For Immediate Distribution **19 September 2012**

DAVID JONES: FY12 PROFIT IN LINE WITH MARKET GUIDANCE

- **FY12 PAT of $101.1 million,** down 39.9% on FY11, which is in line with market guidance and reflects the investment outlined in the Company's Future Strategic Direction Plan and difficult trading conditions.
- **Sales declined 4.8%** - there was however improved tracking in sales, quarter on quarter, throughout the year.
- The Company has **addressed the excess Inventory** issue it faced at the start of FY12.
- **Lower Gross Profit Margin** of 37.5% in FY12 (FY11: 39.1%) reflects the impact of the competitive environment and the cost of clearing excess Inventory.
- **CODB ratio was 31.8% representing an increase of 280bp** on FY11 and reflects investment in the Future Strategic Direction Plan, increased labour, utilities, property and financing costs as well as lower sales volumes.
- **Net Cashflows** from operating activities were **up 7.8%** to $196.7 million.
- **Final Dividend of 7.0cps fully franked,** resulting in the FY12 Full Year Dividend being 17.5cps fully franked.

David Jones Limited (DJS) today reported **Profit after Tax (PAT) of $101.1 million** for the 52 weeks ended 28 July 2012, down 39.9% on the prior year (FY11: $168.1 million).

David Jones Chief Executive Officer Mr Paul Zahra said, "Our FY12 PAT is in line with the guidance we provided on 21 March 2012 and reflects the difficult trading environment during the year as well as the investment we have made in 2H12 implementing our Future Strategic Direction Plan.

"In FY12 we took the view that it was important for the long term success of the business that we invest in the initiatives outlined in our Future Strategic Direction Plan, not withstanding concerns about the current trading environment. Whilst our PAT has been impacted as a result of this investment, the initiatives we are implementing hold us in good stead for the future," Mr Zahra said.

The Company's financial performance for the 52 weeks ended 28 July 2012 is shown below:

KEY ITEMS	FY12	FY11
Sales ($m)	1,867.8	1,961.7
EBIT ($m)	154.3	246.5
PAT ($m)	101.1	168.1
Basic EPS (cps)	19.4	33.0
Operating Cashflows ($m)	196.7	182.4
Full Year Dividend per ordinary share (cps) (fully franked)	17.5	28.0

Sales Revenue for the year was $1,867.8 million, down 4.8% on FY11 reflecting the challenging trading environment during the year. There was however an improvement in the quarterly sales tracking throughout the year.

Gross Profit percentage for FY12 was down 160 bp to 37.5% (FY11: 39.1%). This is the result of discounting in a competitive environment and the impact of dealing with the excess Inventory on hand at the commencement of FY12.

The **Cost of Doing Business (CODB)** percentage for FY12 was 31.8% (FY11: 29.0%). This reflects investment in the Company's Future Strategic Direction Plan, increased labour, utilities, property and financing costs as well as lower sales volumes.

The Company's **Financial Services** business reported growth of 3.6% in EBIT to $49.4 million in FY12 (FY11: $47.7 million). This is lower than the 7.5% EBIT growth achieved in prior years and reflects the Company's decision to invest in 2H12 in growing customer spend and balances.

Earnings before Interest and Tax (EBIT) in FY12 was $154.3 million (FY11: $246.5 million). The lower EBIT reflects the decline in sales, lower margins and increased costs.

The year end **Inventory** position was 3.4% lower than FY11. The Company brought forward the delivery of new Spring/Summer Inventory into July. Adjusting for this 'brought forward' Inventory, the Company's Inventory at year end was 7.4% lower than FY11. This reflects the Company's strategy to focus on new inventory and reduce its reliance on discounting. Management has addressed the excess Inventory it faced at the start of FY12 and Aged Inventory was considerably lower than 5% at year end.

The Company's **Operating Cashflow** increased 7.8% to $196.7 million (FY11: $182.4 million). The Company continued to invest with capital expenditure of $81.4 million (FY11: $81.5 million) and returned $110.6 million to shareholders via fully franked dividend payments.

DEBT POSITION

Net debt as at 28 July 2012 was $115.5 million (FY11: $120.2 million). The Company's gearing ratio (net debt to net debt plus equity) was 13.0% (FY11: 13.3%).

DIVIDENDS

The Board has declared a fully franked final dividend of 7.0 cents per share (cps).

The total dividend per ordinary share for FY12 is 17.5 cps (fully franked). This represents a payout ratio of 91% and is consistent with the Board's undertaking to payout not less than 85% of Profit after Tax.

The record date for the final dividend will be 9 October 2012 and the dividend payment date will be 5 November 2012.

CONCLUSION

Mr Zahra concluded, "As foreshadowed on 21 March 2012 our FY12 PAT result has been impacted by the investment we made in 2H12 in implementing our Future Strategic Direction Plan as well as by challenging retail conditions.

"I am pleased to report that we have made good progress in implementing our Future Strategic Direction Plan, details of which are set out in our ASX Release issued today "Future Strategic Direction Plan and Property Update".

"I am also pleased to report that we have started FY13 with a clean Inventory position and are well invested in Inventory for the 2012 Spring/Summer season. Whilst trading conditions remain challenging we are seeing continued improvement in the sales tracking rate.

"Our Company remains in a strong financial position with low debt. We have a strong balance sheet, solid cashflows and ownership of our Sydney and Melbourne CBD properties. We have made significant progress in implementing our Future Strategic Direction Plan and are well positioned to leverage any upturn in the cycle," Mr Zahra said.

ENDS

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DAVID JONES LIMITED
FULL YEAR 2012 RESULTS

AUGUST 2011 – JULY 2012

PRESENTED BY **PAUL ZAHRA** CEO
& BRAD SOLLER CFO

PRESENTATION OUTLINE

- Results Highlights
- Financial Overview
- Future Strategic Direction Plan Update
- Property Update

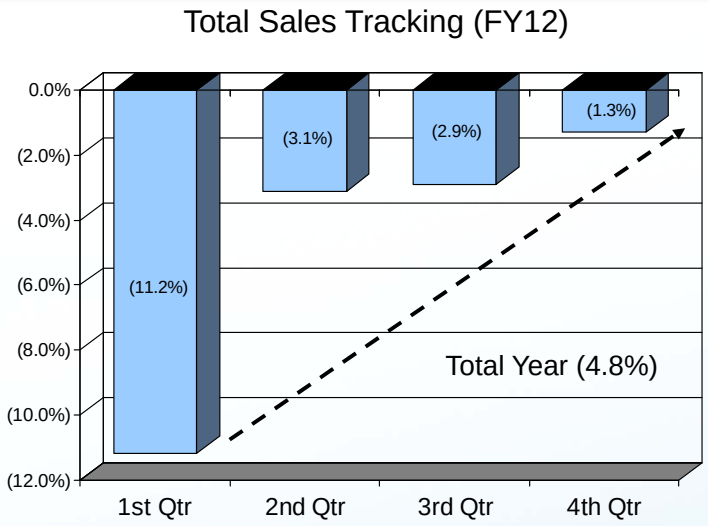
RESULTS HIGHLIGHTS

- FY12 has been a difficult year
- PAT $101.1m, in line with guidance (down 39.9% on FY11)
- Total Sales down 4.8% but improved tracking through the year
- PAT impacted due to investing in Future Strategic Direction Plan
- Excess inventory issue now addressed
- Strong balance sheet, low debt and solid cash flows
- Final dividend of 7.0cps – Full year dividend of 17.5cps
- Good progress has been made in implementing our strategy

PROFIT SUMMARY

	FY12 $m	FY11 $m	Change %
Sales	1,867.8	1,961.7	- 4.8
Gross Profit	699.8	767.3	- 8.8
Cost of Doing Business	(594.9)	(568.5)	+ 4.6
EBIT Department Stores	104.9	198.8	- 47.2
EBIT Financial Services	49.4	47.7	+ 3.6
EBIT Total	154.3	246.5	- 37.4
Net Interest Expense	(10.5)	(7.2)	+ 47.7
Profit Before Tax	143.8	239.3	- 39.9
Income Tax Expense	(42.7)	(71.2)	- 40.0
Profit After Tax	101.1	168.1	- 39.9
	FY12	FY11	Change
EBIT to Sales	8.3%	12.6%	- 430 bps
PAT to Sales	5.4%	8.6%	- 320 bps

SALES – DEPARTMENT STORE BUSINESS



We saw a continued improvement in our sales tracking during FY12

GROSS PROFIT – DEPARTMENT STORE BUSINESS

	FY12	FY11	Change
Gross Profit	$699.8m	$767.3m	- 8.8%
Gross Profit Margin	37.5%	39.1%	- 160 bps

- Gross Profit Margin declined 160 bps to 37.5%
- Margins impacted by:
  - reduction in excess stock
  - competitive pressure
  - deflation - especially in Electricals

Cost of clearing excess inventory impacted margins

COST OF DOING BUSINESS – DEPARTMENT STORE BUSINESS

	FY12	FY11	Change
CODB	$594.9m	$568.5m	+ 4.6%
CODB Ratio *	31.8%	29.0%	+ 280 bps

* CODB as a percentage of Sales

- Increase in CODB reflects:
  - cost of implementing Future Strategic Direction Plan including restructuring costs and IT development costs
  - investment in customer service
  - increasing labour rates (EBA)
  - financing costs
  - rising energy costs

Significant investment made to deliver future growth opportunities

INVENTORY – DEPARTMENT STORE BUSINESS

	FY12	FY11	Change
Closing Inventory	$279.1m	$288.9m	- 3.4%
Aged Inventory	<5%	<5%	-

- Strong focus on Inventory management
- Excess inventory issue addressed in FY12
- Aged inventory well below 5%
- New inventory arrived in July, in advance of summer season
- Adjusting for the “brought forward” new inventory, the Company’s inventory was 7.4% lower than FY11. This reflects the Company’s strategy to focus on new inventory and reduce its reliance on discounting

Company started FY13 with clean Inventory levels and is well invested in new season Inventory

EBIT – FINANCIAL SERVICES

	FY12	FY11	Change
EBIT	$49.4m	$47.7m	+ 3.6%

- Invested $1.8m in 2H12 to drive growth
- Significant investment in growth opportunities

EBIT in line with guidance provided at first half results

CASH FLOWS

	FY12 $m	FY11 $m	Change %
Operating	196.7	182.4	+ 7.8
Investing	(81.4)	(81.5)	- 0.1
Dividend Paid	(110.6)	(130.2)	- 15.1
Net Cash Flow *	**4.7**	**(29.3)**	N/A

* Excludes net proceeds from borrowings and on market share purchase for Trust of $7.0m. (FY11: $23.4m)

Strong underlying cash flows with $81.4m invested in capex

FINANCIAL HEALTH

	FY12	FY11	Change
Net Debt: Net Debt + Equity	13.0%	13.3%	- 30 bps
Net Debt:EBITDA	0.6	0.4	+ 0.2
EBITDA Interest Cover	19.5	40.9	- 21.4
EBITDAR Fixed Charge Cover	3.1	4.1	- 1.0
ROE (13 month average) *	12.8%	21.9%	- 910 bps

* Calculated as Profit After Tax over a 13 month average of Shareholder Equity

Low gearing and high interest coverage provides security

DIVIDEND

- No change to dividend policy – payout of not less than 85% of PAT
- 2H12 Dividend of 7cps, fully franked
- FY12 Total Dividend of 17.5cps, fully franked
- Payout ratio of 91% for the full year

High dividend payout ratio as funds returned to shareholders

CONCLUSION

- David Jones has:
  - distinctive competitive positioning
  - strong balance sheet
  - solid cash flows
  - ownership of its Sydney and Melbourne CBD flagship store properties
  - high dividend payout ratio
- We have a strong business foundation and are investing in our future
- We will now look at the progress we have made in implementing our Future Strategic Direction plan announced on 21 March 2012

APPENDICES TO FY12 RESULTS (FINANCIALS)

EBIT

	FY12	FY11
EBIT ($m)	154.3	246.5
% to Sales	8.3	12.6
EBITDA ($m)	206.2	292.3
% to Sales	11.0	14.9

CASH FLOWS

	FY12 $m	FY11 $m
Profit After Tax	**101.1**	**168.1**
Depreciation	51.9	45.8
Income Tax Expense	42.7	71.2
Interest	10.5	7.2
EBITDA	**206.2**	**292.3**
Interest Expense	(10.5)	(7.2)
Tax Paid	(59.5)	(59.8)
Net Movement in Working Capital	60.5	(47.8)
Other	-	4.9
Operating Cash Flow	**196.7**	**182.4**
Capex	(81.5)	(81.5)
Proceeds on Disposal of Property	0.1	0.0
Net Investing Cash Flow	**(81.4)**	**(81.5)**
Free Cash Flow	**115.3**	**100.9**
Dividends	(110.6)	(130.2)
Net Cash Flow	**4.7**	**(29.3)**

FUNDS EMPLOYED

	FY12 $m	FY11 $m
Inventory	279.1	288.9
Payables	(264.6)	(216.4)
Receivables - Current	23.6	26.5
Other Creditors - Current	(27.7)	(28.1)
Working Capital	**10.4**	**70.9**
Receivables - Non-Current	0.4	0.2
Other Creditors - Non-Current	(33.7)	(33.9)
Fixed Assets	861.4	832.8
Total Funds Employed	**838.5**	**870.0**
Net Tax Balances	52.7	35.7
Net Assets Employed	**891.2**	**905.7**
Cash	20.5	8.8
Borrowings	(136.0)	(129.0)
Total Equity	**775.7**	**785.5**

CODB RECONCILIATION

	FY12 $m	FY11 $m
GP as per Statutory P&L	699.8	767.3
PBT as per Statutory P&L	143.8	239.3
Total costs as per Statutory P&L	**556.0**	**528.0**
Financial Services Result	49.4	47.7
Net Interest	(10.5)	(7.2)
CODB for Department Stores	**594.9**	**568.5**

EBITDAR RECONCILIATION

	FY12 $m	FY11 $m
EBITDA	206.2	292.3
Rent as per Statutory P&L	84.3	83.8
EBITDAR	**290.5**	**376.1**

NET DEBT RECONCILIATION

	FY12 $m	FY11 $m
Total debt as per Financial Statements	(136.0)	(131.9)
Cash and cash equivalents as per Financial Statements	20.5	11.7
NET DEBT	**(115.5)**	**(120.2)**

NOTE

The Company's auditor Ernst & Young has provided a review statement in relation to certain non-IFRS financial measures included in this presentation. These measures are Cost of Doing Business (CODB), Net Debt, ROE, EBITDA and EBITDAR.

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