



David Jones

Full Year (FY07) Results

August 2006 – July 2007

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

Highlights



- Highest FY Profit & Dividend since listing in 1995
- Proven business model delivering continued growth throughout peaks & troughs of economic cycle
- 2H07 PAT up 44.4% (\$38.5m); FY07 PAT up 35.0% (\$109.5m)
- Total EBIT \$176.1m – EBIT to Sales Ratio up 90 bp
- Gross Profit Margin 39.3% - well above target range
- CODB 32.3% - reduced by 40 bp
- Basic EPS up 31.6% to 24.6 cents
- 2H07 Dividend up 44.4% to 13cps; FY07 Dividend up 37.5% to 22cps
- PAT guidance for FY08 reaffirmed

Note *

Financial Highlights



- FY07 Profit after Tax + 35.0%
- Department Store EBIT + 63.7%
- Financial Services EBIT + 5.8%
- Total EBIT +47.1%
- Basic EPS +31.6% (24.6c)
- 2H07 Dividend + 44.4% (13 cps)
- FY07 Dividend +37.5% (22cps)

Note *

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Financial Highlights - Adjusted for S&L



- FY07 Gross Profit 39.3% ↑ 50 bp
- CODB 32.3% ↓ 40 bp
- Total EBIT to Sales 8.9% ↑ 90 bp

Note **

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EBIT



EBIT to Sales performance

	FY07	FY06
EBIT	176.1	145.1
% to Sales	8.9	8.0
EBITDA	212.2	176.5
% to Sales	10.7	9.7

*Note ***

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Benefits from Industry Restructure to Continue



	David Jones	Myer
Sales	1,983.2	3,289.0
EBIT	176.1	180.0
% to Sales	8.9	5.5
EBITDA	212.2	233.0
% to Sales	10.7	7.1

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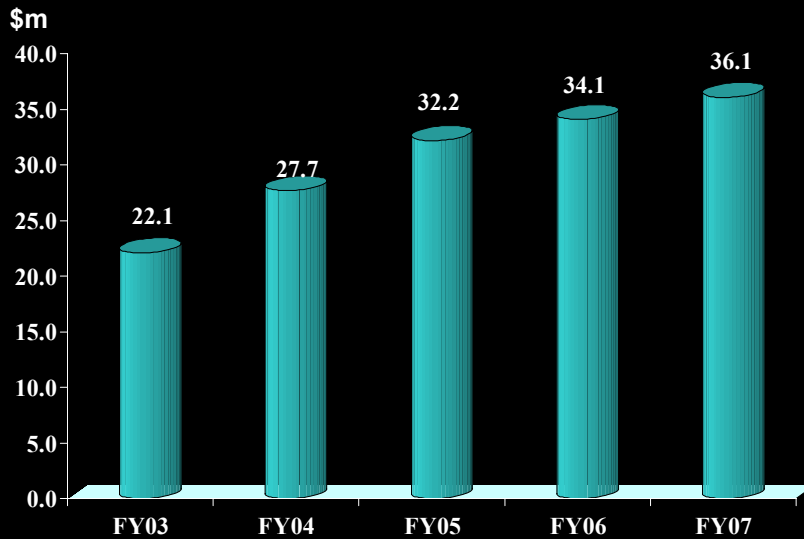
Profit Summary



	FY 07 Actual \$m	FY 06 Actual \$m	Change %
Sales	1,983.2	1,821.6	+ 8.9%
Gross profit - Department Stores	779.8	705.9	+ 10.5%
% to sales - department stores	39.3%	38.8%	
Cost of Doing Business	639.9	620.4	+ 3.1%
% to sales - department stores	32.3%	34.1%	
- Department Stores EBIT	139.9	85.5	+ 63.7%
- Financial Services EBIT	36.1	34.1	+ 5.8%
EBIT - TOTAL	176.1	119.7	+ 47.1%
% to total sales	8.9%	6.6%	
Net Interest Income/(Expense)	(16.7)	1.9	n/a
Profit before tax	159.3	121.5	+ 31.1%
Income Tax	49.8	40.4	+ 23.4%
Profit after Tax	109.5	81.1	+ 35.0%

Note *

Financial Services EBIT



Cost of Doing Business



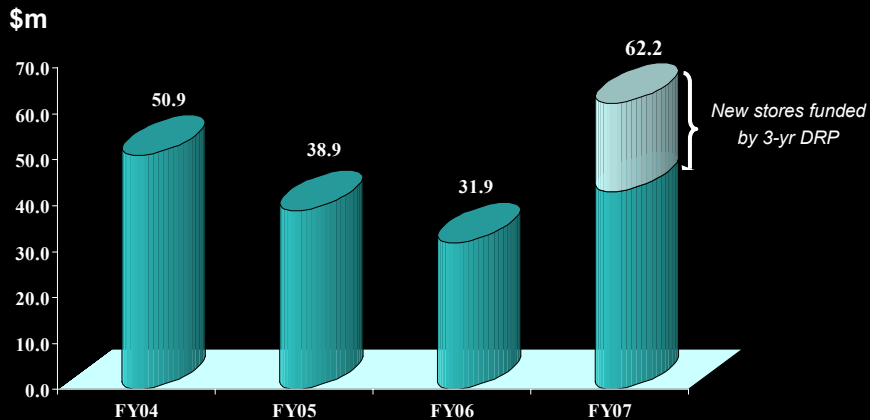
- FY07 CODB 32.3% - reduced by 40bp from FY06 (after adjusting for S&L)
- Major costs included
 - Employee Expenses +12.4%: variable salaries just below sales growth, incentive based rewards & 09-12 resources
 - Lease & Occupancy (12.9%): +2% after adjusting for S&L
 - Advert/Merch/Visual (6.7%): cost efficiencies from key initiatives & industry restructure
 - Administration +15.2%: flat after adjusting for 09-12 resources

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Capital Expenditure



- Capex well within target cap of \$50m excluding capex for new Burwood & Chermside stores – funded from reinstatement of DRP



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Cash Flow



	FY07	FY06
	\$m	\$m
EBITDA	255.7	148.6
Interest income/(expense)	(12.8)	1.9
Tax	(44.3)	(50.2)
Share based payment expense	8.1	7.3
Loss on sale of NCA	0.1	0.6
Interest classified as financing activity	3.3	4.2
Net movement in working capital	(14.5)	53.9
Net movement in other assets/liabilities	2.1	(44.4)
Operating Cash flow	197.7	121.7
Repurchase of CBD stores	(372.6)	0.0
Capex	(62.2)	(31.9)
Other	0.0	(0.6)
Payments for acquisition of Burwood	(20.0)	0.0
Payments for close out of interest rate swaps	(40.8)	0.0
Free Cash flow	(297.9)	89.2
Proceeds from borrowings	350.0	0.0
Dividends	(59.5)	(60.9)
Interest paid - RPS	(3.3)	(4.2)
Equity proceeds	0.1	0.5
Net Cash flow	(10.6)	24.7

Note: Includes impact of S&L in F07

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Financial Health Indicators



	FY07	FY06	FY06 ** (Adj for S&L)
Average Net Debt: Net Debt + Equity	34.2%	(51.6%)	44.0%
Average Net Debt: EBITDA	1.0	(0.7)	1.8
EBITDA Interest Cover	12.7	n/a	8.2
EBITDA Fixed Charge Cover	3.4	2.7	2.8
ROFE (13 month average)	29.6%	56.5%	21.8%
ROE (13 month average)	26.3%	26.9%	20.2%

•EBITDA based on underlying PAT

•Ratios include net Credit EBIT, exclude securitisation costs & are based on net interest

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Stock Management



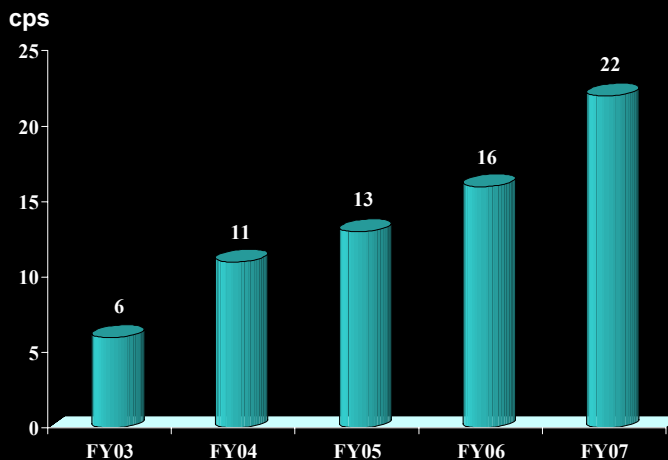
- Track record of tight stock management maintained
- Aged inventory levels again below 5% of total inventory

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Dividend



- Return excess cash to shareholders



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Dividend



- 2H07 dividend of 13 cps (fully franked)
+44.4% on LY
- FY07 dividend of 22 cents per ordinary share
(fully franked) declared
- 37.5% increase on FY06 dividend paid –
payout ratio of 93.4%

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Outlook FY08



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Outlook FY08



- Access Economics forecasts continued strong retail spend in FY08 – cycling higher base as of 1Q08
- Continue to benefit from unique opportunities arising from recent industry restructure
- Benefit from full year of Burwood, Chermside & QueensPlaza
- Gross Profit % gains in base

*Note **

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Outlook FY08



- Further 10-20bp reduction in CODB
- 5-10% EBIT growth on Financial Services business
- Capex forecast \$50m cap for base business and Doncaster funded by DRP
- Reaffirm PAT growth guidance of 5%-10% on increased PAT base (equating to 8%-13% PAT growth after RPS conversion)

*Note **

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Outlook FY09-12



- Key areas of longer term growth opportunities exist in:
 - Benefits arising from the recent Australian department store industry restructure
 - Introduction of General Purpose Card (GPC)
 - Core business expansion through high value strategic refurbishments
 - Cost efficiency initiatives
 - Gross profit enhancement initiatives
 - Store portfolio – high value new stores

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Outlook FY09-12



- All of these opportunities are being included in the FY09-12 Strategic Plan
- Expect to unveil FY09-12 Strategic Plan in 3Q of FY08

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Summary



- Record PAT and Dividend in FY07
- Proven business model with capable and experienced Management team well placed to continue strong track record
- PAT guidance for FY08 reaffirmed
- Many opportunities to provide ongoing shareholder value and returns
- FY09-12 Strategic Plan evaluating full extent of opportunities

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Note



- * *PAT for FY07 reflects PAT after removing the one-off impacts of the unwinding of the Sale & Leaseback Transaction*
- ** *FY06 (\$ & % to Sales) adjusted to reflect a LFL comparison with FY07, by showing the position had the Sale & Leaseback been unwound at 29/9/05.*

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Appendices

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Profit Summary Key Items - Adjusted for S&L



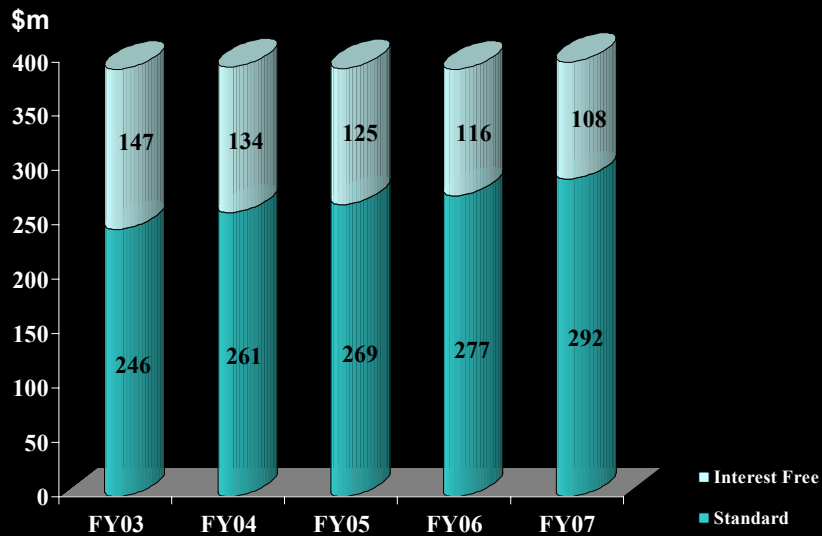
	FY07 Actual	FY06 Actual	Change	
	\$m	\$m		%
Cost of Doing Business	639.9	595.0	+	7.5
% to sales - department stores	32.3%	32.7%		
- Department Stores EBIT	139.9	110.9	+	26.2
- Financial Services EBIT	36.1	34.1	+	5.9
EBIT - TOTAL	176.1	145.1	+	21.3
% to total sales	8.9%	8.0%		
Net Interest Income/(Expense)	(16.7)	(21.5)	-	22.2

*Note ***

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Financial Services –

Year End Standard/Interest Free Receivables



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Cost of Doing Business



4E Income Statement

	\$m	%
Other Revenues	88.7	5.0
Employee Expenses	348.2	12.4
Lease & Occupancy	160.1	(12.9)
Depreciation & Amortisation	36.1	24.7
Advertising/Merchandise/Visual	56.4	(6.7)
Administration	37.2	15.2
Net Financing	44.3	80.3
Other Expenses	27.0	(6.5)

Note *

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Cost of Doing Business



Other Revenues +5.0% – increased income from credit card and sundry income

Employee Benefits Expenses +12.4% – variable salaries just below sales growth, incentive based rewards & 09-12 resources

Lease & Occupancy (12.9%) – + 2% after adjusting for S&L

Depreciation & Amortisation +24.7% – includes S&L depreciation

Advert/Merch/Visual (6.7%) – cost efficiencies from key initiatives and industry restructure

Administration +15.2% – flat after adjusting for 09-12 resources

Net Financing +80.3% – increase in line with interest from S&L financing

Other Expenses (6.5%) - continued work on cost efficiencies

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Funds Employed



	FY 07	FY06
	\$m	\$m
Inventory	280.3	273.7
Trade Payables	(264.6)	(235.0)
	<u>15.6</u>	<u>38.7</u>
Receivables - Current	416.8	436.3
Other Creditors - Current	(66.4)	(113.2)
Securitisation	(336.9)	(347.1)
Working Capital	<u>29.1</u>	<u>14.7</u>
Receivables - Non-Current	0.2	1.3
Other Creditors - Non-Current	(40.5)	(37.3)
Fixed Assets	<u>705.4</u>	<u>245.9</u>
Total Funds Employed	694.2	224.6
Tax Balances	42.3	(4.4)
Dividend	(1.3)	(1.7)
Net Assets Employed	<u>735.1</u>	<u>218.5</u>
Cash	161.3	173.2
Borrowings	(350.0)	(1.3)
RPS	(33.1)	(42.1)
Total Equity	<u>513.3</u>	<u>348.3</u>

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