David Jones
Half Year (1H09) Results
August 08 – January 09

Presenters:
Mark McInnes – CEO
Stephen Goddard – Finance Director

1H09 Financial Overview

- 1H09 Profit after Tax +2.4%
- Interim Dividend 11cps - maintained at 1H08 record level
- Company has
  - low debt levels (less than $100m)
  - strong cash flows
  - high quality assets
  - strong balance sheet

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1H09 Financial Highlights

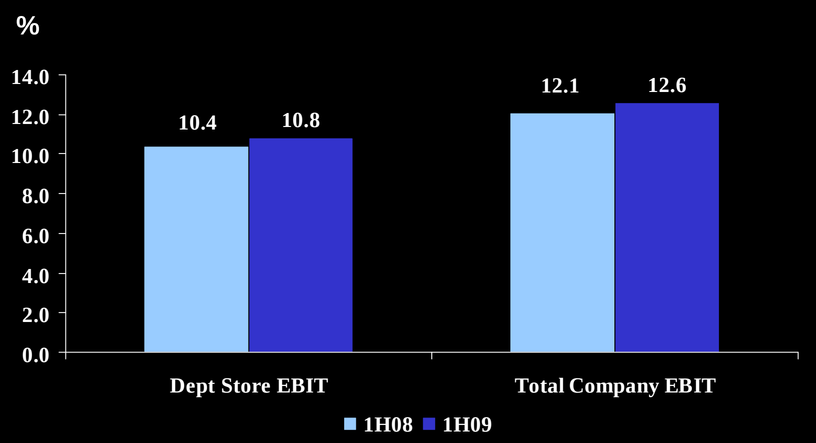
- 1H09 Profit after Tax +2.4%
- 1H09 Gross Profit 39.5%
- 1H09 CODB 28.7% (down 70 bp)
- Total EBIT to Sales 12.6% (up 50 bp)
- Financial Services EBIT +7.5%
- Interim Dividend 11cps

Profit Summary

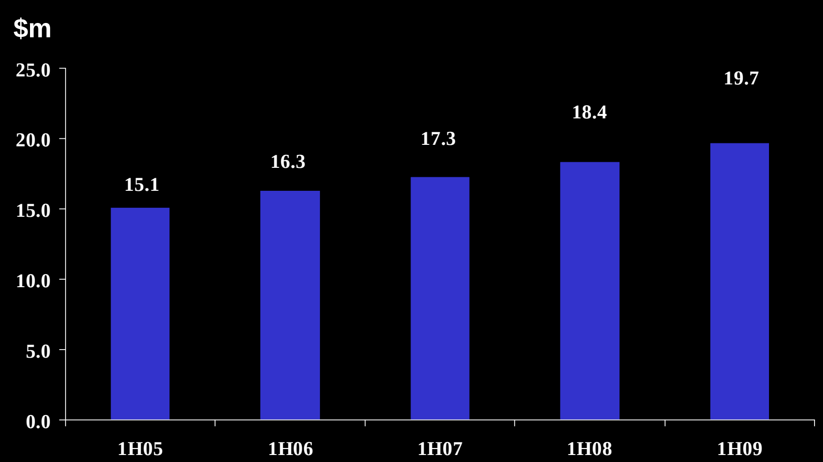
	1H09 $m	1H08 $m	Change %
- Department Stores EBIT	114.4	118.4	(3.5%)
- Financial Services EBIT	19.7	18.4	7.5%
Total EBIT	**134.1**	**136.8**	(2.0%)
Interest Expense	(4.1)	(8.3)	(50.4%)
Profit Before Tax	130.0	128.5	1.1%
Tax	(38.8)	(39.5)	(1.8%)
Profit After Tax	**91.2**	**89.0**	2.4%

Note: Excluding the one-off Organisational Realignment costs of $7.1m (all of which were incurred in 1H09) the Company's Department Store EBIT was up 2.5% and Total EBIT was up 3.2% for the half

EBIT % to Sales



Financial Services – EBIT



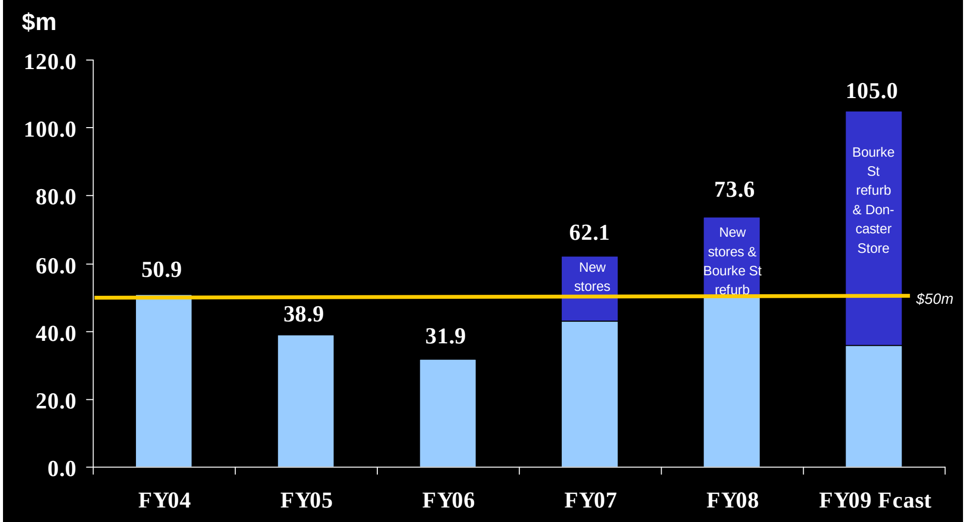
Stock Management

- Continued track record of tight stock management
- Inventory levels down 12.9% on LY at 1H09 end
- Aged inventory well below Company's 5% benchmark

Doncaster

- New store opened in October 2008
- Store performance exceptional despite difficult environment
  - $17m Sales in 2Q09 alone
  - will exceed $5m store EBIT benchmark in FY09 (9 months trade)

Capital Expenditure - Spend



Note: New stores & Bourke St refurb funded by Sale of Bourke St Home Store & DRP

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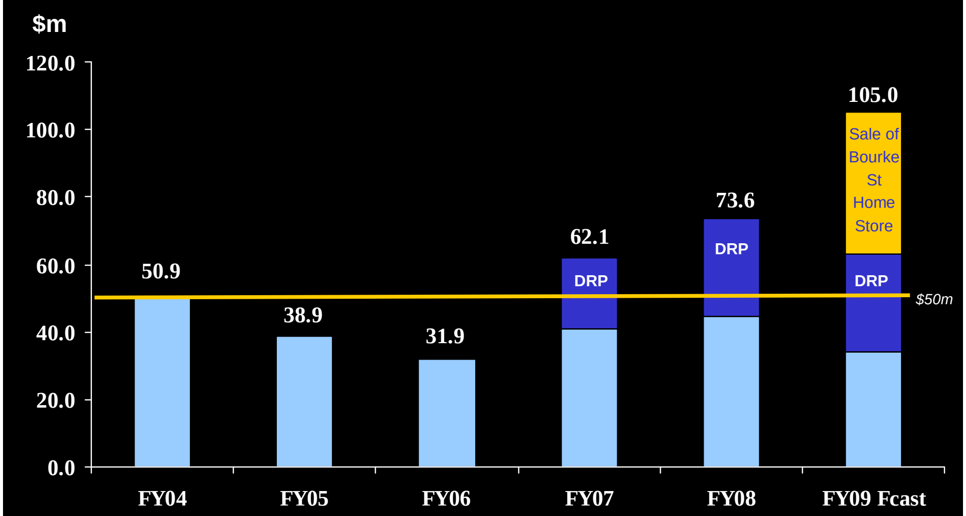
Capital Expenditure - Funding



Note: New stores & Bourke St refurb funded by Sale of Bourke St Home Store & DRP

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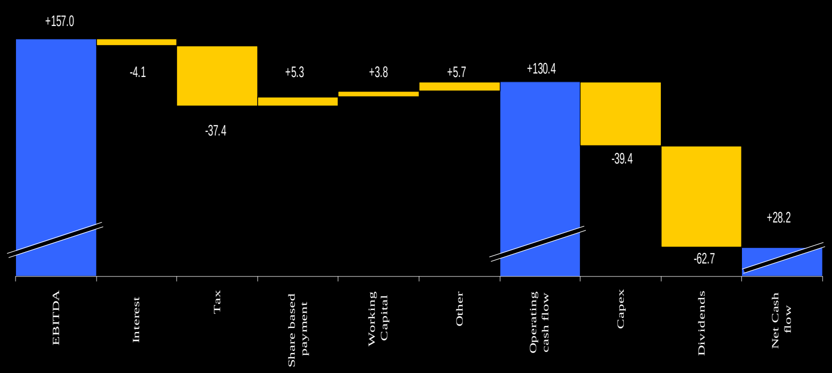
Cash Flow

	1H 09 $m	1H 08 $m
EBITDA	157.0	155.5
Interest expense	(4.1)	(8.3)
Tax paid to ATO	(37.4)	(39.6)
Share based payment expense	5.3	4.8
Interest classified as financing activity	0.0	1.3
Net movement in working capital	3.8	(23.2)
Net movement in other assets/liabilities	5.7	4.3
Operating cash flow	**130.4**	**94.8**
Capex	(39.4)	(19.4)
Net Investing Cash flow	**(39.4)**	**(19.4)**
Free cash flow	**91.0**	**75.5**
Dividends	(62.7)	(43.7)
Interest paid - RPS	0.0	(1.3)
Equity proceeds	0.0	0.1
Net Cash flow	**28.3**	**30.5**

Cash Flow

$ Millions



Note: This graph does not include $42m from the Sale of Bourke St Home Store received in late July 2008 to support refurbishment of the Bourke St properties in C2009

Financial Health Indicators

	1H09	1H08
Average Net Debt: Net Debt + Equity	17.7%	31.6%
Average Net Debt: EBITDA	0.5	0.9
EBITDA Interest Cover	22.7	13.3
Fixed Charge Cover	3.9	3.5

Note: Ratios are based on 13-month average & exclude credit card receivables funding up to 1/8/08

Business Well Positioned to Address Economic Slowdown

- As a result of work undertaken and structural changes implemented in FY06 & FY07 when the economic environment was robust, the Company has
  - generated $42m cash from sale of Bourke St Home Store
  - transferred $374.3m of mostly debt funded Receivables relating to Store Card to American Express
  - renegotiated trading terms with 2,700 suppliers
  - paid down approx $100 million of debt from strong cash flows

Business Well Positioned to Address Economic Slowdown

- As a result of work undertaken in strong economic environment (FY06/FY07), the Company has
  - planned and implemented a 4-year sustainable Cost Efficiency program
  - announced 5 new stores
  - announced and commenced $85m Bourke Street redevelopment
  - implemented a variable cost reduction program that fluctuates in line with expected Sales
  - implemented a tight inventory management program that fluctuates in line with expected Sales

Business Well Positioned to Address Economic Slowdown

- Today the Company has
  - loyal customer base covering 3 generations – daughter, mother & grandmother
  - strong service heritage & ethic
  - best national & international brand portfolio
  - ownership & control of DJs CBD flagship stores in Sydney & Melbourne
  - Financial Services business that delivers 7.5% EBIT
  - proven track record of cost management
  - strong cash flows
  - low debt levels
  - strong balance sheet

Business Well Positioned to Address Economic Slowdown

Balance Sheet

- Net debt of less than $100m - interest payable is less than commercial rent payable on DJs Sydney & Melbourne CBD properties acquired in Sept 06
- Existing assets of highest quality
- Capable of funding all strategic growth initiatives for FY09-FY12 from
  - capex (capped at $50m p.a.)
  - external stakeholders
  - DRP
  - proceeds from sale of Bourke St Home Store

  No additional debt funding required

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Business Well Positioned to Address Economic Slowdown

David Jones American Express Card

- DJs/Amex alliance allowed Company to
  - transfer $374.3m of debt funded receivables to American Express
  - release approx $35m of cash from working capital
  - deliver 7.5% EBIT growth p.a.
  - build a long term loyalty card business

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David Jones Core Customer

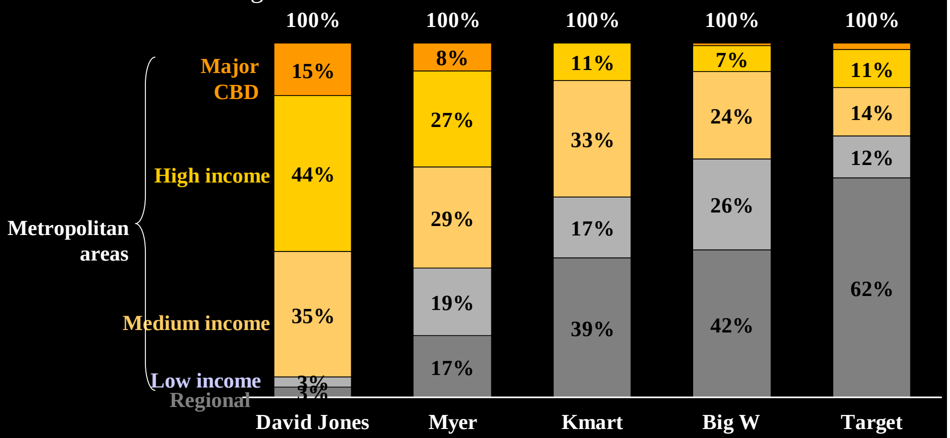
- Targeting 3 generations of women
  - Daughter
  - Mother
  - Grandmother



David Jones' Store Portfolio is well located to our Customer Base

Store locations of major Australian department stores

Percentage of total stores

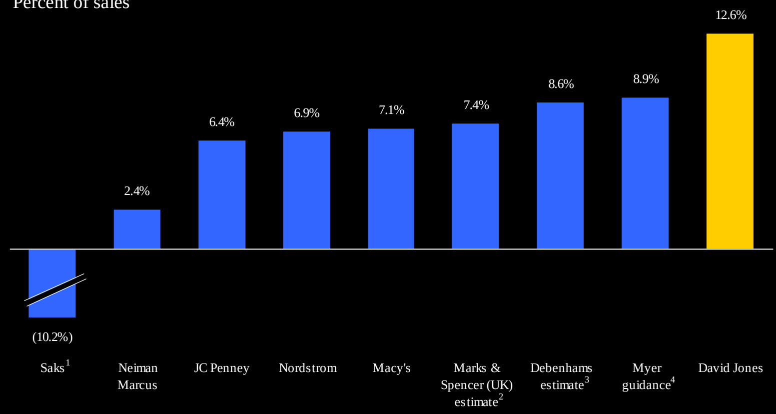


Source: Pitney Bowes MapInfo; PJPL Analysis

EBIT Margins – Latest Results

International department store EBIT margins (before significant items) – January half 2009

Percent of sales



1 Saks fourth quarter result excludes impact of discontinued operations (Club Libby Lu)
2 M&S result (includes general merchandise and food in the UK only) is an estimate from Morgan Stanley Equity Research for half ending March 2009
3 Debenhams result is an estimate from Morgan Stanley Equity Research for half ending February 2009
4 Myer result is mid-range of recent 1H09 guidance

Source: Company results announcements; Morgan Stanley Equity Research, January 2009; Port Jackson Partners analysis

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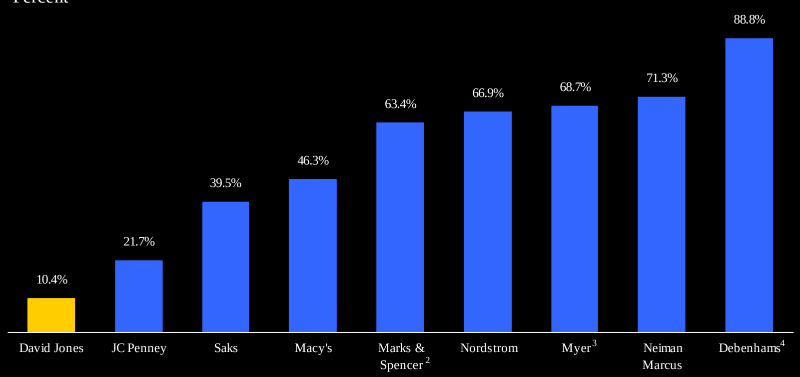
Gearing – Latest Results

International department store gearing[1] – January 2009

Percent



1 Net debt over net debt plus book value of equity
2 Marks & Spencer result is for the half ending September 2008
3 Myer result assumes no change in shareholder equity since July 2008 and net debt as per recent 1H09 sales result announcement
4 Debenhams result is for half ending August 2008

Source: Company results announcements; Port Jackson Partners analysis

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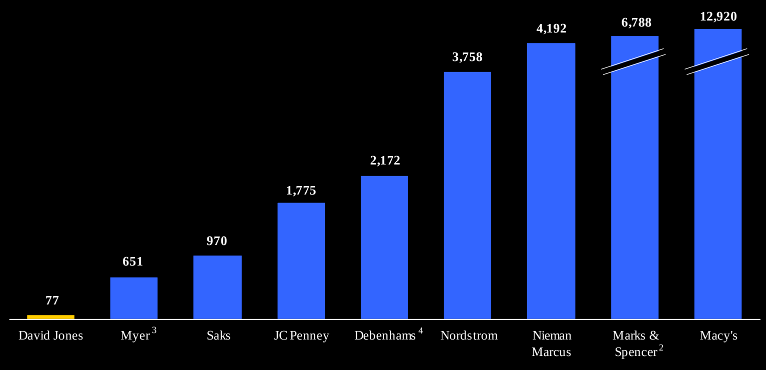
Net Debt – Recent Results

International department store net debt[1] – As last reported at end of January half 2009

AU$ Millions



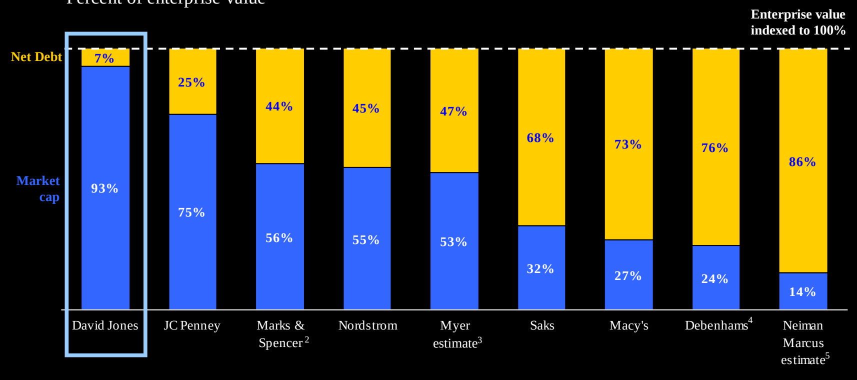
1 Converted to AUD at 4 March 2009 exchange rates
2 Marks & Spencer result based on net debt for half ending September 2008
3 Myer net debt as stated in recent 1H09 sales result announcement
4 Debenhams result based on net debt for half ending August 2008

Source: Company results announcements; Bloomberg; Port Jackson Partners analysis

Net Debt as Share of Enterprise Value

International department store share of enterprise value[1] – 4 March 2009

Percent of enterprise value



1 Net debt plus market value of equity
2 Marks & Spencer result based on net debt for half ending September 2008
3 Myer market cap estimated using FY08 full year net profit and DJS trailing PE of 7.6. Net debt as stated in recent 1H09 sales result announcement
4 Debenhams result based on net debt for half ending August 2008
5 Neiman Marcus market cap estimated using Oct 08 trailing 12 month net profit before extraordinary items (i.e., doesn't include impact of recent quarter loss) and an industry average trailing PE ratio before extraordinary items of 5.9 (average includes JC Penney, Nordstrom and Macy's)

Source: Company results announcements; Bloomberg; Port Jackson Partners analysis

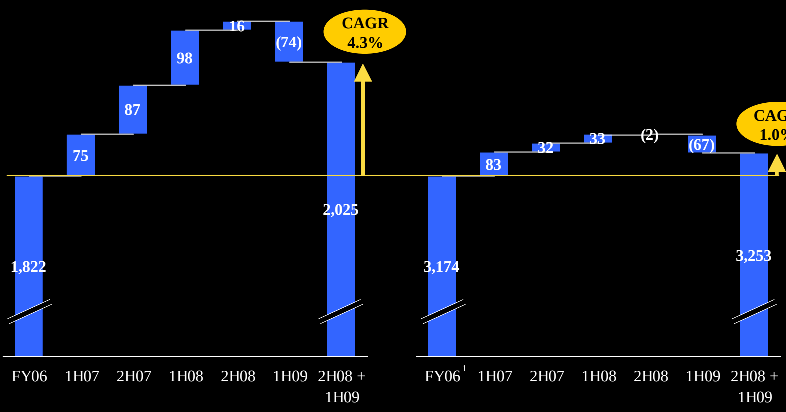
Total Sales Growth – Myer versus David Jones since TPG Ownership of Myer in FY06

David Jones sales build-up FY06 to most recent full year (2H08 + 1H09)

$ Millions

Myer sales build-up FY06 to most recent full year (2H08 + 1H09)

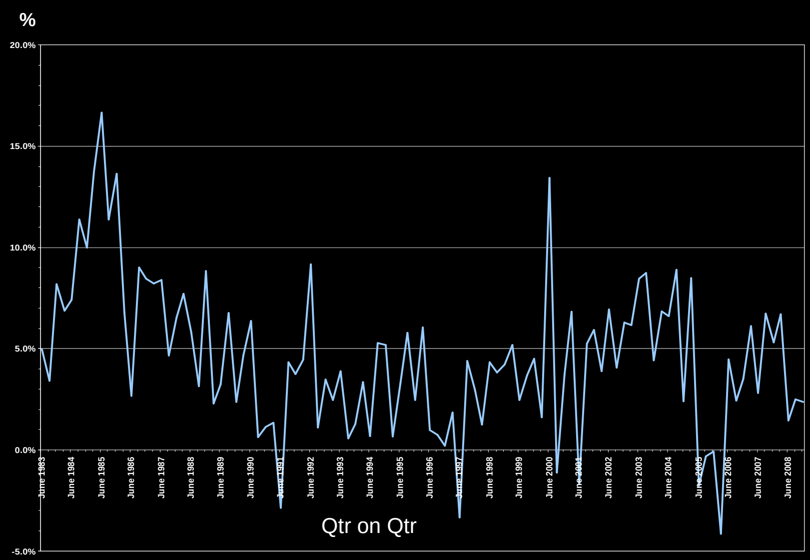
$ Millions



[1] Excludes impact of history making clearance and asset writedowns on acquisition

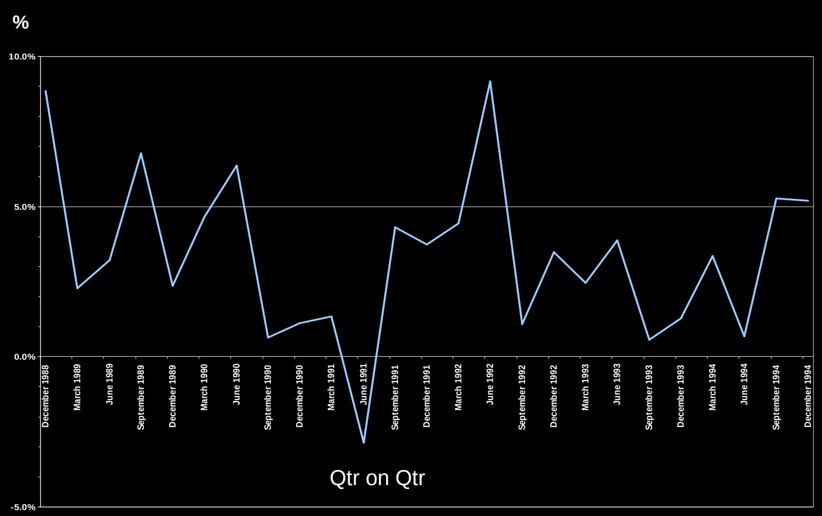
Source: Company results announcements; Port Jackson Partners analysis

Department Store Turnover



Source: ABS

Dept Store Turnover (Nominal) – 1991 Recession



Source: ABS

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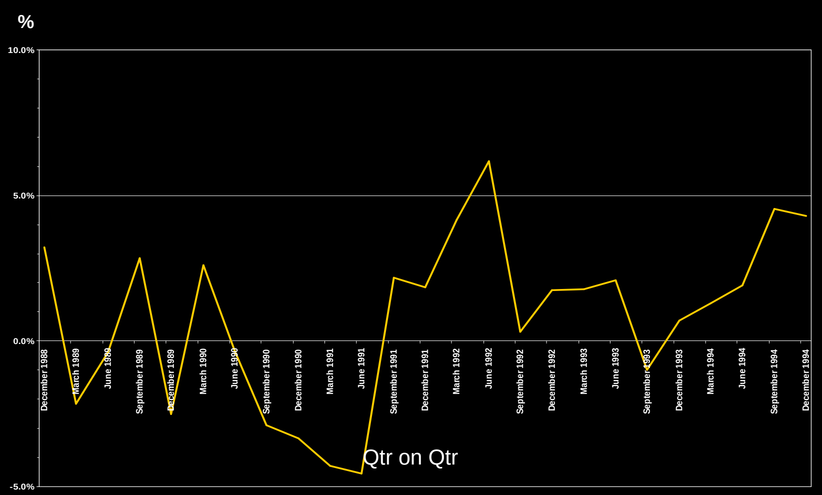
Dept Store Turnover (Real) – 1991 Recession



Source: Access Economics

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Interim Dividend

- 1H09 Dividend of 11 cents per ordinary share (fully franked) declared
- 1H09 Dividend reflects the Company's
  - strong balance sheet
  - low debt levels
  - ability to fund its future Capex program
- 11c Dividend is in line with the record 1H08 dividend declared when the Company reported 9.5% sales growth and enjoyed much more favourable retail conditions
- 1H09 Dividend equates to an annualised average payout ratio of approx 95%

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Outlook

Macro Economic Outlook - FY09

- Reaffirmed 2H09 LFL Sales at -10% (unaffected stores)
- 2H09 LFL Sales at - 12% to - 13% (allowing for EBIT protected Bourke St & Robina refurbishment disruption)
- 2H09 & FY09 PAT growth of 0% to 5% (assuming above Sales)

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Outlook

Macro Economic Outlook – FY10

- Reaffirmed 1H10 LFL Sales at - 3% to - 5%
- 2H10 LFL Sales flat
- FY10 PAT growth of 0% to 5% (assuming above Sales)

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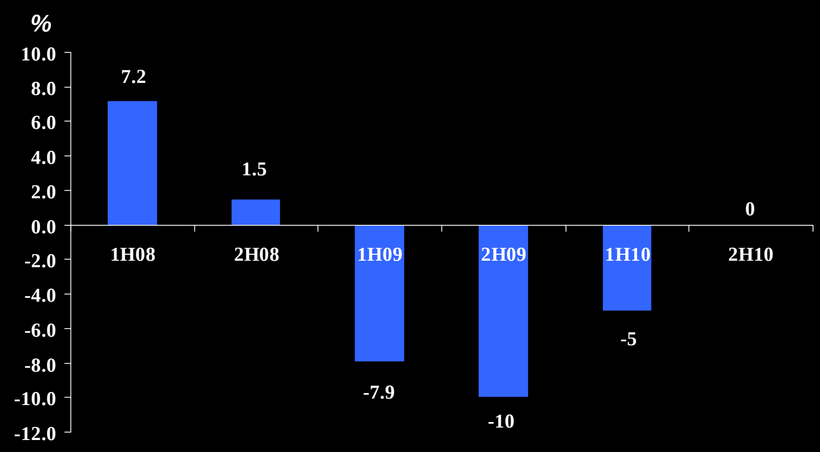
LFL Sales % by Half



Note: Excludes affected stores in 2H09; Guidance for 2H09 & FY10

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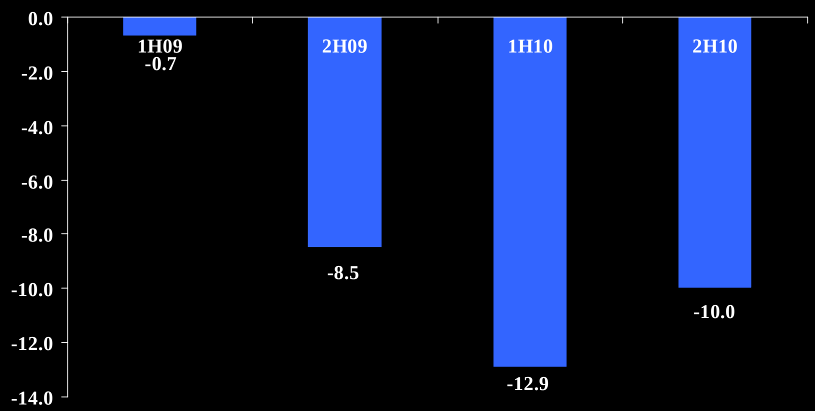
DJs Profit Guidance is built on a further continuing deterioration in sales across calendar 2009

2-Year Cumulative Trend in LFL Sales %



Note: Excludes affected stores in 2H09; Guidance for 2H09 & FY10

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Conclusion

- PAT up 2.4%
- Financial Services business delivered 7.5% EBIT growth
- Sign-ups for David Jones American Express Card well ahead of budget
- Strong Balance Sheet – less than $100m debt plus ownership of flagship Sydney & Melbourne CBD stores
- Strong Cash Flows – can fund future capex from operating cash flows
- Record Dividend maintained at 11 cps

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Conclusion

- The Company has the strongest financial base compared to its local & global peers – David Jones has the lowest net debt & gearing and the highest EBIT %
- Historically department stores are ‘first in & first out’ of an economic downturn
- Confident the Company will emerge from economic downturn with strong brand, loyal customer base, best brand portfolio & strong financial base to leverage inevitable upturn

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Appendices

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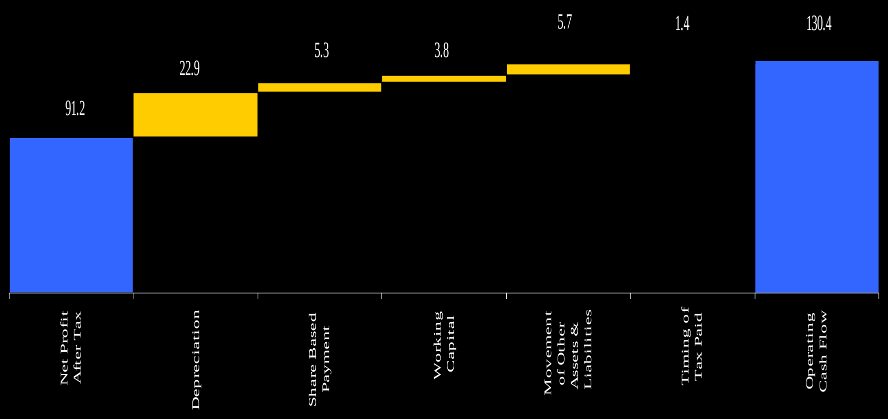
Cash Flow

$ Millions



Cost of Doing Business

4D Income Statement

1H09	**$m**	**%**
Other Revenues	38.3	(9.9)
Employee Expenses	172.8	(5.0)
Lease & Occupancy	77.4	(7.0)
Depreciation & Amortisation	22.9	22.2
Advertising/Merchandise/Visual	27.3	(5.2)
Administration	12.9	(13.3)
Net Financing	5.3	(75.6)
Other Expenses	8.7	(47.7)

Cost of Doing Business

4D Income Statement

- Other Revenues (9.9%) – reflects commission revenue received from GPC alliance (vs total store card interest & fees in 1H08), & reversal of provision from discount on deferred payment of interest free sales
- Employee Benefits Expenses (5.0%) – reflects store salaries in line with reduced sales & reduced incentive based rewards, offset by cost of organisational realignment
- Lease & Occupancy (7.0%) – reflects disruption allowances (Bourke St & Robina) & continued focus on cost efficiencies

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Cost of Doing Business

4D Income Statement

- Depreciation & Amortisation +22.2% – $ in line with 2H08 result
- Advertising/Merchandising/Visual (5.2%) – reflects cost efficiencies & market opportunities whilst maintaining share of voice
- Administration (13.3%) – reduction in external resources & continued cost efficiencies
- Net Financing (75.6%) – funding for store card receivables no longer on balance sheet & managed by Amex (LY $11.6m) & reduced interest costs due to strong balance sheet & cash position

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Cost of Doing Business

4D Income Statement

- Other Expenses (47.7%) – doubtful debts expense no longer directly incurred as managed by Amex (LY $4.0m) & continued focus on cost efficiencies

Capital Expenditure Outlook FY09-FY12

	$m (over FY09-12)	
Total Investment	400	
Less Stakeholder Funding	100	
Capex on DJ Balance Sheet	**300** *	
Less Sale of Bourke St Home Store	42	
Less DRP	70	
Net Capex Funded by Operating Cashflow	**190**	(approx) over 4 years (average ~ $50m p.a.)

* Capex Forecast

FY09 (incl. Bourke St refurbishment)	105
FY10 – FY12 (average ~ $65m p.a. inclusive of new stores & Bourke St refurb)	195
	300

(Note: Capex Outlook as provided in FY08 Results – 28 Sept 08)

Funds Employed

	1H09 $m	1H08 $m
Inventory	240.8	276.6
Trade Payables	(240.7)	(257.6)
	0.2	19.0
Receivables - Current	44.3	452.2
Other Creditors - Current	(46.8)	(48.9)
Receivables Liability	0.0	(370.0)
Working Capital	**(2.3)**	**52.3**
Receivables - Non-Current	3.4	1.6
Other Creditors - Non-Current	(39.2)	(41.9)
Fixed Assets	724.1	706.0
Total Funds Employed	**686.1**	**718.0**
Net Tax Balances	52.2	43.0
Net Assets Employed	**738.3**	**761.1**
Cash	11.5	20.6
Borrowings	(88.0)	(178.9)
Total Equity	**661.8**	**602.9**

Return on Investment

	1H09	1H08
ROFE	30.9%	31.4%
ROE	23.1%	26.5%

Note: Ratios are based on 13-month average & exclude credit card receivables funding up to 1/8/08

Net Financing Analysis

	1H09	1H08
Net Interest as per ASX Release	4,115	8,291
Financial Services Cost of Funds	-	11,587
Interest Income	923	1,689
Other	214	(38)
Total Net Financing Expenses as per 4D	5,252	21,529

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18 March 2009