



9 February 2010

## DAVID JONES INCREASES FY10 PROFIT GUIDANCE & ANNOUNCES 2Q10 LFL SALES UP 3.1%

- **1H10 PAT Guidance increased to approx 10% growth** (from 0% - 5%).
- **2H10 PAT Guidance increased to 5% - 10% growth** (from 0% - 5%).
- **Consumer sentiment** is slowly improving.
- **2Q10 LFL Sales increased by 3.1%** compared to 2Q09.
- **1H10 GP Margin has improved** compared to the previous corresponding period despite intense competitive pressure.
- **1H10 EBIT margin has improved** compared to the previous corresponding period.
- **Costs and Inventory** have both been tightly managed & are in good shape.

David Jones Limited (DJS) today announced that **Like-for-like (LFL) Sales for 2Q10** (being the period 25 October 2009 to 23 January 2010) **increased by 3.1%** compared to 2Q09 and **LFL Sales for 1H10 were up 2.2%** on 1H09.

David Jones CEO, Mark McInnes said, "We experienced a slow improvement in consumer sentiment in 1H10 as can be seen in our Total and LFL Sales performance this half.

"Despite a very competitive retail environment in 2Q10 with heavy promotional activity by retailers struggling to maintain sales momentum without the help of the December 2008 stimulus package, I am pleased to report that our Gross Profit Margin (GP) and our Earnings Before Interest & Tax (EBIT) Margin improved compared to this time last year.

"Our Costs and Inventory were also tightly managed and as a result we have **increased our 1H10 Profit after Tax (PAT) Guidance to approximately 10%** from 0% - 5%," Mr McInnes said.

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PERIOD	TOTAL SALES			
	FY10 \$mil	FY09 \$mil	Total % Change	LFL % Change
First Quarter (1Q) of Financial Year	452.1	442.3	2.2%	0.8%
Second Quarter (2Q) of Financial Year	634.7	619.9	2.4%	3.1%
First Half (1H) of Financial Year	1,086.8	1,062.2	2.3%	2.2%

## TRADING ENVIRONMENT & OUTLOOK

### 2H10

Mr McInnes said, "We are cautiously optimistic about the winter trading half. Our caution is based on cycling the 4Q09 Government Stimulus, however that said, we are cycling (in February and March) the worst of the 2009 economic downturn.

"The fact that we will be cycling our worst sales trading performance in February and March coupled with the fact that:

- our redeveloped Bourke Street store is expected to deliver positive sales momentum in 2H10 as we cycle the significant refurbishment disruption incurred in 2H09; and
- our Margins, Costs and Inventory have been excellently managed,

gives us confidence that we are well positioned to trade through the remainder of FY10.

"As a result of all of these factors we have **increased our 2H10 Profit after Tax (PAT) Guidance to 5% - 10%** from 0% - 5%," Mr McInnes said.

### FY11

In their latest report (dated 27 January 2010) Access Economics has forecast that the Australian economy will continue to slowly improve in 2010 with a more substantial retail recovery in 2011. They predict that Australia's job recovery will be in full swing by 2011 fuelled by stronger growth in housing construction, business investment and exports. Importantly, Access Economics is forecasting a return to retail sales growth following the cycling of the Government Stimulus impact in 4Q10, with Chris Richardson (Access Economics Director) publicly stating on 15 January 2010 "...we have seen the worst...". This view is graphically shown in the attached Appendix. Access Economics also note that unemployment is close to its peak and that job growth has begun to recover.

Mr McInnes said, "Keeping in mind Access Economics' comments, our business is well prepared to capitalize on the slowly improving economic environment.

"Our FY11 New Store and Refurbishment programs are on track with:

- Bourke Street store expected to be completed in 1Q11;
- Kotara expected to be completed in November 2010; and
- Claremont due to open in February 2011.

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“We have a strong business model, a loyal customer base and the best national and international brand portfolio in Australia. Our strong balance sheet, low debt levels, unique market position, medium term growth program and strong management team gives us confidence to provide **FY11 PAT Guidance of 5% - 10% growth**.

“Added to this we reiterate our commitment to continue to return excess cash generated by the business to shareholders in the most efficient manner over time,” Mr McInnes said.

A further update on the outlook for 2H10 will be provided by the Company at its 1H10 Results announcement in March 2010. An update on FY11 will be provided at the Company's Full Year Results announcement in September 2010.

ENDS

**FOR FURTHER INFORMATION CONTACT:**

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***Note:** The Sales numbers quoted in this ASX Release have not been adjusted to take into account changes to the provisions for returns or lay-bys. These changes are required under Accounting Standards and will be reflected in the half year-end Sales figures in the Company's Income Statement. Any change is expected to be immaterial.*

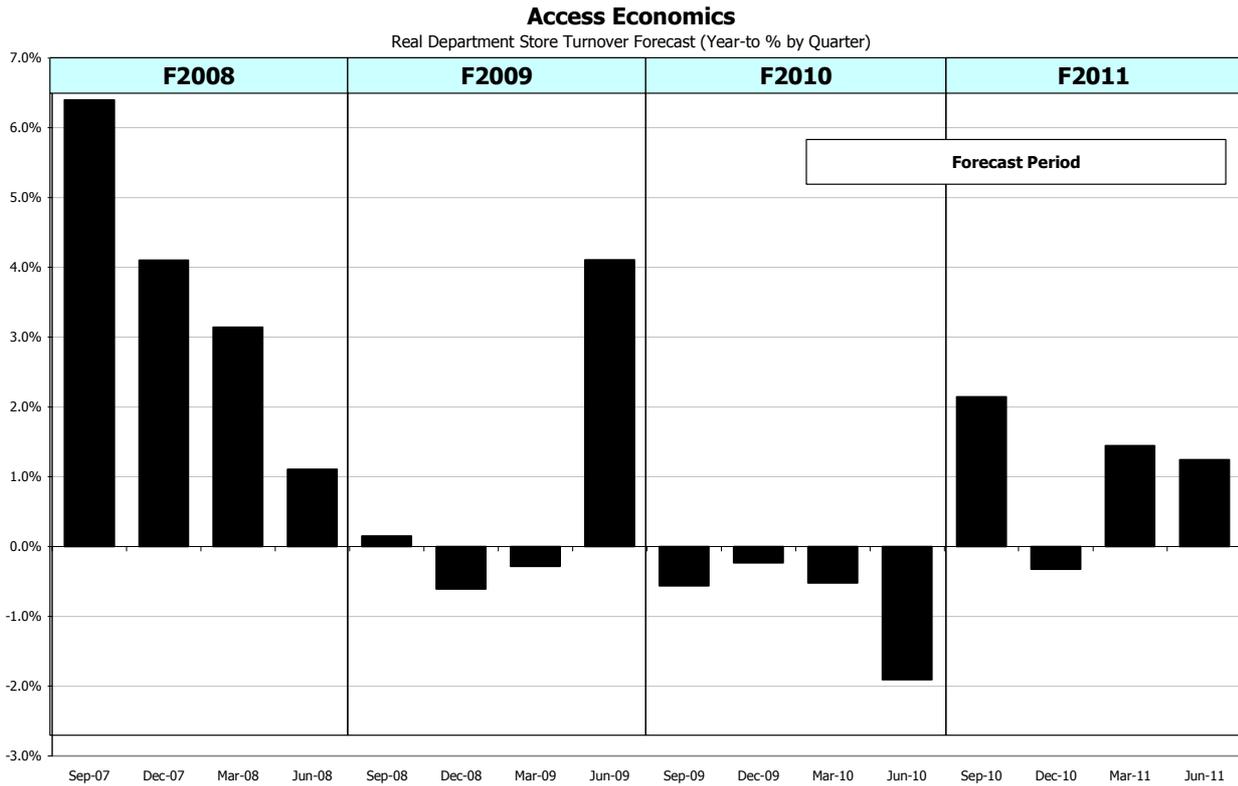
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APPENDIX

LATEST ACCESS ECONOMICS FORECAST



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