



Goldman Sachs Conference

Presented by Michael Potts
CFO and Company Secretary

22 May 2014

Dick Smith – *market leader in our key focus categories*



1. Source: Reader's Digest: Most trusted Australian Brands 2013: Iconic Brands category

Our core DNA – *delivering sustainable growth*

Acquisition

Now

Buy it

Improved
supplier terms

PL range
expansion &
cost review

Range
simplification

NZ buying
integrated into
Australia

Further
improvement
in supplier
terms

Move it

Cleared excess
stock & closed
surplus
warehouses

Innovative
logistics
through
StarTrack

NZ warehouse
utilising NZ
Post

Australia
warehouse
efficiency
review

Click & Collect
Store
fulfilment

Sell it

Store rostering
Assistant
managers
removed

CEO Club
Staff Incentives

3 distinct store
formats +
multi-platform
online offer

NZ marketing
integrated with
Australia

53 new stores
to be opened
in FY14

Customer reach – *servicing a broad demographic*

4 channels

Category

Products

Brands

**dick
smith**

Office



- Computers/monitors
- Ultrabooks/ laptops/ notebooks
- Tablets
- Security products
- E-readers
- Related accessories and services

Acer	Apple
Asus	Belkin
Canon	Dick Smith
HP	Logitech
Microsoft	Samsung
Sony	Swann
Toshiba	Uniden

DAVID JONES ELECTRONICS POWERED BY dick smith

Mobility



- Mobile handsets
- Pre- and post-paid mobile plans
- Satellite networks
- Related accessories and services

Amazon	Apple
Garmin	Huawei
LG	Nokia
Pivotal	Samsung
Sony	Vodafone
Telstra	Optus

MOVE

Entertainment



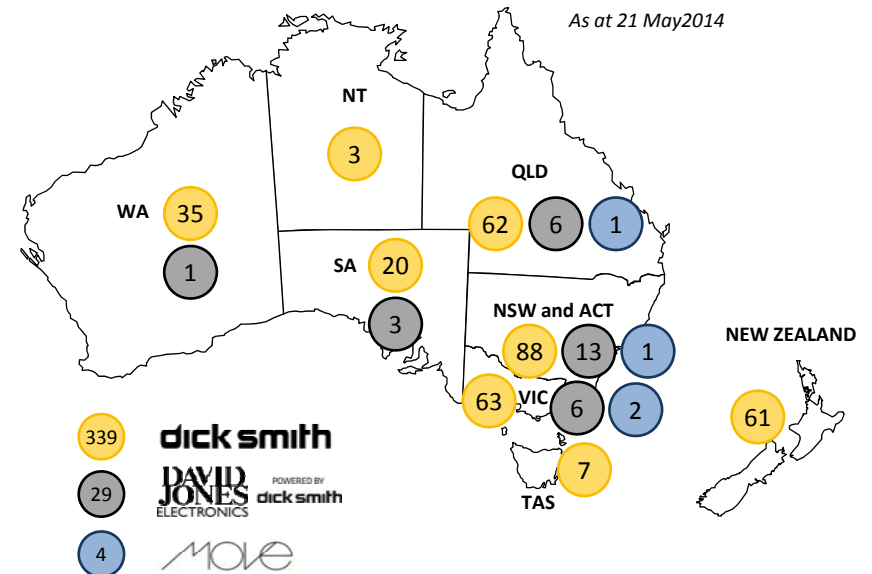
- Televisions
- Audio products
- Visual components
- Digital cameras
- Gaming and movies
- Related accessories and services

Bang & Olufsen	
Beats by Dre	Bose
Dick Smith	GoPro
JVC	LG
Nikon	Olympus
Samsung	



Largest store network – ~400 stores by FY15

	FY13	At 21 May 2014			FY14F
	30 Jun	Opened	Closed	Total	
Australia					
Dick Smith	262	16	0	278	282
Electronics Powered by DS	0	31	2	29	29
MOVE	0	4	0	4	4
	262	51	2	311	315
New Zealand					
Dick Smith	61	0	0	61	61
	61	0	0	61	61
TOTAL	323	51	2	372	376



2H2014 planned new stores

	Dick Smith	Move	by DS
Opened	Indooroopilly	Indooroopilly	Indooroopilly
	Melbourne Emporium	Melbourne Emporium	
	South Hedland	Highpoint	
To open	Macquarie		
	Kawana		
	Islington		
	Westfield Airport West		

3 formats - *complementary and distinct store brands*

dick smith

Dick Smith
(339 stores)



Famous for knowledge, convenience and range



Core demographic:
Broad appeal, skewed to men and families

Over 400 sites identified

David Jones Electronics
Powered by Dick Smith
(29 stores)



Famous for brands and service



Core demographic:
Predominantly more affluent women

Average weekly sales +80% in April 2014 versus October 2013
Good momentum going into FY15

New Move concept store
(4 stores)



Latest on-trend products



Core demographics:
Affluent, younger women and men

Up to 30 stores, in key demographic locations

Multi-banner proposition targets diverse customer demographics

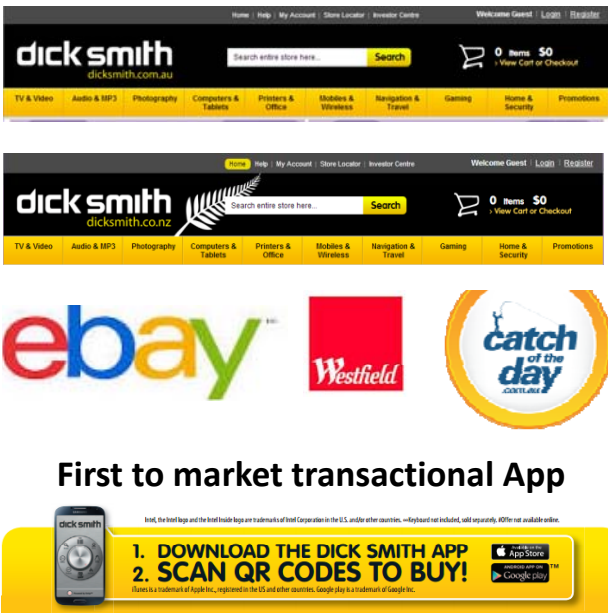
Move – *fusing fashion, lifestyle and technology*

- Unique ‘fashtronics’ concept earning attention world-wide
 - Move considered one of the most innovative store concept globally
 - Short-listed for ‘Design concept of the year’ 2014
- Anticipate ~\$2m annual store sales on 160m² trading footprint
 - Sales ramp up over 2 years from opening, reflecting social media marketing focus
- Targeting key demographic - young, female, affluent
- 4 stores in 3 states
 - Performance consistent with internal expectations
- Up to 30 sites identified



Omni-channel – *innovation driving superior sales*

Multiple online platforms



The image displays the Dick Smith website for Australia (dicksmith.com.au) and New Zealand (dicksmith.co.nz). Below the website screenshots are logos for eBay, Westfield, and Catch of the Day. A promotional banner for the Dick Smith app features a smartphone icon and the text: "First to market transactional App", "1. DOWNLOAD THE DICK SMITH APP", "2. SCAN QR CODES TO BUY!", and "BONUS \$50 GIFT CARD".

Scan traditional media and buy instantly



The image shows an advertisement for an Olympus camera. It features a black Olympus camera with a lens, a QR code, and a price tag of \$399. Text includes "OLYMPUS PEN EPL3 Digital Camera 12.3MP, Tilted 3" LCD, 14-42mm removable lens, full HD recording, 10200". A "BONUS \$50 GIFT CARD" is also shown. A "SCAN TO BUY NOW" button is present.

Store fulfilment driving efficiency



Store fulfilment



Our largest range in our smallest stores



5% of sales are now online; growing to 10% over 3 years

Private Label – *delivering ongoing growth*

- 11%+ of sales
- New ranging to drive growth from 11% to 15% over 3 years
- Superior margin and pricing dynamics
- New categories including tablets, audio & seasonal in store before Christmas



Financial Summary - *FY14 guidance reaffirmed*

- ✓ Reaffirm FY14 guidance, with 6 weeks to go
- ✓ Achieved market commitments to date with H1 FY14 results & 3Q FY14 sales
- ✓ Strong balance sheet, with no debt, reflecting strong cash generation
- ✓ Dividend payout ratio of 60-70% (fully franked) allows for organic and future growth

**FY14 pro
forma
Prospectus
forecast**

Sales	\$1,226m
EBITDA	\$71.8m
EBIT	\$58.7m
NPAT	\$40.0m
EPS	16.9c ²

2. Based on FY14 pro forma Prospectus NPAT & 236.5m shares

Delivering on our commitments

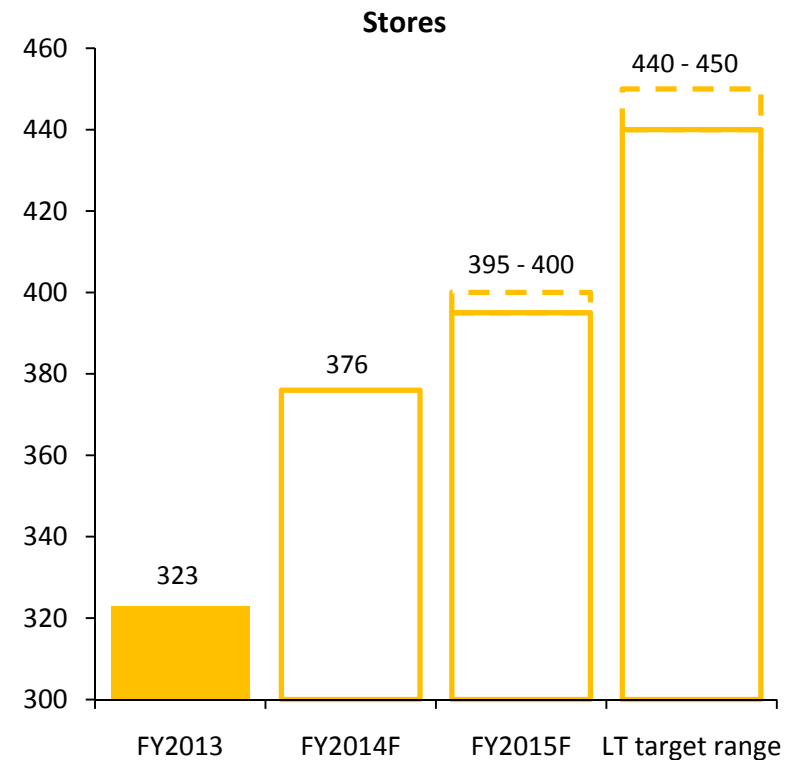
Growth drivers – *Multi-pillar strategy*

With substantial improvements to financial performance delivered, Dick Smith is now strongly positioned for sustainable earnings growth beyond FY2014



Sales growth – *multiple drivers*

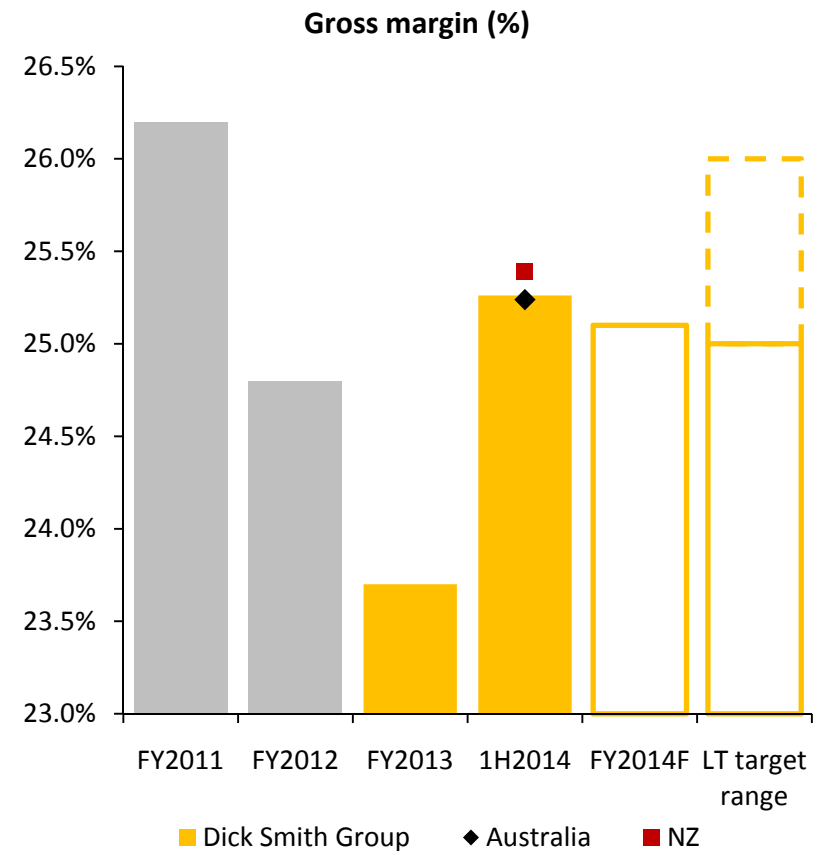
- New stores – up to 450 store potential
 - c20 new stores to open in FY15
 - 54 more stores in Q1 FY15 than Q1 FY14
- Underlying sales growth of ~1-2%
 - Clean comparative sales base for FY15
 - Integrated marketing full year benefit
 - David Jones April sales ~2x av October week
 - Mobility: post-paid key focus for FY15
 - New categories: fitness, coffee machines
- Private label to grow ~1pp of sales pa
 - New products, better pricing to drive GM uplift
- Online ~5% of sales, growing to 10% of sales



Further sustainable growth to come

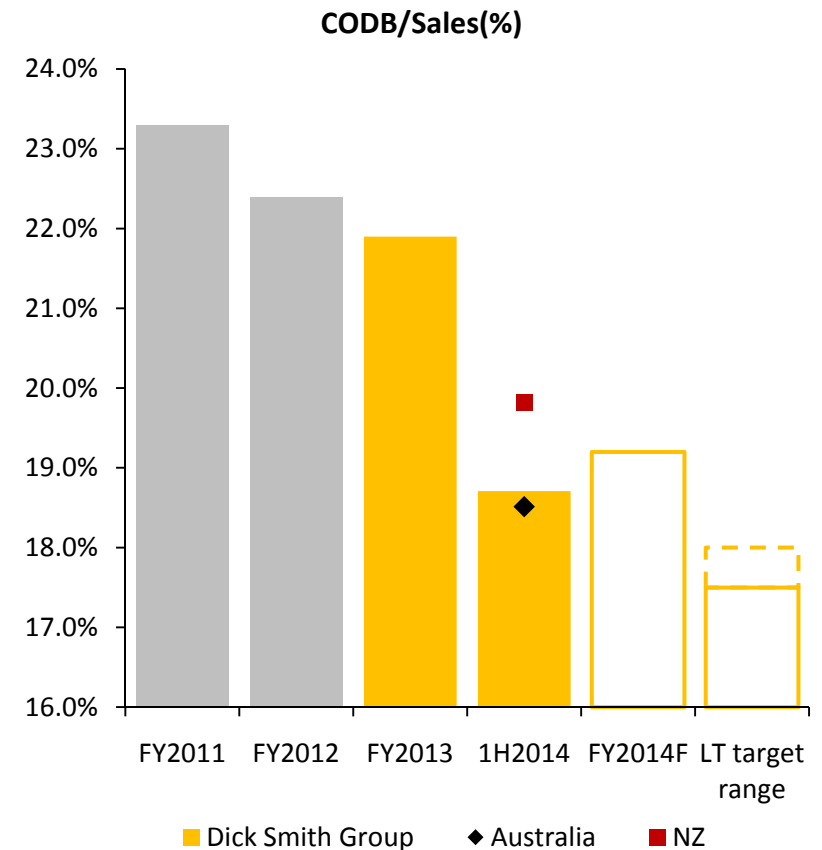
Gross Margin – *buying it better a continual focus*

- Continual focus on improved gross margins from pricing and product mix
- Net beneficiary from category mix
 - Private label
 - Accessories
 - Online
 - Post-paid mobility
- Significant reduction in aged and obsolete stock



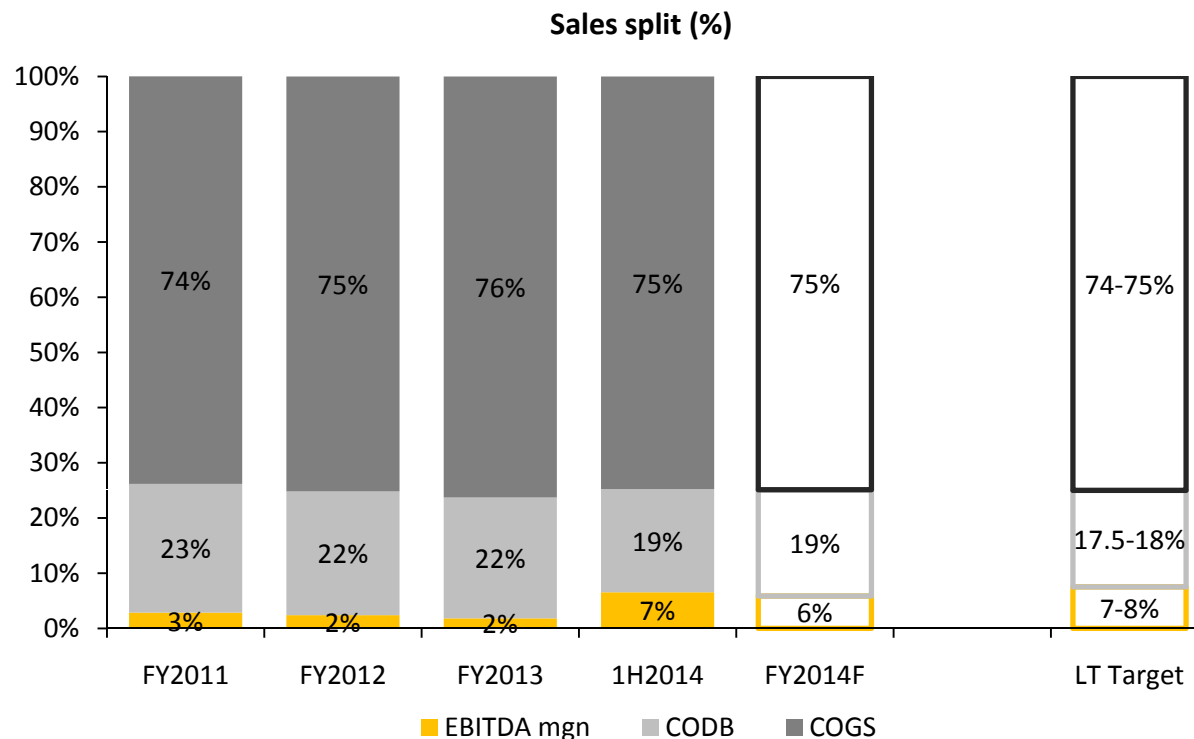
CODB – *benefits gained, more to be realised*

- Investment in sustainable store labour hours, with improved productivity
- Support office right-sizing
- New Zealand buying & marketing integration
- Streamlining and right sizing distribution network
- Reduction in freight and inventory handling costs
- NZ warehouse management outsourced in April
- Australian warehouse management efficiency potential



Future growth – *on-track, achievable & sustainable*

- Sales growth from new stores, new categories, new product
- EBITDA margin expansion: 7-8% expected in 3 years
 - Gross margin uplift supported by product mix
 - CODB cost reduction & sales leverage





Questions