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17 April 2014

ASX Market Announcements  
ASX Limited  
Level 4, 20 Bridge Street  
Sydney NSW 2000

Dear Sir/Madam

**Q3 FY14 SALES UPDATE**

Please find attached an announcement updating the market on the sales data of Dick Smith Holdings Limited (**Dick Smith**) for the three months ended 30 March 2014 (**Q3 FY14**).

A conference call will be held at 9:30am today following this release of our Q3 FY14 sales update. Dial in details are:

Australia Toll Free	1800 908 299
<i>(Backup Australia Toll Free</i>	<i>1800 058 299)</i>
Hong Kong Toll Free	800 901 654
New Zealand Toll Free	0800 447 258
Singapore Toll Free	800 852 9513
UK Toll Free	0800 051 4282
UAE Toll Free	800 035 702 706
US/Canada Toll Free	1 855 237 2970

Yours sincerely



Michael Potts  
Company Secretary

Enc.

## Q3 FY14 LFL<sup>1</sup> Sales +1%; Australian LFL<sup>1</sup> Sales +2.4%

- Group A\$ LFL<sup>1</sup> sales grew 1.0% (+5.6pp to Q2 FY14), driving A\$280.1m Q3 FY14 sales.
- Australian LFL<sup>1</sup> sales +2.4% (+6.4pp to Q2 FY14), despite challenging market conditions.
- New Zealand A\$ LFL<sup>1</sup> sales -5.6% (+12.4pp to Q2 FY14), with transformation progressing well.
- Online sales grew 47% in Q3 FY14 to approximately 4% of retail sales.

### Group LFL<sup>1</sup> sales + 1.0% in Q3 FY14

Dick Smith Holdings today reported further improvement in its underlying sales<sup>1</sup> performance in Q3 FY14, with group like-for-like<sup>1</sup> (LFL) sales growing 1.0% and achieving total sales of \$280.1m. On a constant currency basis, LFL<sup>1</sup> sales declined 1.8%, a 6.7 percentage point (pp) improvement from the Q2 FY14 performance.

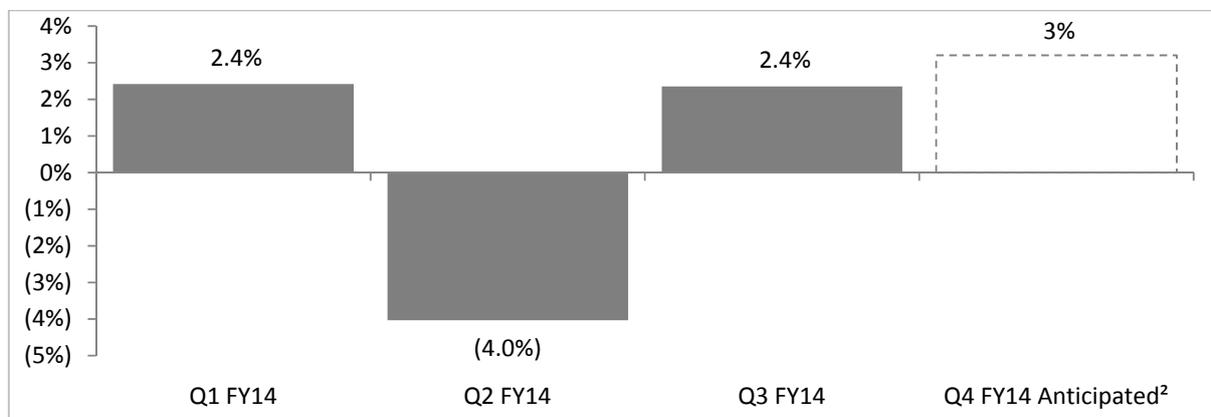
Dick Smith Managing Director and CEO, Nick Abboud, said “Dick Smith’s continued focus on its core growth strategies, including new stores, omni-channel, private label and accessories, has enabled the business to achieve sales growth in the quarter.”

Country	Q3 FY14 (\$m)	YTD FY14 (\$m)	Q3 FY14 LFL <sup>1</sup> growth (%)	YTD FY14 LFL <sup>1</sup> growth (%)
Group (A\$)	280.1	917.1	1.0	(2.7)
Group (constant currency)			(1.8)	(4.9)
Australia (A\$)	238.4	778.7	2.4	(0.2)
New Zealand (A\$)	41.7	138.4	(5.6)	(14.2)
New Zealand (NZ\$)	44.9	155.6	(18.8)	(23.9)

### Australian LFL<sup>1</sup> sales grew 2.4%

“Australian LFL<sup>1</sup> sales grew 2.4% in Q3 FY14, a 6.4 percentage point improvement from Q2 FY14 performance despite a challenging consumer environment. This growth is consistent with our expectations and we anticipate it will continue into Q4 FY14 in the region of 3% consistent with our Prospectus pro forma sales forecast,” Mr Abboud said.

### Dick Smith Australia LFL<sup>1</sup> sales performance by quarter





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The return to LFL<sup>1</sup> sales growth in Australia was expected and achieved despite a slowdown in consumer electronics spend. "Consumer confidence in Australia softened during the quarter, with consumer electronics sales as measured by ABS also declining in January and February. Despite this, we were able to achieve solid LFL<sup>1</sup> sales growth in Australia during the quarter," Mr Abboud said.

### **New Zealand exhibits strong underlying sales improvement to -5.6% LFL<sup>1</sup>**

"Particularly pleasing is the improvement in New Zealand's LFL<sup>1</sup> sales performance experienced during the quarter, which was impacted by the implementation of structural improvements. Our New Zealand stores experienced a LFL<sup>1</sup> sales decline of 5.6% in Q3 FY14 (a 12.4 percentage point improvement on Q2 FY14), benefiting from a stronger New Zealand Dollar. Constant currency LFL<sup>1</sup> sales of -18.8% showed an 8 percentage point improvement on the Q2 FY14 performance," Mr Abboud said.

During the quarter Dick Smith continued its transformation of the New Zealand business, which included integrating its New Zealand marketing and buying operations into Australia and outsourcing its Auckland DC operations to NZ Post. The resultant 32 person reduction in staff is expected to simplify the 'go to market' structure and reduce costs.

"The early benefits to our New Zealand business from the February transformation are in line with our expectations. We anticipate further improvements, particularly in sales, from stronger consumer offers and value perception available by leveraging our Australian buying power. With FY14 sales impacted by the focus on gross margin, we anticipate underlying sales growth returning to our New Zealand operations in FY15," said Mr Abboud.

### **New Stores**

During the third quarter, the Dick Smith South Headland (Western Australia) store opened. Combined with the planned consolidation of the Elizabeth Street (Sydney, NSW) store to Market Street (Sydney, NSW) and a centre redevelopment closing the Miranda (NSW) David Jones Electronics Powered by Dick Smith store, at 30 March 2014 Dick Smith had 368<sup>3</sup> stores operating under the three banners.

"We anticipate opening 6 new Dick Smith stores in A-grade locations in Q4 FY14, and with one closure, three more Move stores and a David Jones Electronics Powered by Dick Smith store, 377 stores are expected to be operating at June 2014."

Sales at David Jones Electronics Powered by Dick Smith stores benefited from the integration of David Jones Electronics into the Dick Smith catalogues and assimilation of what was largely a new sales team.

"We are pleased to be regularly achieving weeks of strong sales growth in our David Jones Electronics Powered by Dick Smith stores on a like-for-like basis," said Mr Abboud.

### **Omni-channel**

"Our omni-channel performance was another highlight during the quarter," said Mr Abboud, "with online sales growing 47% to approximately 4% of retail sales. During the quarter, we expanded our offer into Westfield and Ebay. This expansion, combined with our existing websites and our online capability, supports our omni-channel offer and allows us to compete strongly with pure online retailers. We are continuing to expand our store fulfillment capability. We anticipate that by June 2014, our store fulfillment will provide our customers with the flexibility of quicker and cheaper local delivery or click and collect in each of our 368<sup>3</sup> stores."

### **Prospectus pro forma forecast reaffirmed**

The Board reaffirms its FY14 Prospectus pro forma forecast, based on no change in consumer or market conditions.



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For further information please contact:

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<sup>1</sup> Adjusted for excessive promotional and inventory clearance activity in FY13, as outlined in the Prospectus dated 21 November 2013.

<sup>2</sup> Anticipated Q4 FY14 sales to achieve Prospectus sales of \$1,226m.

<sup>3</sup> At 30 March, Dick Smith's store footprint consisted of 339 Dick Smith stores, 28 David Jones Electronics powered by Dick Smith stores and 1 Move store.