



UBS Emerging Companies Conference - Consumer

27 November 2014

Nick Abboud

Managing Director & CEO

Dick Smith – *differentiated strategy driving growth*

dick smith

ELECTRONICS
POWERED BY dick smith

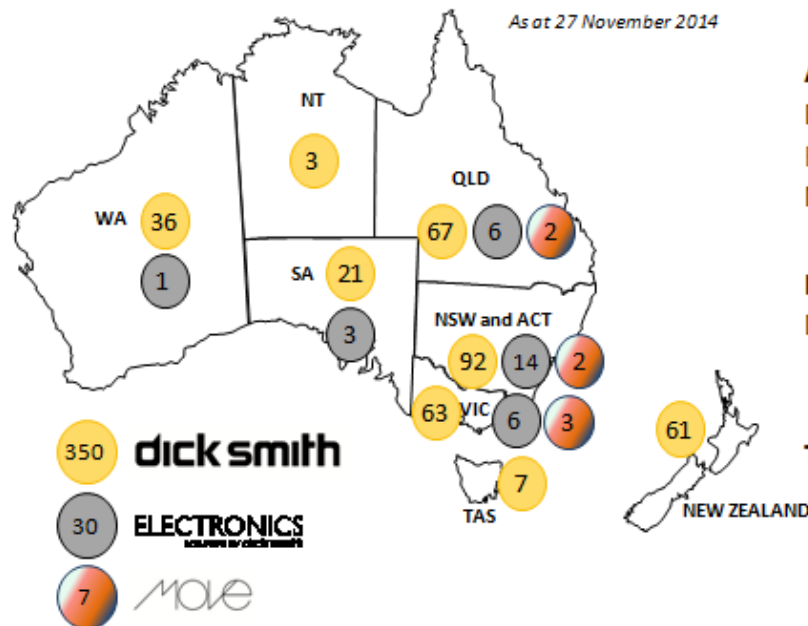
MOVE



 **vodafone**

- Distinct formats and customer service proposition
 - Different formats appeal to different consumer groups
 - Dick Smith
 - David Jones Electronics Powered by Dick Smith
 - Move
 - 'Move by Dick Smith' (Duty Free locations)
 - 450 stores by FY17 with ~20 new stores to open annually
 - Most extensive and convenient consumer electronics network
- Online sales growth accelerating
 - Well placed to achieve target of 10% of retail sales before FY17
 - Fully integrated with store network, optimising stock, labour & real estate
- Private Label growth to 15% of sales expected by FY17
 - Protect gross margin
 - New product ranging in audio, accessories, TVs, office
- Mobility opportunity through post-paid access
 - Vodafone performance consistent with expectations

Largest store network – ~400 stores by FY15



Australia

Dick Smith

Electronics Powered by DS

MOVE

New Zealand

Dick Smith

TOTAL

FY14 29-Jun	As at 27 November 2014			FY15F Indicative
	Opened	Closed	Total	
Dick Smith	8	2	289	290-295
Electronics Powered by DS	1	0	30	30
MOVE	3	0	7	9-14
316	12	2	326	334-339
Dick Smith	0	0	61	61
61	0	0	61	61
377	12	2	387	395-400

H1 FY2015 store openings

August

Airlie Beach, Qld; Ocean Keys, WA; Merrylands, NSW

September

MOVE Garden City, Qld

October

MOVE Macquarie, NSW; David Jones Macquarie, NSW; Blacktown, NSW; Goulburn, NSW

November

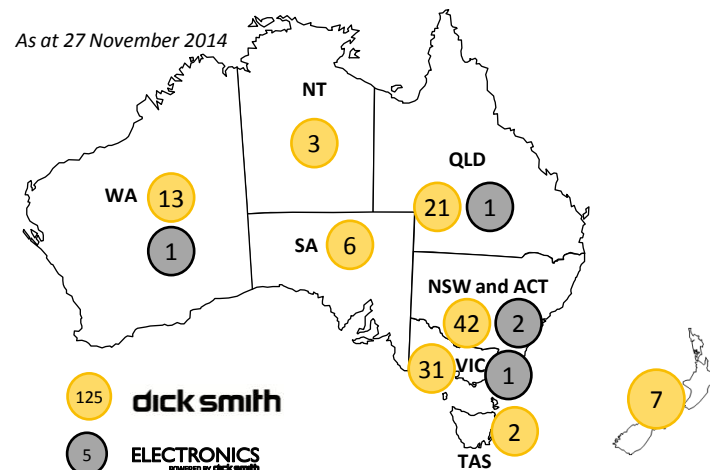
MOVE Southland, Vic (opened); Miranda, NSW (opened)

December

Pacific Fair, Qld

Omni-channel – *the future of retailing*

- Online sales on track to double to 10% of retail sales before FY17
- Comprehensive footprint active through multiple platforms
 - Dick Smith Australia, NZ; David Jones; eBay; Catch of the Day; Westfield; Trade Me (NZ); Move (Dec)
 - Extended customer base yet to be fully explored
- Competitive and sustainable advantage utilising extensive store network
 - Click & Collect from all convenient, local stores
 - Customer delivery from 130 stores
 - Consumer benefit: convenience, lower cost, faster delivery
 - Dick Smith benefit: lower cost; improved inventory management; store efficiency benefits
 - Leveraging Australasia's largest consumer electronics store network








Private Label – *to protect gross margin at ~25%*

- PL penetration to increase to >15% of sales
- Strong improvement in gross margin on better sourcing and review of price points
- Extensive range across office, accessories, entertainment
 - 1,400 SKUs today, increasing to 1,600 on shelf for Christmas
- Pricing hierarchy introduced with Move range of premium product

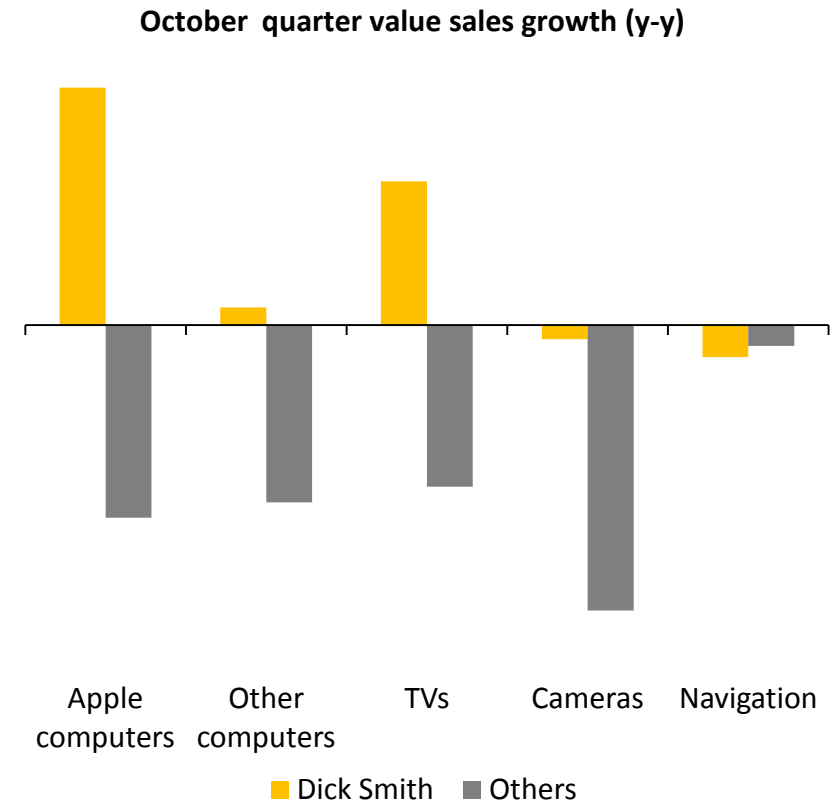


Customer offer – *the best brands in growth categories*

4 channels	Category	Products	Brands	
 ELECTRONICS <small>POWERED BY dick smith</small> 	Office	 <ul style="list-style-type: none"> Computers/monitors Ultrabooks/ laptops/ notebooks Tablets Security products E-readers Related accessories and services 	Acer Asus Canon HP Microsoft Sony Toshiba	Apple Belkin Dick Smith Logitech Samsung Swann Uniden
	Mobility	 <ul style="list-style-type: none"> Mobile handsets Pre- and post-paid mobile plans Satellite networks Related accessories and services 	Amazon Garmin LG Pivotal Sony Telstra	Apple Huawei Nokia Samsung Vodafone Optus
	Entertainment	 <ul style="list-style-type: none"> Televisions Audio products Visual components Digital cameras Gaming and movies Related accessories and services 	Bang & Olufsen Beats by Dre Dick Smith JVC Nikon Samsung	Bose GoPro LG Olympus

Customer offer – *growing in our focus categories*

- Strong growth in our key focus categories
 - Office, mobility & accessories growing
 - Private label TVs range extension benefit
- Office category grew double-digit
 - Market essentially flat for category
- Apple computer performance reflects customer demand
- De-emphasis of digital cameras & car navigation continues



Source: GfK Retail Sector Report data, 3 months ended October 2014

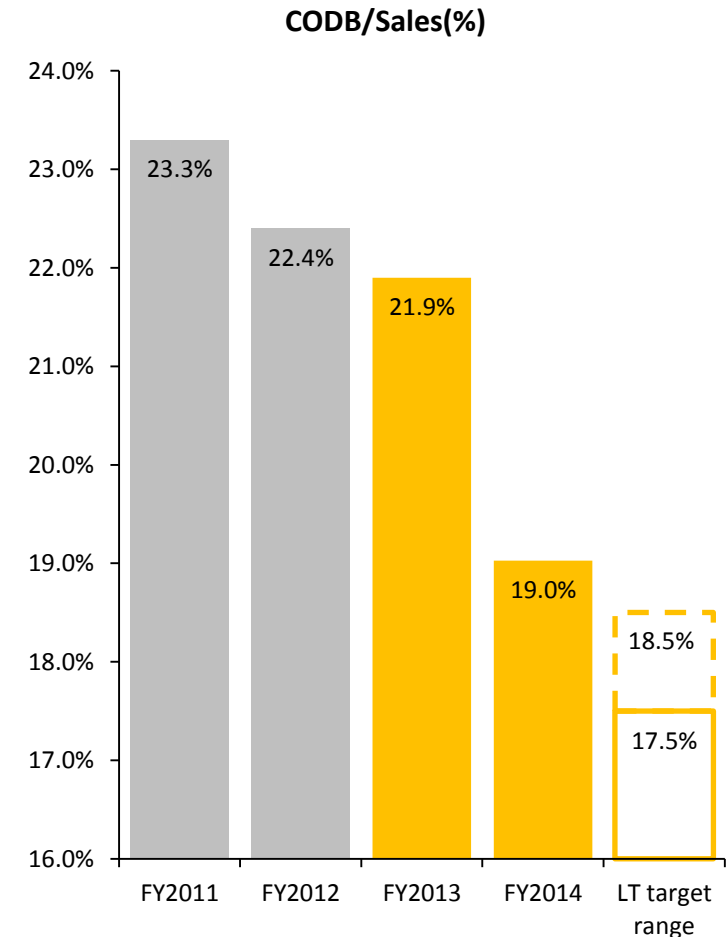
Suppliers – *investing behind Dick Smith's growth*

- Strong relationships with key suppliers
 - Store in Store concepts expanding
 - 61 Samsung Stores; Apple in 175 stores; Sony
 - Vodafone post paid 'Red Shirts'
- Further strong supplier investment in 2015
 - GoPro, Amazon Kindle & Fitness tables



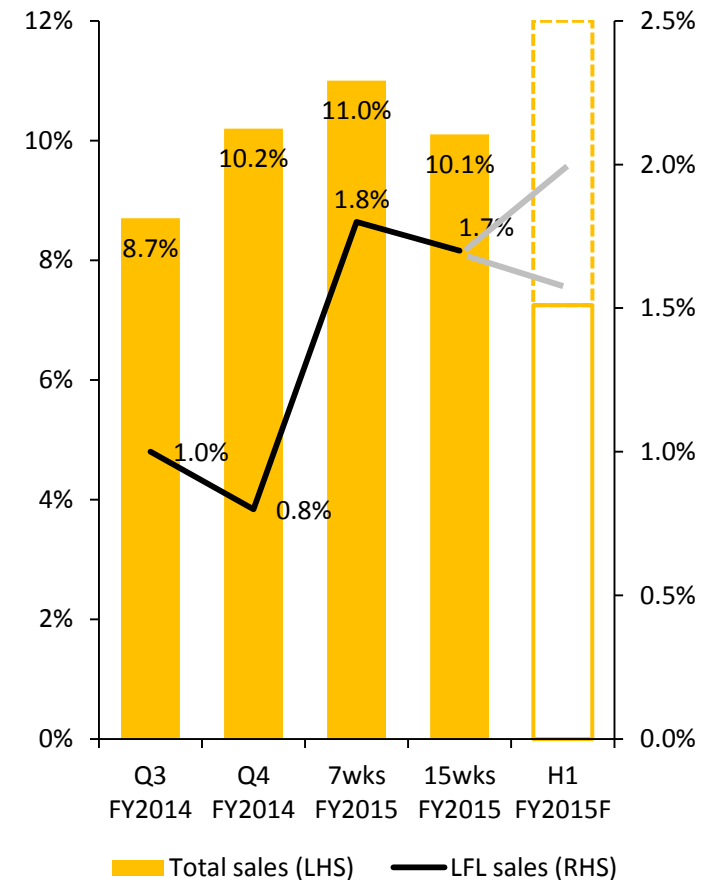
Cost control – *on track for 17.5-18.5% CODB by FY17*

- Significant focus under new management team
- 2015 benefits from supply chain; NZ Support Office; fixed cost base leverage
- Targeting up to 50bp CODB improvement in 2015
- Further opportunities over next 3 years
 - **Rent/lease cost reductions**
 - **Supply chain benefits**
 - **Procurement**



Outlook – *strong sales growth momentum in 1H15*

- ✓ Anticipate high single-digit/low double-digit sales growth in H1 FY2015, subject to market conditions
 - Strong performance in subdued trading environment
 - Continue to gain market share in focus categories
- ✓ Clear structure supporting superior growth
- ✓ Apple & online performing exceptionally well
- ✓ A\$/US\$ ~80-90c should drive modest inflation
 - Industry buys branded product in A\$
 - More a benefit in future periods
- ✓ Continued cost focus
 - Leverage sales growth to maximum extent
- ✓ Further growth opportunities being explored
 - Late February 2015, we launch our \$50m sales Duty Free format





Questions

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