



David Jones Half Year (1H07) Results

August 06 – January 07

Presenters:

Mark McInnes – CEO

Stephen Goddard – Finance Director

1H07 Financial Highlights



- 1H07 Profit after Tax +30.4%
- Unwinding of Sale & Leaseback
- Dept Store EBIT +44.1%
- Financial Services EBIT +6.1%
- Interim Dividend of 9cps +28.6%

1H07 Financial Highlights



- 1H07 Gross Profit 39.5% +50 bp
- CODB 30.5% -70 bp **
- Dept Store EBIT to Sales 9.0% +120 bp **
- Total EBIT to Sales 10.7% +120 bp **
- Strong business model in place

** 1H06 adjusted to reflect LFL comparison with 1H07 for % to Sales ratio for S&L

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Profit Summary



	1H07 \$m	1H06 \$m	Change %
- Department Stores EBIT	93.3	64.8	+44.1%
- Financial Services EBIT	17.3	16.3	+6.1%
Total EBIT	110.6	81.1	+36.4%
Interest Expense	(7.0)	(0.1)	n/a
Profit Before Tax	103.7	80.9	+28.1%
Tax	(32.6)	(26.4)	+23.3%
Profit After Tax	71.1	54.5	+30.4%

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Cost of Doing Business



4D Income Statement

	\$m	%
Other Revenue	43.7	+ 8.2 %
Employee Expenses	171.8	+10.1%
Lease & Occupancy	79.8	-13.7%
Depreciation & Amortisation	17.2	+23.6%
Advertising/Merchandise/Visual	32.7	+5.6%
Administration	13.6	-2.2%
Net Financing	20.2	+59.7%
Other Expenses	14.4	-3.3%

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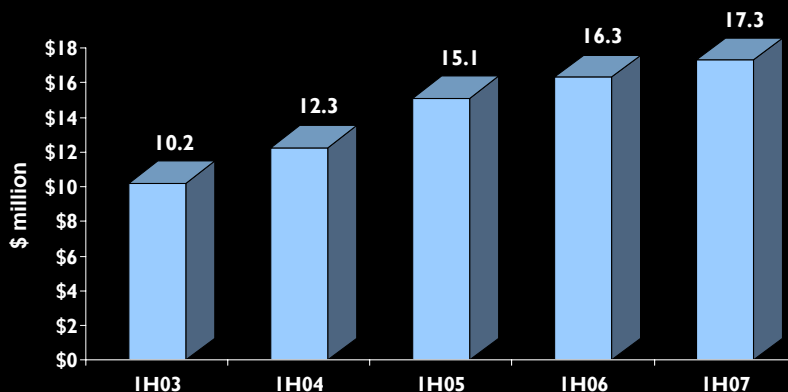
Stock Management



- Continued track record of tight stock management
- Inventory levels flat on last year – reflecting strong sales and productivity
- Aged inventory levels again maintained below 5% of total inventory

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Financial Services – EBIT



- Continued solid performance from Financial Services with EBIT +6.1%

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Cash Flow



	1H07 \$m	1H06 \$m
EBITDA	171.5	95.0
Interest Income / (Expense)	(3.0)	(0.1)
Tax	(21.7)	(30.0)
Share Based Payments Expense	4.3	3.2
Interest Classified as Financing Activity	1.8	2.3
Net Movement in Working Capital	(45.4)	(30.3)
Net Movement in Other Assets / Liabilities	3.7	35.2
Operating Cash Flow	111.2	75.2
Capital Expenditure	(387.2)	(1.7)
Payments for close out of Interest Rate Swaps	(40.8)	-
Net Investing Cash Flow	(428.1)	(1.7)
Free Cash Flow	(316.8)	73.5
Proceeds from Borrowings	350.0	-
Dividends	(30.0)	(30.3)
Interest Paid - RPS	(1.8)	(2.3)
Equity Proceeds	0.1	0.4
Net Cash Flow	1.5	41.3

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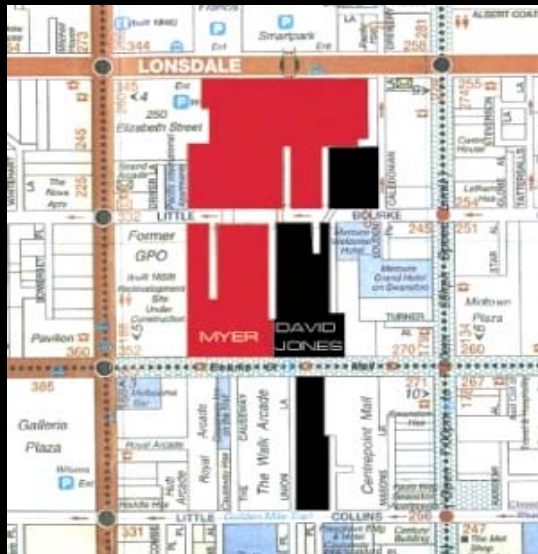
Competitive Environment



- New ownership of Myer has resulted in more rational decision making than was previously the case
- We expect medium to long term benefits to continue to flow through to shareholders from industry restructure

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Competitive Environment



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Interim Dividend



- **1H07 Dividend of 9 cents** per ordinary share (fully franked) declared
- **28.6% increase** on 1H06 dividend (7 cps)

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Shareholder Rewards Program



- Trend in recent years for publicly listed companies to move away from shareholder discount programs
- Shareholder rewards program still best in retail market following reduced discount rate from 3% to 2% (effective 1/8/07)
- Will deliver net cost savings of approx \$1m p.a. which will flow through to all shareholders

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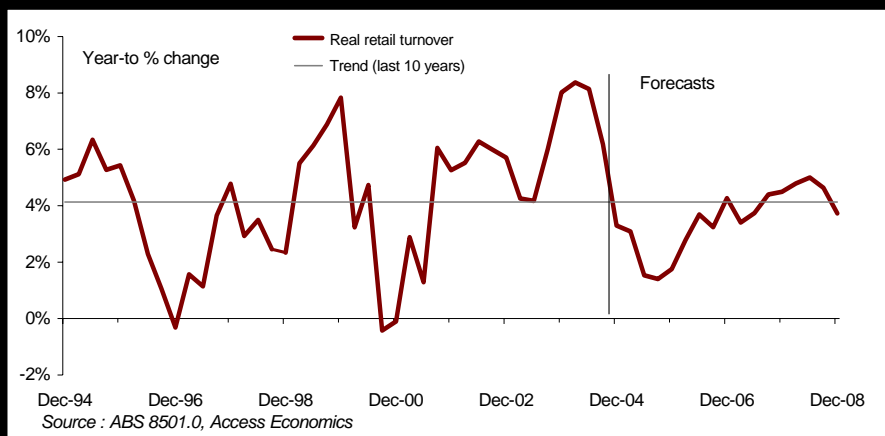
Outlook



FY07

- Cycling high sales base for 4Q07 (5.4% Sales growth for 4Q06)
- Prudent to reaffirm guidance for 2H07 of
 - 0% to 1% LFL Sales growth
 - 8.5% to 13.5% PAT growth

Outlook FY07/FY08



Outlook



FY08

- Access Economics forecasting positive environment for consumer spending in calendar 2007
- Coincides with opening of new stores at Burwood (May'07), Chermside (Aug'07) and QueensPlaza (Feb'08)
- Strong platform for revenue growth
- Reaffirm guidance of 5%-10% underlying PAT growth in FY08 (excluding positive benefits of RPS)

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Outlook



FY09-12

- Management working on FY09-12 strategy
- Company sees significant longer term growth opportunities in areas of
 - Store portfolio expansion
 - Financial Services – introduction of GPC
 - Benefits arising from the recent industry restructure
 - Core business expansion through key refurbishments, ongoing brand introduction and continuation of cost efficiency program

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Outlook



FY09-12

- The Company has a bright future with many opportunities available
- The Company's proven business model, strong cashflows, productive balance sheet and strong management team means it is well positioned to continue its track record since 2003 of delivering year on year growth in shareholder returns

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Summary



- Strong PAT growth in 1H07
- Reaffirm PAT guidance of 8.5%-13.5% growth in 2H07
- Reaffirm PAT guidance of 5%-10% (excluding positive benefits of RPS) in FY08
- Significant opportunities in FY09-12 period
- Strong business model to provide Profit and Dividend growth over the long term

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Appendices

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Cost of Doing Business



4D Income Statement

- Other Revenue (\$43.7m or +8.2%) – increased income from Credit Card business and sundry income
- Employee Expenses (\$171.8m or +10.1%) – increase in salaries in line with sales growth and additional resources for FY09-12 plan
- Lease & Occupancy (\$79.8m or -13.7%) – relatively flat after adjusting for S&L and disruption allowance (\$1.2m), reflecting cost efficiencies
- Depreciation & Amortisation (\$17.2 or +23.6%) – includes S&L depreciation

Contd.

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Cost of Doing Business



4D Income Statement

- Advertising/Merchandising/Visual (\$32.7m or +5.6%) – increase in line with sales
- Administration (\$13.6m or -2.2%) – flat, reflecting cost efficiencies
- Net Financing (\$20.2 or +59.7%) – increased in line with interest from S&L financing
- Other Expenses (\$14.4m or -3.3%) – reflects work on cost efficiencies

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Financial Health Indicators



	1H07	1H06
<u>Total Company Ratios</u>		
Net Debt: Net Debt + Equity	53.8%	41.7%
EBITDA Interest Cover	6.8 x	8.1 x
EBITDA Fixed Charge Cover	3.24	2.56
<u>Ratios Excl Credit EBIT & Securitisation Costs</u>		
Net Debt: Net Debt + Equity	31.9%	(83.7)%
EBITDA Interest Cover	11.2 x	8.1 x
EBITDA Fixed Charge Cover	3.38	2.54

Note:

- EBITDA based on underlying PAT

- Ratios are based on 6 months information

- Both 1H07 and 1H06 ratios reflect costs relating to RPS in Interest Expense

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