DAVID JONES LIMITED
FULL YEAR (FY08) RESULTS
AUGUST 2007 – JULY 2008

Presenters:
Mark McInnes – Chief Executive
Stephen Goddard – Finance Director

Financial Highlights

- Highest FY profit result & dividend since 1995 listing
- Sales Revenue in excess of $2 billion – grown by over $420m since 2003 (essentially same store base)
- FY08 PAT* up 25.1% to $137.1m ($109.5m FY07)
- 2H08 PAT* up 25.0% to $48.1m ($38.5m 2H07)

** PAT is underlying PAT – Note on Slide 26*

Financial Highlights

- Total Company EBIT $212.9m
- Total Company ‘EBIT to Sales Ratio’ up 130bp – FY08 10.2% vs FY07 8.9%
- Gross Profit Margin 39.5% in FY08 vs 39.3% in FY07
- CODB reduced by 110bp (31.2% FY08 vs 32.3% FY07)

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Financial Highlights

- 2H08 Dividend up 23.1%
- 2H08 Dividend 16cps (13cps in 2H07)
- FY08 Dividend up 22.7%
- FY08 Dividend 27cps (22cps in FY07)

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Financial Highlights

- FY09 Profit Guidance of at least 5%-10% reaffirmed

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EBIT

EBIT to Sales performance

	FY08	**FY07**
EBIT	**212.9**	176.1
% to Sales	**10.2**	8.9
EBITDA	**254.5**	212.2
% to Sales	**12.1**	10.7

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Profit Summary FY08

	FY08 $m	FY07 $m	Change %
Sales	2,098.0	1,983.2	+ 5.8%
Gross profit - Department Stores	829.8	779.8	+ 6.4%
% to sales - department stores	39.5%	39.3%	
Cost of Doing Business	655.2	639.9	+ 2.4%
% to sales - department stores	31.2%	32.3%	
- Department Stores EBIT	174.6	139.9	+ 24.7%
- Financial Services EBIT	38.4	36.1	+ 6.3%
EBIT - TOTAL	212.9	176.1	+ 21.0%
% to total sales	10.2%	8.9%	
Net Interest Expense	15.5	16.7	- 7.6%
Profit before tax	197.5	159.3	+ 23.9%
Income Tax	60.4	49.8	+ 21.3%
Profit after Tax	137.1	109.5	+ 25.1%

** Note on Slide 26*

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Profit Summary 2H08

	2H08 $m	2H07 $m	Change %
Sales	963.8	947.3	+ 1.7%
Gross profit - Department Stores	378.1	370.2	+ 2.1%
% to sales - department stores	39.2%	39.1%	
Cost of Doing Business	322.0	323.5	- 0.5%
% to sales - department stores	33.4%	34.2%	
- Department Stores EBIT	56.1	46.6	+ 20.3%
- Financial Services EBIT	20.0	18.8	+ 6.6%
EBIT - TOTAL	76.2	65.4	+ 16.4%
% to total sales	7.9%	6.9%	
Net Interest Expense	7.2	9.8	- 26.5%
Profit before tax	69.0	55.7	+ 23.9%
Income Tax	20.9	17.2	+ 21.5%
Profit after Tax	48.1	38.5	+ 25.0%

** Note on Slide 26*

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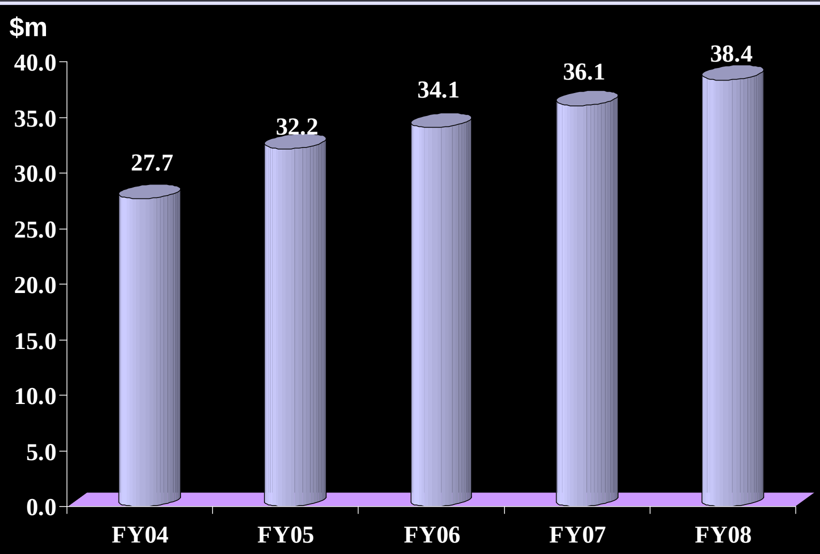
2H08 Financial Highlights

• 2H08 PAT	+	25.0%
• 2H08 Gross Profit	↑	10 bp
• CODB	↓	80 bp

Financial Services EBIT



Financial Services

- Continued solid performance with **Financial Services EBIT +6.3%** for FY08 in line with guidance
- Receivables transferred to Amex on 1 Aug 08
- On track for DJs Amex Card launch and rollout in early Oct 08
- On track for FY09 EBIT **guidance of +7.5%** increase on FY08

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Cost of Doing Business

- FY08 CODB 31.2% **- reduced by 110bp** from FY07
- Proven track record in sustainably reducing CODB% each year since FY03
- Cost efficiency program has been accelerated to deliver benefits in line with the downturn and is on track
- Confident of reducing CODB % as a driver of PAT growth in the downturn

Note: More detailed explanation of individual 4E cost lines shown in the Appendices

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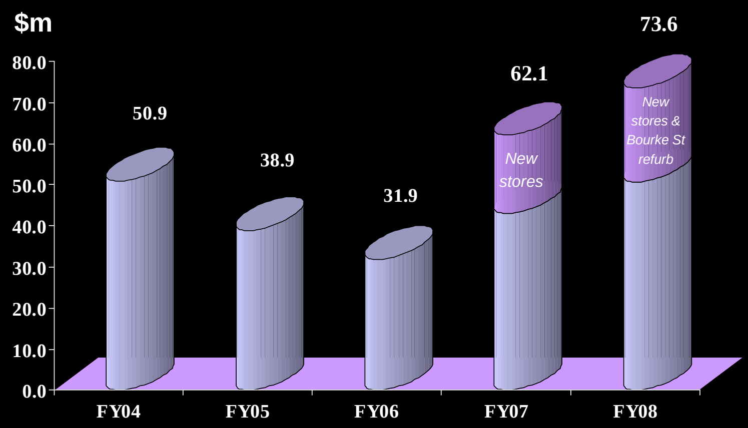
Capital Expenditure

- Underlying Capex in line with target of $50m excluding capex for new stores & Bourke St store refurbishment



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Sale of Bourke Street Home Store

- Sale of Bourke Street Home Store settled in July 08 delivering $42.0m of cash
- 1-off PAT of $10.2m on sale in FY08
- Disruption compensation facility of $8.0m in FY09 & 1H10

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Cash Flow

- Continued strong free cash flow (after capex) of $128.3m (vs $115.6m LY)
- Long term 'net' debt reduced by $85m by end of FY08
- Sale of Bourke St Home Store in July 08 delivering $42m cash
- Cash position is strong & sustainable with significant future investment by external stakeholders

Cash Flow

	FY 08 $m	FY 07 $m
EBITDA	254.5	212.2
Interest income/(expense)	(15.5)	(16.7)
Tax paid to ATO	(68.9)	(44.3)
Share based payment expense	7.8	8.1
(Profit)/Loss on sale of NCA	0.0	0.1
Interest classified as financing activity	1.3	3.3
Net movement in working capital	27.6	34.6
Net movement in other assets/liabilities	(4.8)	0.5
Operating cash flow	**202.0**	**197.7**
Capex	(73.6)	(62.1)
Payments for acquisition of Burwood	0.0	(20.0)
Net Investing Cash flow	**(73.6)**	**(82.1)**
Free cash flow	**128.3**	**115.6**
Dividends	(85.2)	(59.5)
Interest paid - RPS	(1.3)	(3.3)
Equity proceeds	0.1	0.1
Net Cash flow	**41.9**	**52.9**
Repayment of borrowings	(180.0)	0.0
Proceeds from sale of Little Bourke Street	42.0	0.0
Repurchase of CBD stores, including swaps	0.0	(413.6)
Proceeds from borrowings	0.0	350.0

Financial Health Indicators

	FY08	FY07
Average Net Debt: Net Debt + Equity	**25.6%**	34.2%
Average Net Debt: EBITDA	**0.7**	1.0
EBITDA Interest Cover	**16.5**	12.7
EBITDA Fixed Charge Cover	**3.7**	3.4
ROFE (13 month average)	**31.8%**	29.6%
ROE (13 month average)	**25.8%**	26.3%

- EBITDA based on underlying PAT
- Ratios include net credit EBIT, exclude credit funding & are based on net interest

Stock Management

- Year-end Inventory in FY08 **8% lower** than in FY07
- Inventory has been well managed with a very **clean position** entering into FY09
- Aged Inventory well below 5% benchmark

Dividend

- **2H08 dividend of 16 cps** (fully franked) +23.1% on LY
- FY08 **dividend of 27 cents** per ordinary share (fully franked) declared – payout ratio of 95.8%
- **22.7% increase** on FY07 dividend

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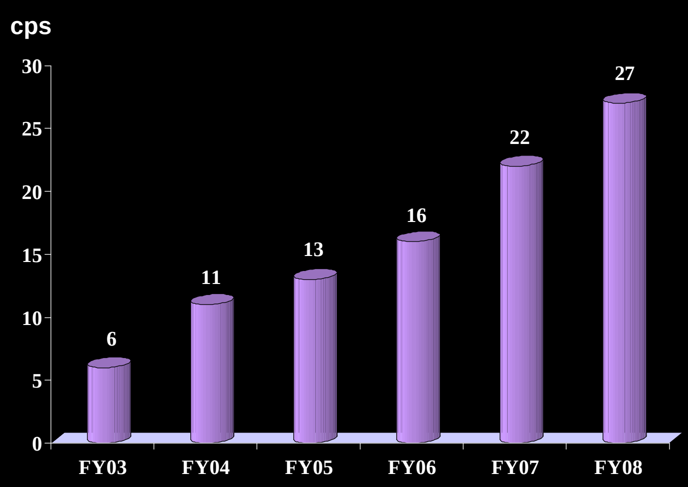
Dividend



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CODB reductions will continue in the FY09-FY12 period

David Jones plans to deliver CODB improvements of 50-80 bp by FY12 while maintaining our service standards

Challenge

- Underlying EBA cost increases and occupancy costs grow faster than underlying LFL growth during a downturn
- Initiatives need to more than offset cost increases

Approach

- No impact to service levels
- Leverage experience and capability
- Implementing 74 well defined and fully resourced cost efficiency initiatives
- Some capital investment – payback within two years
- Target 30-50bp reduction over FY09-10 and 20-30bp over FY11-12

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Implementing 74 cost efficiency projects over four years

Group	Number of Projects
Stores Administration and Supply Chain	43
Non-merchandise Procurement	6
Retail Development	3
Finance	11
Human Resources	4
Marketing and Advertising	7
Total	**74**

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Leveraging cost culture, technology and industry restructure to continue capturing cost efficiencies

Function	Example projects	Value p.a.
Stores Administration and Supply Chain	• Reduce back of store costs using technology to reduce manual checks and processing time for stock arriving and exiting the store at the receiving dock • Reduce back of store costs using technology to quickly identify advertised merchandise at the receiving dock	$4.2m
	• Reduce the administration costs of gift & bridal service by centralisation of packing and shipping tasks	$1.5m
	• Reduce back of house stock handling costs by removing or recovering costs of supplier non-compliance with ticketing and hanging standards	$4.2m
	• Reduce waste management costs by improved recycling practices to reduce waste removal and increase rebates	$0.7m

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Leveraging cost culture, technology and industry restructure to continue capturing cost efficiencies

Function	Example projects	Value p.a.
Stores Administration and Supply Chain	• Reduce energy costs by the installation of improved heating/cooling management systems that respond automatically to environmental conditions	$0.75m
	• Reduce energy and maintenance costs by updating old store lighting grids	$0.5m
	• Reduce workers compensation expenses from improved safety and claims management processes	$1.5m
	• Reduce training costs for new starters leveraging on-line training technology	$0.6m
	• Reduce cash handling costs by cash management procedures in stores using change machines, note readers and improving sales audit processes	$1.4m

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Leveraging cost culture, technology and industry restructure to continue capturing cost efficiencies

Function	Example projects	Value p.a.
Non-Merchandise Procurement	• Further reduce costs from non-merchandise procurement contract savings, leveraging volume increases from refurbishments and new store roll-outs	$4.3m
	• Remove costs by consolidation of around 1000 low volume uncontracted suppliers	$1.0m
	• Move to industry standard terms (60 days from month end) for all non-merchandise suppliers	$15-20m in working capital

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Working Capital

- FY09-FY12 Plan included working capital benefits from improvements to Non Merchandise Vendor settlement terms
- Trading terms for over 1,500 non merchandise vendors have now been extended to our new standard terms of net 60 days
- We expect FY09 improvements in Working Capital and Cashflow as payment days for this group increase from 35 days on average to 60-70 days

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FY09-12 Strategic Review

Good progress by Management in commencing implementation of FY09-FY12 Strategic Plan, in particular the initiatives relating to the **seven sources of value** outlined in Plan.

Over next 4 years Company plans to:

1. **Open 4-8 high value new stores**
   - Opening of store in Sunshine Plaza on Queensland's Sunshine Coast announced
   - Company on track in negotiations for further new stores
2. **Refurbish 11-14 high value stores**
   - Announced redevelopment of Bourke St Melbourne CBD stores, replacement stores at Claremont Perth & Newcastle CBD and refurbishment of upper floors of Sydney Elizabeth & Market St CBD stores, Bondi Junction store and Robina Gold Coast store (in time for Christmas 2008 trading)

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FY09-12 Strategic Review

3. On track to **launch new David Jones branded American Express Card** in early October 2008
   - DJs store card receivables transferred to Amex on 1Aug 08 releasing significant working capital
   - EBIT guidance of +7.5% in FY09 reaffirmed
4. **Continue to sustainably improve Gross Profit Margin**
   - Completed renegotiation of terms with 2,700 suppliers
   - Announced addition of 50 new iconic brands to DJs portfolio on department store exclusive basis
5. **Deliver CODB improvement of 50-80bp by FY2012** whilst maintaining customer service standards
   - Accelerated cost efficiencies in line with slowdown
   - Identified and implementing 74 well-defined and fully resourced cost efficiency initiatives.

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FY09-12 Strategic Review

6. **Adopt stringent Capital efficiency disciplines**
   - Company to invest approx $400m in key value and growth opportunities identified in Strategic Plan over 4 years, mainly funded by external stakeholders, proceeds from sale of Bourke Street Home store and DRP with remaining $190m (approx) funded by Company over next 4 years (averaging $50m of Capex p.a.) .
7. **Manage the business throughout the economic cycle** to enable Company to grow profit and dividend throughout cycle.
   - Ability to deliver PAT & dividend growth in FY05 & FY08 (under difficult retail conditions) demonstrates strength of Company's business model to continue track record each year under FY09-FY12 Strategic Plan.

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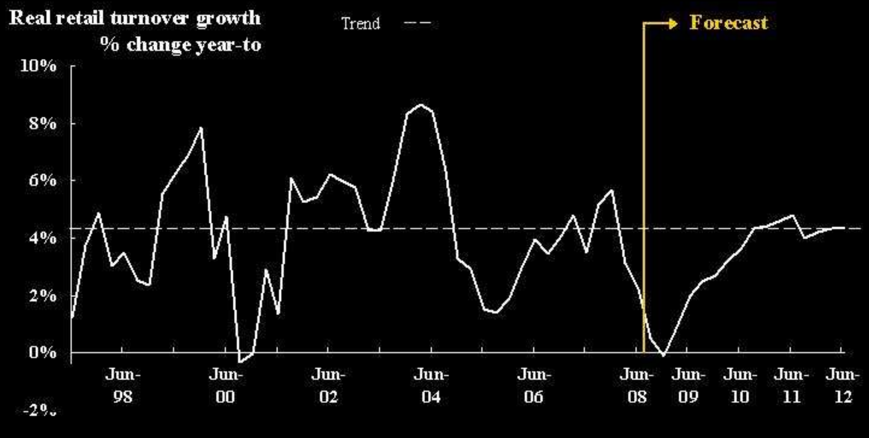
Outlook FY09

Access Economics Chart at August 2008



Source: ABS 8501.0, Access Economics

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Outlook FY09

- At least 5%-10% PAT growth in FY09 (based on 2-3 quarters flat to negative LFL sales growth plus new Doncaster store)
- Doncaster store to open 18 October 2008 – part of new $600m redevelopment in fast growing, attractive demographic – will increase DJs presence in Melbourne (where it is under represented)
- We are prepared for 3 tough quarters at commencement of FY09 – our PAT guidance for FY09 is based on this

Outlook FY09

- We have worked extensively to ensure our Cost Efficiency initiatives and our Inventory management are on track
- First 8 weeks into 1Q09 our sales are tracking in line with budget
- We have not seen anything to date within the retail environment that Access Economics did not predict or that we did not expect
- Confident of achieving at least 5%-10% PAT growth in FY09

Note

* *PAT refers to underlying Profit After Tax after removing one-off impacts of the Sale & Leaseback transaction in 1H07 and the profit from the sale of the Bourke St Home store in 2H08.*

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Appendices

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Cost of Doing Business - FY08

4E Income Statement

FY08	**$m**	**%**
Other Revenues	95.4	7.5
Employee Expenses	347.5	(0.2)
Lease & Occupancy	170.9	6.8
Depreciation & Amortisation	41.5	15.1
Advertising/Merchandise/Visual	54.4	(3.5)
Administration	34.0	(8.4)
Net Financing	41.2	(7.1)
Other Expenses	38.1	40.9

Cost of Doing Business - FY08

Other Revenues +7.5% – reflects income received in GPC transaction & additional store card interest offset by reduced interest income (bridge loan fully drawn in FY07)

Employee Benefits Expenses (0.2%) – store salaries in line with sales growth, with additional FY09-12 Plan & GPC resourcing being offset by reduced incentive based rewards

Lease & Occupancy +6.8% – increased occupancy costs from new stores & QueensPlaza (partially offset by closed stores), increased energy costs

Depreciation & Amortisation +15.1% – increase due to new store openings & refurbishments

Cost of Doing Business - FY08

Advert/Merch/Visual (3.5%) – Incremental advertising activity offset by cost efficiencies

Administration (8.4%) – Reduction in external resources used in FY09-12 Plan & impact of cost efficiencies program

Net Financing (7.1%) – reduction in interest cost due to long term banking facility (bridge loan fully drawn in FY07), strong cash position, no RPS dividend in 2H08 (converted in Aug07) partially offset by increased funding cost for store card receivables

Other Expenses +40.9% - includes costs incurred in GPC transaction (including finalising receivables transfer to Amex) & timing of provisions

Cost of Doing Business – 2H08

4E Income Statement

2H08	**$m**	**%**
Other Revenues	52.8	17.2
Employee Expenses	165.6	(6.1)
Lease & Occupancy	87.7	9.1
Depreciation & Amortisation	22.8	20.5
Advertising/Merchandise/Visual	25.7	8.2
Administration	19.1	(18.8)
Net Financing	19.6	(18.4)
Other Expenses	21.4	69.9

Cost of Doing Business - 2H08

Other Revenues +17.2% – reflects income received in GPC transaction & additional store card interest offset by reduced interest income (bridge loan fully drawn in 2H07)

Employee Benefits Expenses (6.1%) – store salaries in line with sales growth, FY09-12 Plan resourcing flat as focused on implementation, increased GPC resources & reduced incentive based rewards vs 2H07

Lease & Occupancy +9.1% – increased occupancy costs from new stores & QueensPlaza (partially offset by closed stores), increased energy costs

Depreciation & Amortisation +20.5% – increase due to new store openings & refurbishments

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Cost of Doing Business - 2H08

Advert/Merch/Visual +8.2% – includes GPC & some incremental activity in 2H08

Administration (18.8%) – reduction in external resources used in FY09-12 Plan compared to 2H07 & impact of cost efficiencies program

Net Financing (18.4%) – reduction in interest cost due to long term banking facility (bridge loan fully drawn in 2H07), strong cash position, no RPS dividend in 2H08 (converted in Aug07) partially offset by increased funding cost for store card receivables

Other Expenses +69.9% - includes costs incurred in GPC transaction (including finalising receivables transfer to Amex) & timing of provisions

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GPC Transaction

- ‘Other Revenues’ & ‘Other Expenses’ includes income & costs related to the GPC transaction, including impacts relating to the transfer of the receivables to Amex on 1 Aug 08.
- EBIT guidance for the Financial Services segment is +7.5% on the FY08 EBIT of $38.4m

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Capital Expenditure Outlook FY09-FY12

	$m (over FY09-12)	
Total Investment	400	
Less Stakeholder Funding	100	
Capex on DJ Balance Sheet	**300** #	
Less Sale of Bourke St Home Store	42	
Less DRP	70	
Net Capex Funded by Operating Cashflow	**190**	(approx) over 4 years (average ~ $50m p.a.)

Capex Forecast

FY09 (incl. Bourke St refurbishment)	105
FY10 – FY12 (average ~ $65m p.a. inclusive of new stores & Bourke St refurb)	195
	300

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Funds Employed

	FY08 $m	FY07 $m
Inventory	257.3	280.3
Trade Payables	(274.6)	(264.6)
	(17.3)	15.7
Receivables - Current	423.5	416.8
Other Creditors - Current	(63.6)	(66.4)
Receivables Liability	(341.0)	(336.9)
Working Capital	**1.6**	**29.2**
Receivables - Non-Current	0.8	0.2
Other Creditors - Non-Current	(36.3)	(40.5)
Fixed Assets	707.6	705.4
Total Funds Employed	**673.7**	**694.2**
Net Tax Balances	50.9	42.3
Dividend	0.0	(1.3)
Net Assets Employed	**724.6**	**735.2**
Cash	65.2	161.3
Borrowings	(170.0)	(350.0)
RPS	0.0	(33.1)
Total Equity	**619.8**	**513.3**

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Net Financing Analysis

	1H08	2H08	FY08
	$000	$000	$000
Net Interest as per ASX Release	8,290.8	7,167.6	15,458.4
Financial Services Cost of Funds	11,587.3	12,152.7	23,739.9
Interest Income	1,688.6	392.0	2,080.6
Less Other	37.7	63.5	101.2
Total Net Financing Expenses as per 4D/4E	**21,529.0**	**19,648.8**	**41,177.8**
	1H07	**2H07**	**FY07**
Net Interest as per ASX Release	6,952.0	9,771.5	16,723.5
Financial Services Cost of Funds	10,478.7	10,618.1	21,096.8
Interest Income	2,876.4	3,737.3	6,613.7
Less Other	90.8	36.8	127.5
Total Net Financing Expenses as per 4D/4E	**20,216.4**	**24,090.1**	**44,306.5**

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