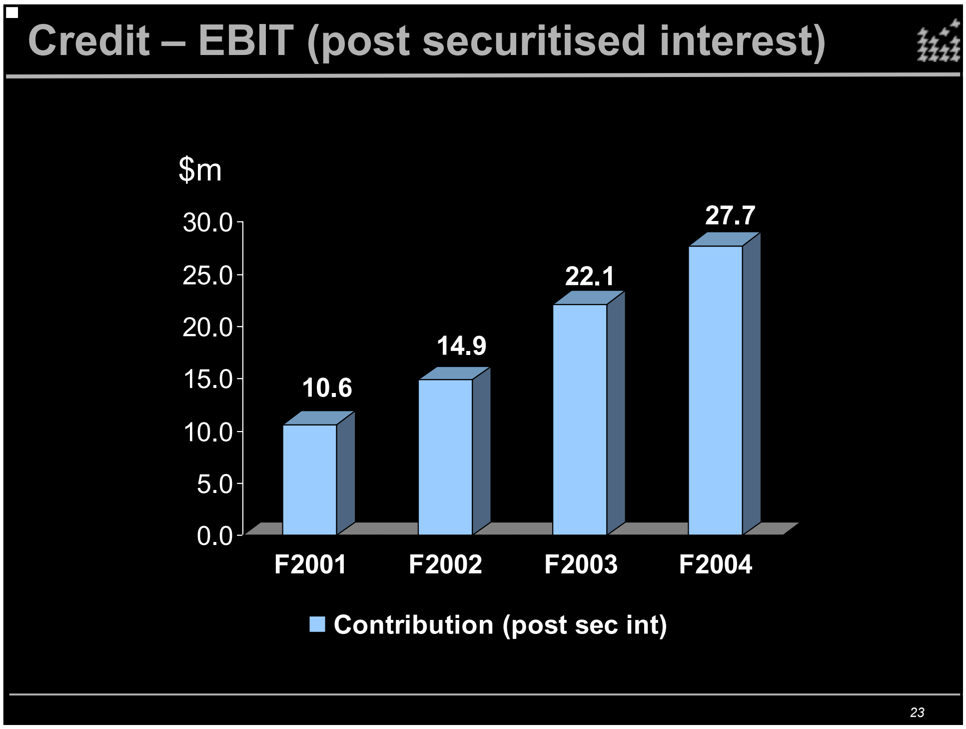
	2H04	% to Sales	2H03	% to Sales
	$m		$m	
Total Sales	843.2		770.3	
Gross Profit	308.3	36.6%	277.8	36.1%
CODB	293.1	34.8%	270.5	35.1%
EBIT – Department Stores	15.2	1.8%	7.3	0.9%
- Credit	15.4		11.8	
- Property	1.3		1.2	
- Foodchain	-		(3.4)	
EBIT - Total	31.8	3.8%	16.9	2.2%
Net Interest Expense/(Income)	(0.6)		1.3	
Profit Before Tax	32.5		15.6	
Tax	(10.5)		(4.9)	
Profit After Tax	21.9	2.6%	10.7	1.4%

Core Retail – Gross Profit

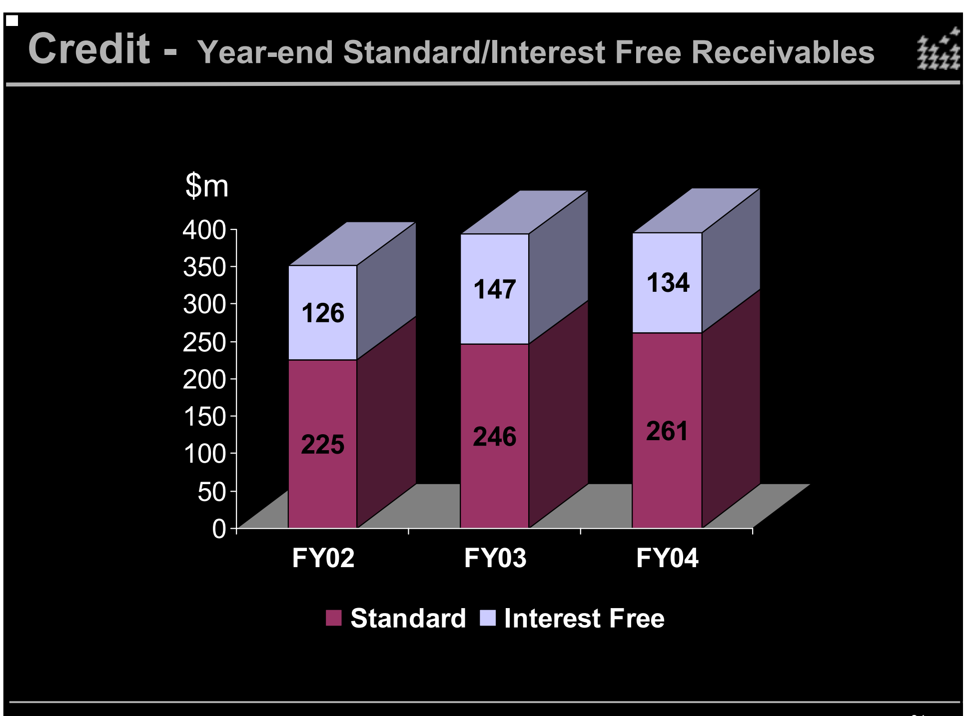


Core Retail – Cost of Doing Business





Credit – EBIT (post securitised interest)
$m
30.0
25.0
20.0
15.0
10.0
5.0
0.0
10.6
14.9
22.1
27.7
F2001
F2002
F2003
F2004
Contribution (post sec int)
23



Credit - Year-end Standard/Interest Free Receivables
$m
400
350
300
250
200
150
100
50
0
126
147
134
225
246
261
FY02
FY03
FY04
Standard
Interest Free
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Cash Flow

	FY2004 $m	FY2003 $m
EBITDA (pre significant items)	138.2	112.7
Interest	(0.6)	(3.3)
Tax	(9.0)	(17.9)
Net reduction in Working Capital	55.8	18.5
Other Operating Cash Flows	(3.8)	(12.8)
Operating Cash Flow (pre significant Items)	**180.6**	**97.2**
Cash Significant Items	(13.6)	(18.5)
Operating Cash Flow	**167.0**	**78.7**
Capital Expenditure	(50.9)	(61.9)
Other	0.3	0.4
Net Investing Cash Flow	**(50.6)**	**(61.5)**
Free Cash Flow	**116.4**	**17.2**
Dividends	(38.2)	(18.7)
Equity Proceeds	0.8	(0.1)
Net Cash Flow	**78.9**	**(1.6)**

Balance Sheet

	FY2004 $m	FY2003 $m
Current Assets		
Inventory	306.2	289.5
Other Current Assets	179.9	72.6
	486.1	**362.1**
Non Current Assets		
Property Plant & Equipment	229.6	246.5
Other Non Current Assets	55.1	51.1
	284.7	**297.6**
Total Assets	**770.8**	**659.7**

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Balance Sheet

	FY2004 $m	FY2003 $m
Current Liabilities		
Creditors & Provisions	294.0	214.2
Borrowings	1.7	0.1
	295.7	**214.3**
Non Current Liabilities		
Creditors & Provisions	27.1	25.4
Borrowings	-	-
	27.1	**25.4**
Total Liabilities	**322.8**	**239.7**
Net Assets & Shareholder Equity	**447.9**	**420.0**

Funds Employed

	FY2004 $m	FY2003 $m
Inventory	306.2	289.5
Trade Payables	(255.7)	(182.7)
	50.5	**106.8**
Receivables - current	55.9	55.2
Other Creditors - current	(9.8)	(9.6)
Working Capital	**96.6**	**152.4**
Receivables – non current	5.1	4.9
Other Creditors – non current	(26.9)	(25.1)
Fixed Assets	266.0	258.7
Total Funds Employed	**340.8**	**390.9**
Tax Balances	14.3	30.6
Restructuring	(0.7)	(16.1)
Dividend	(2.6)	(2.6)
Net Assets Employed	**351.8**	**402.8**
Net Debt	96.1	17.2
Equity	**447.9**	**420.0**

Financial Health Indicators

	FY2004	FY2003
Year end net debt: net debt + equity	(27.3%)	(4.3%)
EBITDA Fixed Charge cover	2.64	2.34
EBIT Fixed Charge cover	2.12	1.75
EBITDA Interest cover	38.15	24.75
EBIT Interest cover	26.31	14.33
ROFE (year-end)	28.5%	17.2%
ROFE (average)	26.1%	14.8%
ROE (year-end)	15.0%	10.6%
ROE (average)	15.5%	9.6%

Dividend

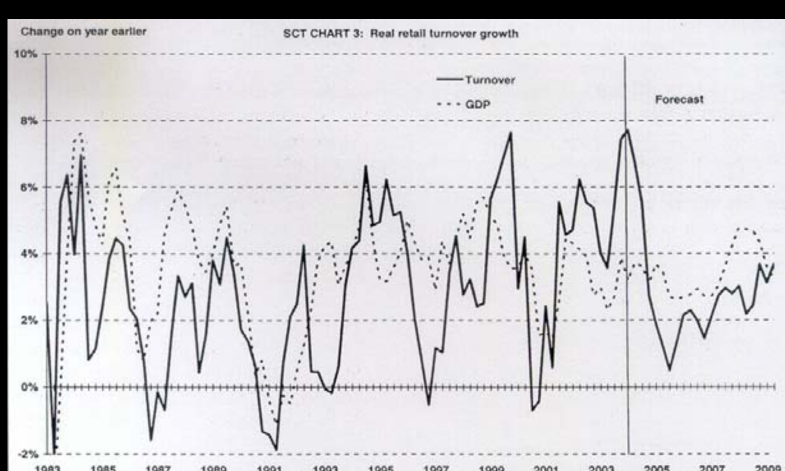
- 2H04 dividend of 6 cents per share, up 100% on 2H03 dividend of 3 cents per share
- FY04 dividend of 11 cents per share, up 83% on FY03 dividend of 6 cents per share
- Dividend level in keeping with desire to 'return excess cashflows to shareholders in the most efficient manner over time' and payout policy of 'not less than 75% of NPAT'

Outlook

- Confident in continued development of secure, robust business model through FY05
- Confident about our capacity to deliver earnings growth in FY05 and FY06
- We have factored into our forecast a consumer spending slowdown in 2005

Outlook

Real Retail Turnover Growth



Source: Access Economics Business Outlook June 2004

Outlook

- Our guidance for FY05 is:
  - increase in Sales of 1.5% - 2.5% on FY04
  - increase in NPAT of 5% in FY05 on FY04
- This guidance is based on a forecast consumer slowdown in 2005
- First 8 weeks Sales comfortably above 1.5% - 2.5% range

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Outlook

- We will continue implementing revenue generating initiatives in FY05 & FY06
- We will continue implementing organisation-wide cost efficiencies
- We believe there is scope to generate further shareholder value through Capital Management
- An update on Capital Management opportunities to be given at the 1H05 Results presentation

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