Macquarie Australia Conference

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8 May 2015

Sales – *sales growth remains solid*

- Total sales growth 9.3% in first 9 months
  - Improved brand perception driving foot traffic and sales growth
  - Increasingly stepping away from lower-margin sales
- 3Q2015 YTD LFL sales growth 2.4% reflects improved sales productivity & foot traffic
- Seeing comp sales growth in all store formats (Dick Smith, MOVE, Electronics by Dick Smith)
- Market share continues to grow
  - Led by Entertainment and Fitness
- NZ improvement on changed marketing model
  - Interest free and no deposit offers resonate well in New Zealand

	Group		Australia		NZ (AUD)		NZ (NZD)	
	Total	Comps	Total	Comps	Total	Comps	Total	Comps
1Q2015	10.2%	0.9%	13.7%	2.6%	(8.0)%	(8.0)%	(13.3)%	(13.3)%
2Q2015	7.9%	2.7%	11.1%	5.0%	(10.3)%	(10.3)%	(12.2)%	(12.2)%
3Q2015	10.3%	3.4%	12.6%	4.5%	(2.8)%	(2.8)%	(5.1)%	(5.1)%
3Q2015 YTD	9.3%	2.4%	12.3%	4.1%	(7.4)%	(7.4)%	(10.5)%	(10.5)%

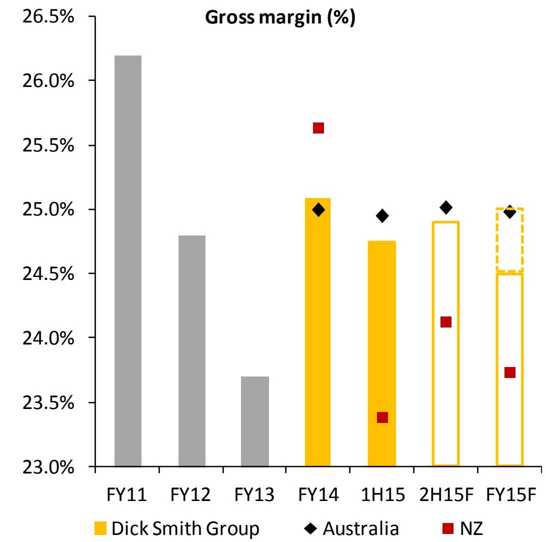
Gross Margin & CODB – *2H2015 sees improvement*

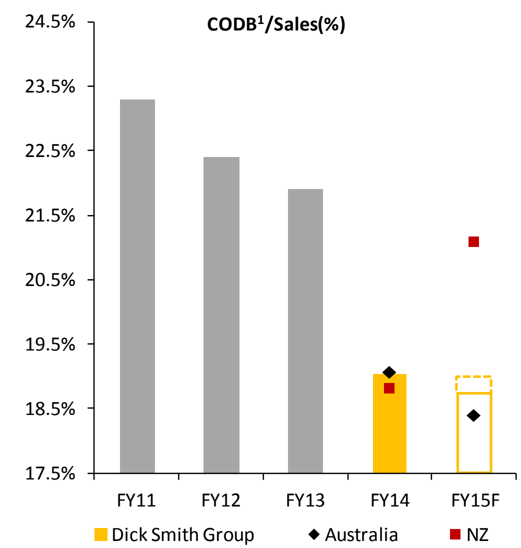
Gross margin

- FY2015 gross margin anticipated between 24.5% and 25%
  - Australian gross margin consistent at ~25%
  - Expect NZ gross margin to improve in 2H2015 on 1H2015
- Benefiting from more targeted promotional activity and PL uplift
  - Not chasing low margin volume

CODB

- FY2015 cash CODB benefit of up to 30bp (before restructure costs)
  - Full year benefit of NZ Support office integration and NZ warehouse management outsourcing
- On-track to achieve targeted CODB/sales of 17.5%-18% by FY2017
  - Restructure announced March 2015 instrumental
    - Significant benefit in FY2016
  - Further opportunities in procurement and logistics identified and progressively implementing





Note 1. Before one time restructure costs

Trading outlook – *strong 2H2015 underpins guidance*

✔ **FY2015 profit[1] guidance reaffirmed[2]**

✔ **2H2015 anticipated NPAT[1] growth of 6%-11% on improved sales growth and profit**

- Sales growth around 9% expected in 2H2015
  - Targeting improved sales mix and margin mix in 4Q2015
  - Improvement in NZ sales performance continuing; seeing slowdown in WA
- 2H2015 EBITDA[1] growth of 7-11% anticipated on 24.5%-25% gross margin and cash CODB improvement

✔ **FY2015 NPAT[1] & EPS[1] guidance unchanged at 3-5% growth**

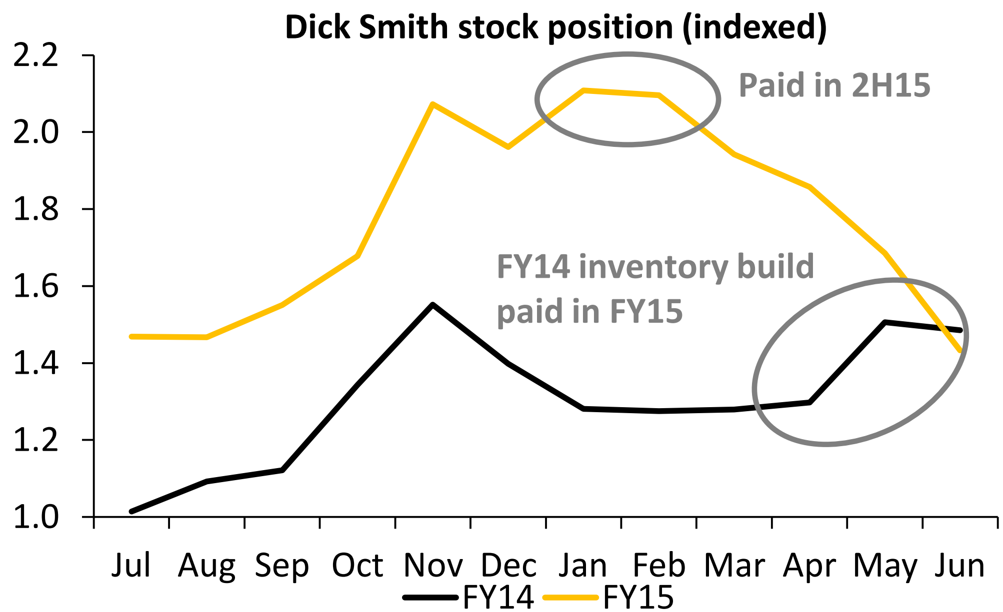
- Sales growth likely to be around 9%
- EBITDA[1] guidance unchanged at 7-9% growth ($79.6m-$81.2m)
  - Australia performance extremely pleasing, with EBITDA[1] growth expected to exceed 20%

Note 1. Before $6.9m to $7.9m of pre-tax restructure costs
Note 2. Subject to prevailing market conditions continuing

Trading outlook – *balance sheet funds organic growth*

✔ **Strong balance sheet to fund future organic growth**

- Stock at June likely to be $270m-$290m; trade creditors likely to be below $200m
- Net debt at June $35m-$45m, short-term cash flow impact (anticipated to unwind in 1H2016)
  - Investment in Private Label stock weight mid-year to maximise returns; timing of payments to suppliers
  - Invested in stock ahead of the sales growth curve, allowing improved push marketing
  - Timing of investment took advantage of economies of scale, strong A$ and branded supplier offers
- Debt facility to increase, first since Nov '12, reflecting sales growth and to improve financial flexibility



dick smith ELECTRONICS POWERED BY dick smith move

Growth Strategy – *superior growth profile through FY2017*

Superior growth profile through FY2017

- Multiple consumer touch-points with extensive store network, integrated omni-channel and distinct formats delivering differentiated consumer propositions

Store growth

- 390 conveniently located stores in Australia & NZ, with target of ~420-430 stores by FY2017
  - Revised target incorporates deferral of ~10 MOVE stores in NZ and anticipated store closures
- 13 net new stores opened FY2015 YTD, driving improved portfolio returns

Store-in-store offers the best of brands and Private Label

- Store-in-store features driving incremental sales in Apple, Samsung, Fitbit, GoPro, Amazon Kindle, Sennheiser, Beats, Vodafone

Online fully integrated

- Comprehensive omni-channel platform combining 8 websites with extensive store network
- Integrated model delivering strong online sales growth, now in excess of 7% of retail sales

Private Label

- Penetration >12% of sales, supported by Good, Better, Best ranging resonating with customers
- Further range expansion opportunities, reflecting consumer desire for quality, trusted Private Label

Branding resonating with consumers

- Brand advertising (such as 'Unleash your smith' and Apple co-brand TV commercials) to continue
- Improving consumer perception on brand, price and product, driving improved foot traffic growth

4 store formats – *complementary store brands*

Dick Smith
(347 stores)

Famous for knowledge, convenience and range

Core demographic:
Broad appeal, skewed to men and families

Over 400 sites identified
Optimise network returns by not renewing underperforming leases

David Jones Electronics Powered by Dick Smith
(30 stores)

Famous for brands and service

Core demographic:
Predominantly affluent women

Achieving LFL sales growth

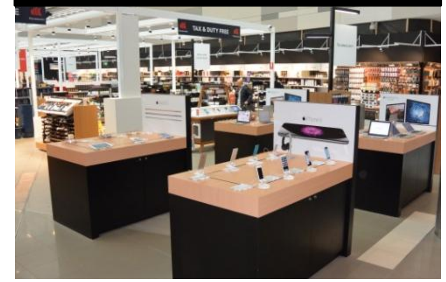
Move
(9 stores)

Latest on-trend products; fusing fashion with electronics

Core demographic:
Affluent, younger women and men

Up to 20 stores, in key demographic locations

Move by Dick Smith Sydney Int'l Airport
(4 locations)



Capturing tech savvy tourists travelling to and from Australia

Core demographic:
All age groups arriving and departing Sydney Int'l Airport

Achieving expectations
Further expansion potential

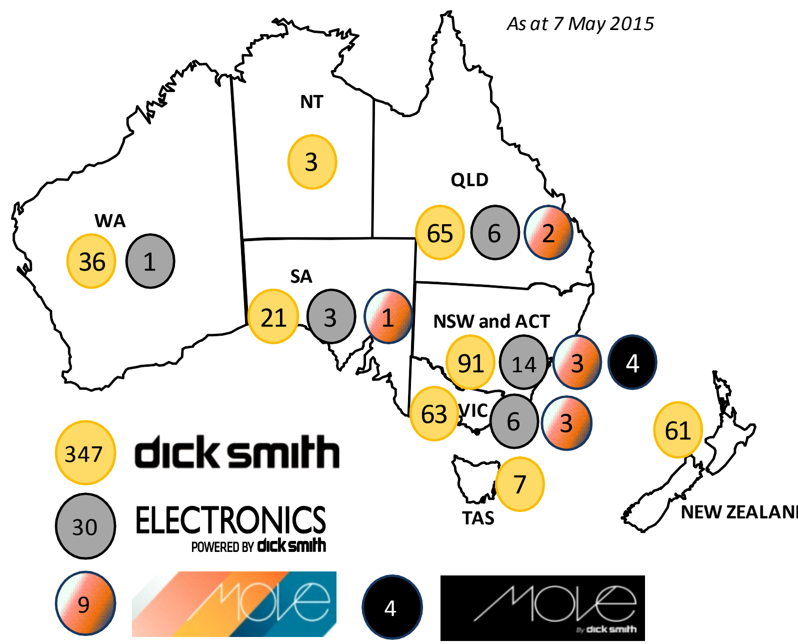
Multi-banner proposition targets diverse consumer demographics

Store network – *competitive advantage*

- Comprehensive store network provides a competitive advantage
- 390 convenient stores in Australia and New Zealand for in-store and online sales
- Targeting sustainable network of 420-430 stores in Australia & New Zealand by FY2017
  - Plans for up to 10 MOVE stores in NZ deferred until more comfortable with market dynamics
  - Stores will be opened or closed based on strict returns criteria

	FY14	As at 7 May			FY15F
	29-Jun	Opened	Closed	Total	Indicative
Australia					
Dick Smith	283	9	6	286	288-293
Electronics Powered by DS	29	1	0	30	30
MOVE	4	5	0	9	10
Duty Free	0	4	0	4	4
	316	**19**	**6**	**329**	**332-335**
New Zealand					
Dick Smith	61	0	0	61	62 [1]
	61	**0**	**0**	**61**	**62**
TOTAL	**377**	**19**	**6**	**390**	**394-397**

Note 1. Reflects timing of opening new store before closure of existing store on same street in FY2016



Store network – *actively manage to maximise returns*

- New stores improving network quality and sales growth rates, with minimal cannibalisation
- Optimal sales performance is a Dick Smith store of ~400m^2 and MOVE store of ~180m^2
- Opportunity to further 'right-size' store network size and optimise locations
- Willing to close stores if sub-optimal store performance
  - In FY2015 closed 6 stores to date

Store closure criteria

- Average lease duration of 5 years means over 70 leases renegotiated annually
- Default position is for an improvement in lease terms and enhanced investment return
- Potential to close 10-15 stores in FY2016 of the 71 stores to be re-leased
  - Whilst stores may be profitable, we will continue to close stores where rent dynamics adversely impact store returns or better opportunities exist in catchment area
  - Sales performance, forecasts, catchment area, competitive environment key determinants
- With 15-20 new stores to be opened annually, likely to experience new store growth as well as improved store performance

Store-in-store – *integral to our growth*

- Store-in-store (SIS) features deliver superior growth
- Broad range of dedicated features indicative of strong supplier relationships

Apple in 175 stores

Samsung SIS in 63 stores

Vodafone screens in 195 stores

Store-in-store – *integral to our growth* (cont'd)

GoPro in over 300 stores

NZ telco layout in 35 stores

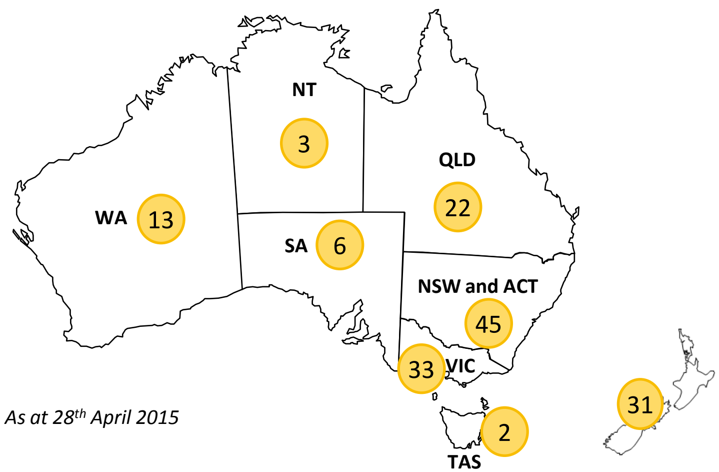
Fitbit in over 200 stores

Headphone walls in over 100 stores by June

Amazon kindle in over 250 stores

Online – *delivering a true omni-channel experience*

- Online sales represent over 7% of retail sales
  - Well placed to achieve 10% of retail sales by FY2017
- Comprehensive footprint across multiple platforms
  - Dick Smith AU & NZ; David Jones; MOVE; eBay; Catch of the Day; Westfield, Trade Me; Groupon; Oz Sale
  - Leveraging online customer database into in-store repeat sales
- Competitive and sustainable advantage
  - Leveraging Australasia's largest consumer electronics store network
  - Lower freight, fulfilment costs and speedier delivery
- Click & Collect available in **all** stores; online fulfilment from 155 locations; over 200 locations expected by June



As at 28th April 2015

dick smith ELECTRONICS POWERED BY dick smith move

Duty Free – *flying high, exceeding expectations*

- MOVE by Dick Smith is the Consumer Electronics retail agency at Sydney International Airport
  - 4 locations within the Duty Free terminal in Arrivals and Departures
- Dedicated shop front in premier location by December 2015 as part of new terminal layout
- Featuring key core categories: Mobility, Office, Entertainment & Accessories
- Audio, Fitness and Accessories the biggest selling items
- Performance since taking over in February 2015 consistent with our $50m annual sales guidance

Illustrative purposes only

Private Label – *essential component of Dick Smith's DNA*

- Private Label remains integral to Dick Smith's consumer proposition
  - Leveraging Dick Smith brand trust and heritage into new products and categories (eg MOVE, audio, NZ TVs)
- Good, Better, Best strategy driving superior sales and profit growth
- Achieving strong sales and profit growth, with Private Label sales mix growing ~1pp p.a
- Increased Private Label stock weight mid-year to maximise returns
  - Invested in stock ahead of the sales growth curve, allowing improved push marketing
  - Timing of investment took advantage of economies of scale and strong A$.
    - Most Private Label product is 'evergreen' – primarily cables and covers with limited obsolescence risk
  - Short-term cash flow timing impact (reflecting suppliers paid in 2H2015) outweighed by profit benefits
- Further category expansion opportunities likely to incur further investment

Brand investment – *resonating with consumers*

- We continue to invest in our brand and positioning in the market
  - Dick Smith brand remains one of the most trusted brands in Australia
  - Brand investment focusing on the differentiation of Dick Smith, leveraging the brand’s heritage
  - ‘Unleash your smith’ and co-branding with suppliers (eg Apple TVC) to build brand awareness
- Increased share of voice, differentiated media strategy and creative cut through is driving an improvement in foot traffic into stores and online
- Driving value perceptions key components of Dick Smith’s advertising
  - Achieved through strong deals and consumer promotions
- Targeted EDM utilising our online platform and growing database
- MOVE brand to benefit from achieving critical store mass and unique (non-traditional) advertising strategies

Loyalty program – *Mates Rates a game changer*

Where we are	Where we will be
MATES RATES dick smith **Launched Dec '14**	- Omni-channel triggered campaigns - Advanced segmentation & analytics - Depth of customer data - Partnerships with key brands for post-purchase marketing
- 250,000 members - Instore signup - Email receipts - Facebook custom audiences - Triggered campaigns for online customers	Target **Over 1 million** Members

Realising our potential – *pathway for future growth*

With substantial improvements to financial performance delivered, Dick Smith is in a strong position for sustainable earnings growth beyond FY2015

5 channels targeting a wider demographic

Focus on growth categories with high margin

Buy $1bn annually of leading brands

Private label a core strength

Comp sales growth

1. Improving market position
2. Innovative formats in ‘MOVE’ and ‘MOVE by Dick Smith’ expanding customer reach
3. Position Dick Smith at the forefront of changing customer preferences for technology and related products and services
4. Modest inflation in high technology categories

Cost control maximising leverage

1. Cost control mentality limits growth to inflation
2. Relentless focus on driving lease renewal savings
3. Restructure delivers step-change in cost base in FY2016

Sustainable returns

Questions

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