

28 October 2015

ASX Announcement

Dick Smith Trading Update

Dick Smith Holdings Limited, at its 2015 Annual General Meeting to be held today, announces sales growth for 1Q2016 of 6.9% and comp sales growth of 1.3%.

Dick Smith Managing Director and CEO, Nick Abboud, said “Sales for the first quarter have improved on the prior year and last quarter (4Q2015), with New Zealand experiencing its best quarterly sales performance since acquisition.”

The improved sales result was delivered in a challenging and competitive environment, in both Australia and New Zealand. Gross profit was adversely affected by increased promotional activity and unfavourable product mix, with strong sales growth in unlocked phones and fitness and disappointing sales in tablets, gaming and accessories. Channel mix was also negative, with strong online sales growth offsetting softer retail store sales, impacting gross margin.

Heightened promotional activity and unfavourable product and channel mix intensified to adversely impact gross margin in October, as we undertook promotional activity to stimulate sales and protect market share. Even with this promotional activity, October sales were disappointing with growth well below the level achieved in 1Q2016.

“Given the October performance and expectations of challenging and variable market conditions, we are cautious about the outlook for the all important Christmas trading period. We will continue to drive sales growth and protect market share, including launching the ‘Dick Smith Live Daily Deals’ campaign on television and radio this week to drive customers to our stores. We will maintain flexibility on gross margin to ensure we drive sales, reduce inventory and improve our net debt position,” said Mr Abboud.

Reflecting this caution, the Company presently anticipates FY2016 NPAT could be \$5 million to \$8 million below previous guidance of \$45 million to \$48 million.

Cash conversion is expected to improve year on year for 1H2016 and FY2016, as the Company continues to unwind the working capital position at June 2015.

Further communication to Market

A conference call will be held today commencing at 2pm (AEST). Please dial +61 2 9007 8048 (ID # 998482).

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