



Macquarie Australia Conference

Presented by Nick Abboud
Managing Director and CEO

8 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

54 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



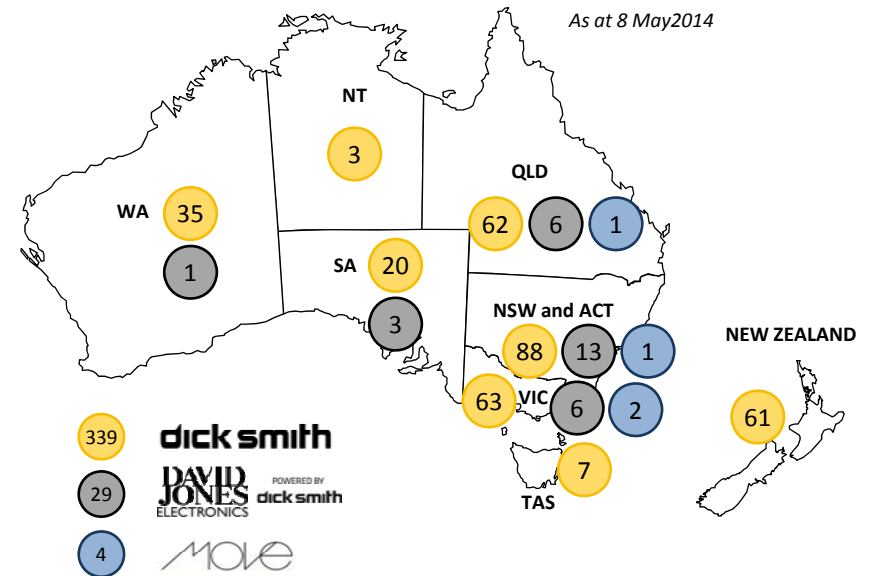
- Televisions
- Audio products
- Visual components
- Digital cameras
- Gaming and movies
- Related accessories and services

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



Largest store network – ~400 stores by FY15

	FY13	At 8 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	Electronics Powered by DS
Opened	Indooroopilly Melbourne Emporium South Hedland	Indooroopilly Melbourne Emporium Highpoint	Indooroopilly
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

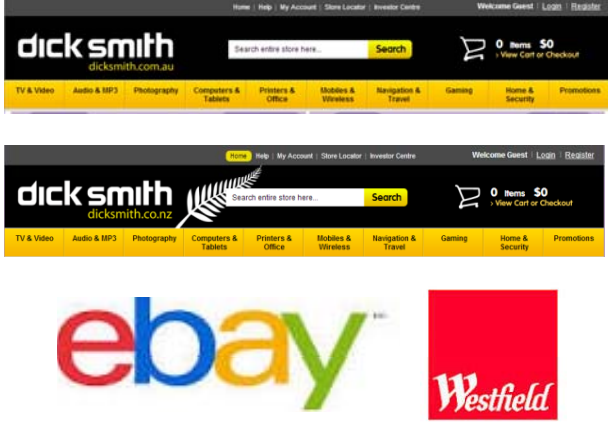
Move – *fusing fashion, lifestyle and technology*

- Unique ‘fashtronics’ concept earning attention world-wide
 - Move considered one of the most innovative store concept globally
 - Apple, BOSE & GoPro uniquely using Move fixtures
- Achieving higher productivity & ATV on smaller (180m²) footprint
- Targeting key demographic - young, female, affluent
 - constant range renewal (Bondi 60% of range updated since opening)
 - high profile designer collaborations (Dion Lee, Romance was Born)
 - non-traditional advertising approach (eg Sydney Fashion Blogger was reposted to over 7 million followers)



Omni-channel – *innovation driving superior sales*

Multiple online platforms




The image shows two screenshots of the Dick Smith website. The top one is for Australia (dicksmith.com.au) and the bottom one is for New Zealand (dicksmith.co.nz). Both show a search bar, navigation menu, and a shopping cart icon. Below the website screenshots are the eBay and Westfield logos.

First to market transactional App

1. DOWNLOAD THE DICK SMITH APP
2. SCAN QR CODES TO BUY!

Scan traditional media and buy instantly



OLYMPUS PEN EPL3 Digital Camera 12.3MP, Tilted 3" LCD, 14-42mm removable lens, full HD recording. **\$399** SCAN TO BUY NOW

BONUS \$50 GIFT CARD

Store fulfilment driving efficiency



CLICK & COLLECT
IT'S THAT EASY!
LEARN MORE >

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*

- ✓ 1H results ahead of expectations
- ✓ 3Q sales ahead of expectations
- ✓ Reaffirmed FY14 guidance
- ✓ Strong balance sheet, with no debt, reflecting strong cash generation
- ✓ Dividend payout ratio of 60-70% (fully franked) allows for organic and future growth
- ✓ Cash generation allows us to internally fund store footprint growth of ~20 stores in FY15

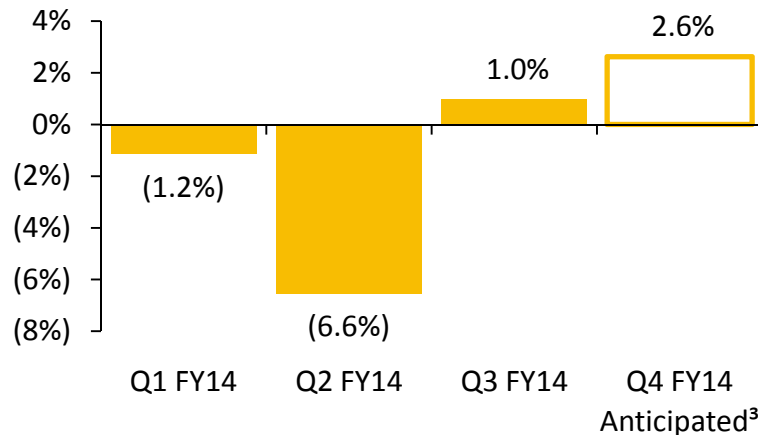
	FY14 pro forma Prospectus forecast
Sales	\$1,226m
EBITDA	\$71.8m
EBIT	\$58.7m
NPAT	\$40.0m
EPS	16.9c ²

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

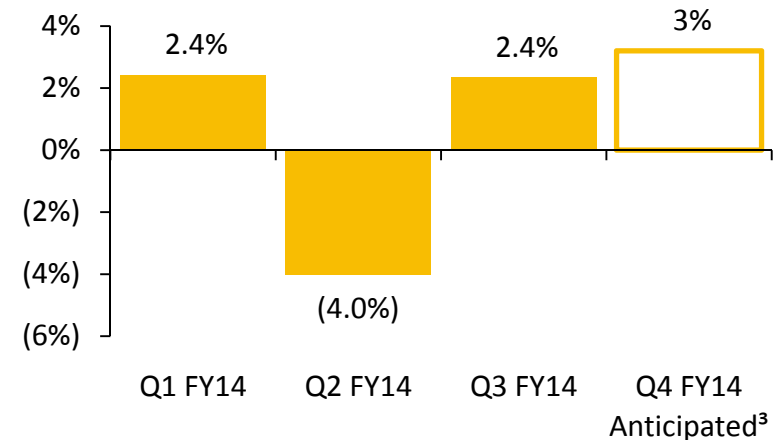
Delivering on our commitments

Sales – underlying LFL growth improving

Dick Smith Group (A\$) adjusted LFL sales growth

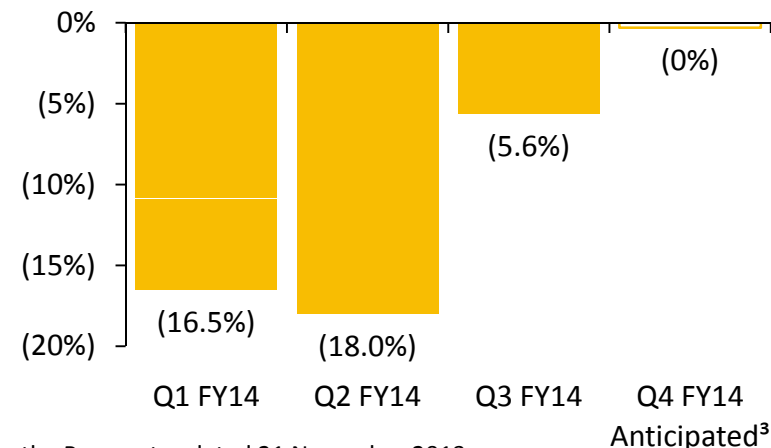


Australia (A\$) adjusted LFL sales growth



- Selling the best range with the best prices
- Experienced sales team with expertise
- Improved store labour profitability
- Increase in marketing volumes, efficiency and share of market voice
- NZ transformation improvements started

New Zealand (A\$) adjusted LFL sales growth

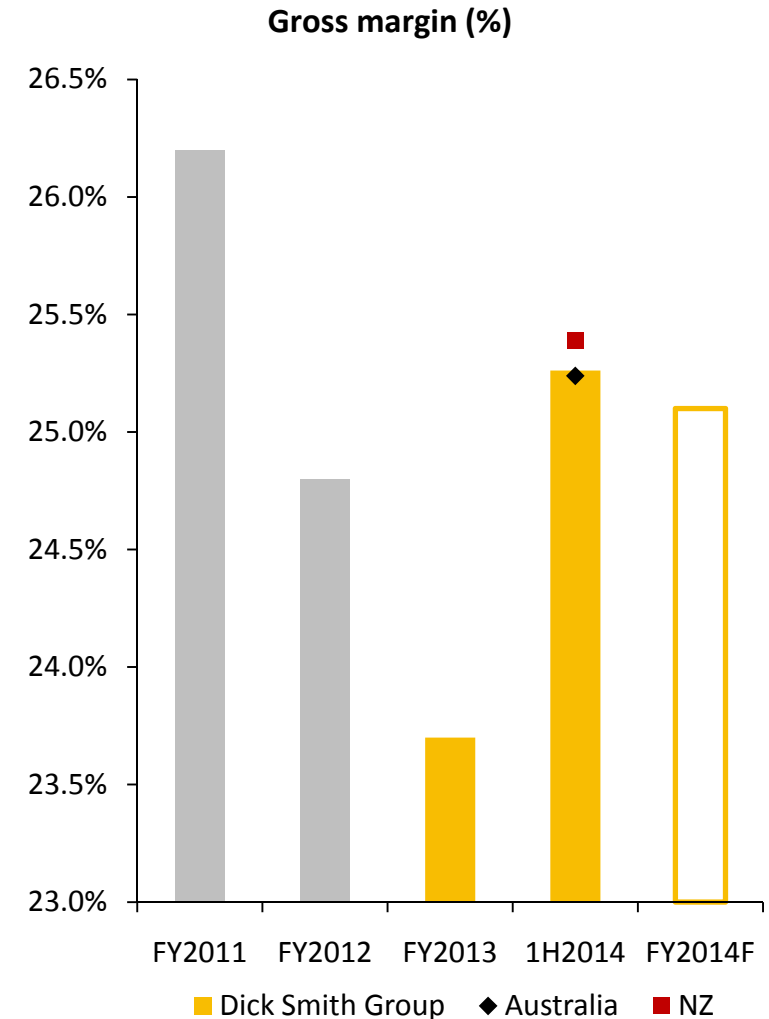


LFL sales adjusted for excessive promotional and inventory clearance activity in FY13, as outlined in the Prospectus dated 21 November 2013.

3. Anticipated Q4 FY14 sales to achieve Prospectus sales of \$1,226m.

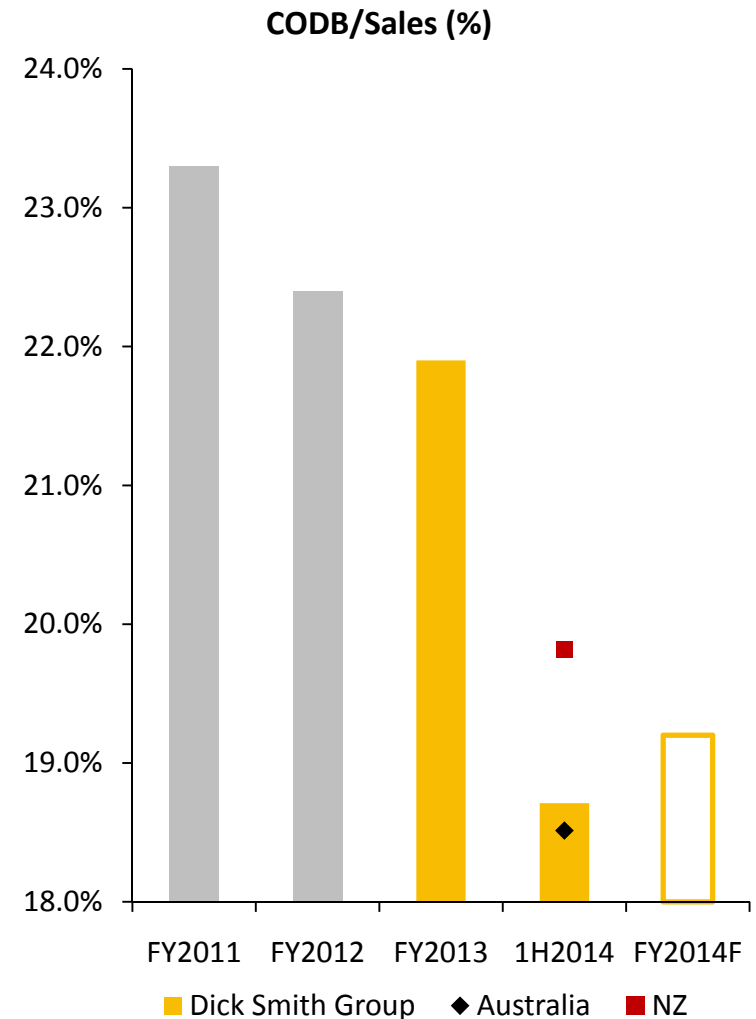
Gross Margin – *buying it better a continual focus*

- Continual focus on improved gross margins from pricing and product mix
- Our GM benefits from category mix
- High/low pricing strategy supports GM maintenance
- Private label and accessories strategy instrumental in our gross margin expectations
- Significant reduction in aged and obsolete stock



CODB – *benefits gained, more to be realised*

- Investment in sustainable store labour hours, with improved productivity
- Streamlining and right sizing distribution network
- Reduction in freight and inventory handling costs
- NZ warehouse management outsourced in April
- Australian warehouse management efficiency potential



Bright future - *we've only just begun*

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





Questions