



2014 Annual General Meeting

Wednesday 15 October 2014

AGL Theatre, Museum of Sydney

Dick Smith – *Chairman's Address*

Phil Cave, AM

Dick Smith – *Managing Director & CEO's Address*

Nick Abboud

Dick Smith – *strategy driving growth through 2017*

dick smith

DAVID JONES ELECTRONICS
POWERED BY **dick smith**

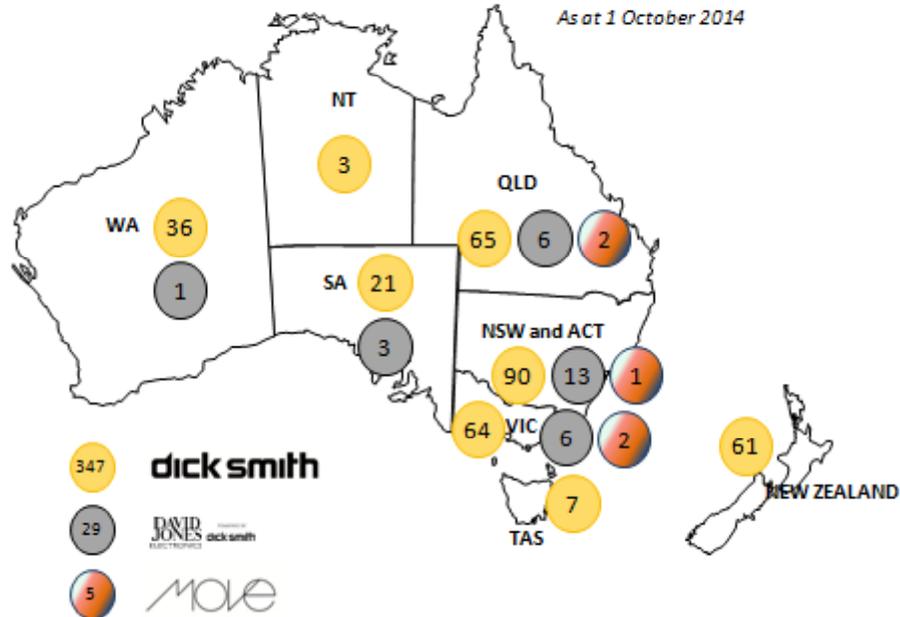
MOVE



 **vodafone**

- Store growth to 450 stores by FY17
 - Differentiated formats maximise our growth opportunity
 - Dick Smith
 - David Jones Electronics Powered by Dick Smith
 - Move
 - ‘Move by Dick Smith’ (Duty Free locations)
 - ~20 new stores to open annually across Australia & New Zealand reflects demographics
- Online sales growth unabated
 - Target of 10% of retail sales by FY17 on track
 - Fully integrated with store network, optimising stock, labour & real estate
- Private Label growth to 15% of sales expected by FY17
 - Protect gross margin
 - New product ranging in audio, accessories, TVs, office
- Mobility opportunity through post-paid access
 - Vodafone performance consistent with expectations

Largest store network – ~400 stores by FY15



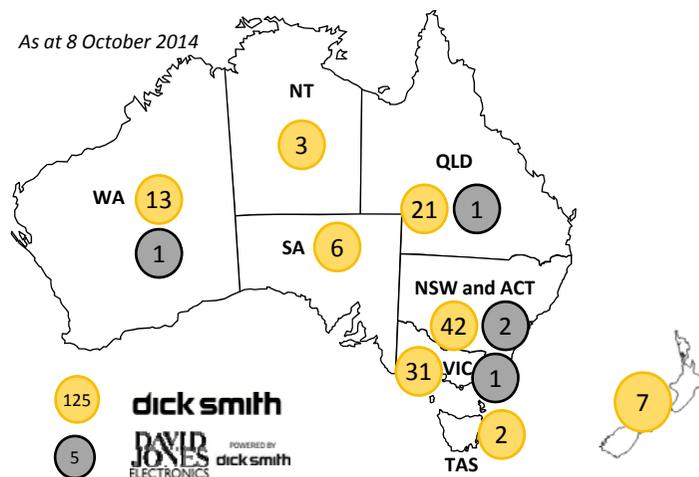
| | FY14 | At 1 October 2014 | | Total |
|---------------------------|------------|-------------------|----------|------------|
| | 29-Jun | Opened | Closed | |
| Australia | | | | |
| Dick Smith | 283 | 3 | 0 | 286 |
| Electronics Powered by DS | 29 | 0 | 0 | 29 |
| MOVE | 4 | 1 | 0 | 5 |
| | 316 | 4 | 0 | 320 |
| New Zealand | | | | |
| Dick Smith | 61 | 0 | 0 | 61 |
| | 61 | 0 | 0 | 61 |
| TOTAL | 377 | 4 | 0 | 381 |

H1 FY2015 planned store openings

- August Airlie Beach, Qld (opened); Ocean Keys, WA (opened); Merrylands, NSW (opened)
- September MOVE Garden City, Qld (opened)
- October MOVE Macquarie, NSW; David Jones Macquarie, NSW; Blacktown, NSW; MOVE Southland, Vic; Goulburn, NSW
- November Miranda, NSW

Omni-channel – *the future of retailing*

- Online sales to double to 10% of retail sales by FY17
- Comprehensive footprint active through multiple platforms
 - Dick Smith Australia, NZ; David Jones; eBay; Catch of the Day; Westfield; Trade Me (NZ); Move (Nov)
 - Extended customer base yet to be fully explored
- Competitive and sustainable advantage utilising extensive store network
 - Click & Collect from all convenient, local stores
 - Customer delivery from 125 stores (over 1/3 of all stores by Christmas)
 - Consumer: convenience, lower cost, faster delivery
 - Dick Smith: lower cost; improved inventory management; store efficiency benefits
 - Leveraging Australasia's largest consumer electronics store network



Private Label – *to protect gross margin at ~25%*

- PL penetration to increase to >15% of sales
- Strong improvement in gross margin on better sourcing and review of price points
- Extensive range across office, accessories, entertainment
 - 1,400 SKUs today, increasing to 1,600 on shelf for Christmas
- Pricing hierarchy introduced with Move range of premium product



Customer offer – *the best brands in growth categories*

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 | |



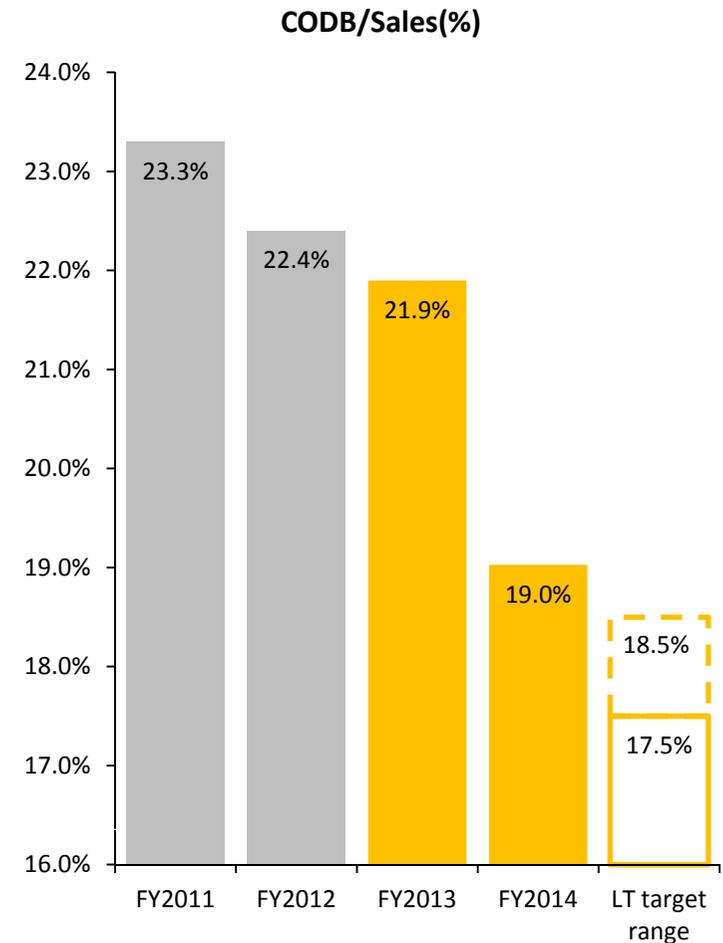
Suppliers – *investing behind Dick Smith's growth*

- Strong relationships with key suppliers
 - Store in Store concepts expanding
 - 61 Samsung Stores; Apple in 175 stores; Sony
 - Vodafone post paid 'Red Shirts'
- Further strong supplier investment in 2015
 - GoPro, Amazon Kindle & Fitness tables



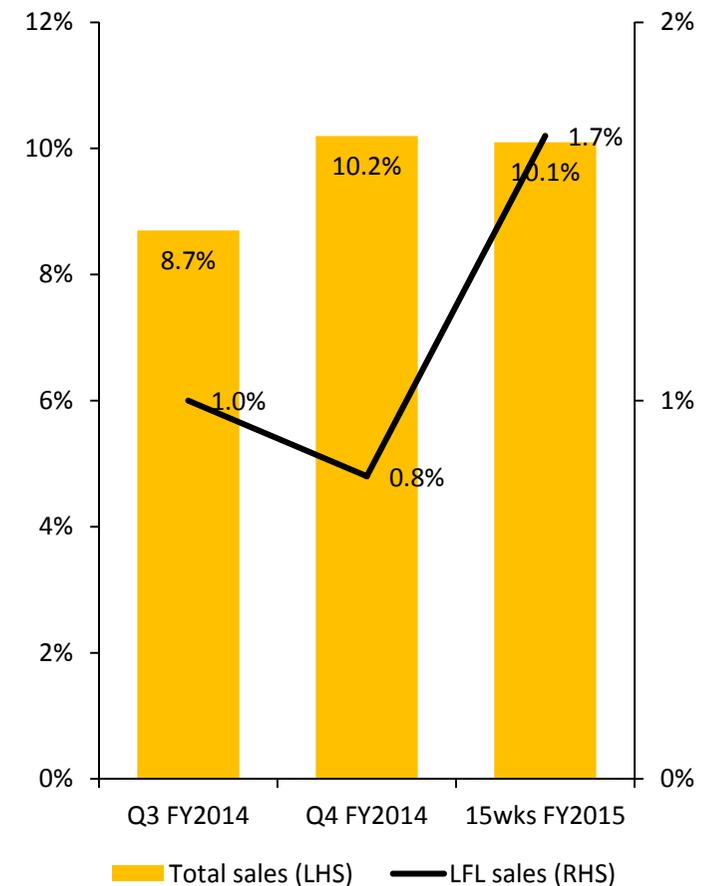
Cost control – *on track for 17.5-18.5% CODB by FY17*

- Significant focus under new management team
- 2015 benefits from supply chain; NZ Support Office; fixed cost base leverage
- Targeting up to 50bp CODB improvement in 2015
- Further opportunities over next 3 years
 - **Rent/lease cost reductions**
 - **Supply chain benefits**
 - **Procurement**



Outlook – *strong sales growth momentum in 1H15*

- ✓ **Strong sales growth of 10.1%** for the first 15 weeks of 2015 (to 12 October 2014)
- ✓ **Like for like sales growth 1.7%**
- ✓ Anticipate high single-digit/low double-digit sales growth in H1 FY2015 (subject to market conditions)
- ✓ Clear structure supporting superior growth
- ✓ A\$/US\$ ~80-90c should drive modest inflation
 - Industry buys branded product in A\$
- ✓ Continued cost focus
 - Leverage sales growth to maximum extent
- ✓ Further growth opportunities being explored
 - Late February 2015, we launch our \$50m sales Duty Free format



Phil Cave, AM
Chairman

Resolution 2: *Appointment of Auditor*

“That Deloitte Touche Tohmatsu be appointed as the auditor of the Company.”

| | | |
|---------|-------------|-------|
| FOR | 163,211,467 | 99.8% |
| AGAINST | 163,367 | 0.1% |
| OPEN | 155,990 | 0.1% |

Resolution 3: *Remuneration Report*

“To adopt the Remuneration Report of the Company for the year ended 29 June 2014 as set out on pages 34 to 43 of the Company’s 2014 Annual Report.”

| | | |
|---------|-------------|-------|
| FOR | 138,396,308 | 98.4% |
| AGAINST | 2,221,120 | 1.6% |
| OPEN | 60,081 | 0.0% |

Resolution 4(a): *Re-election of Lorna Raine*

“To re-elect as a Director Ms Lorna Raine, who having been appointed as a Director of Dick Smith on 25 October 2013 in accordance with the Company’s Constitution, offers herself for re-election as a Director of Dick Smith.”

| | | |
|---------|-------------|-------|
| FOR | 163,262,867 | 99.9% |
| AGAINST | 75,757 | 0.0% |
| OPEN | 150,990 | 0.1% |

Resolution 4(b): *Re-election of Robert Ishak*

“To re-elect as a Director Mr Robert Ishak, who having been appointed as a Director of Dick Smith on 25 October 2013 in accordance with the Company’s Constitution, offers himself for re-election as a Director of Dick Smith.”

| | | |
|---------|-------------|-------|
| FOR | 163,307,522 | 99.9% |
| AGAINST | 76,557 | 0.1% |
| OPEN | 60,081 | 0.0% |

Resolution 4(c): *Re-election of Robert Murray*

“To re-elect as a Director Mr Robert Murray, who having been appointed as a Director of Dick Smith on 12 August 2014 in accordance with the Company’s Constitution, offers himself for re-election as a Director of Dick Smith.”

| | | |
|---------|-------------|-------|
| FOR | 158,772,729 | 97.1% |
| AGAINST | 4,610,900 | 2.8% |
| OPEN | 150,990 | 0.1% |

Resolution 4(d): *Re-election of Michael Potts*

“To re-elect as a Director Mr Michael Potts, who having been appointed as a Director of Dick Smith on 12 August 2014 in accordance with the Company’s Constitution, offers himself for re-election as a Director of Dick Smith.”

| | | |
|---------|-------------|-------|
| FOR | 159,798,807 | 98.2% |
| AGAINST | 2,839,252 | 1.7% |
| OPEN | 150,990 | 0.1% |

Resolution 5(a): *Grant of options – Nick Abboud*

“That the grant to the Managing Director and CEO, Mr Nick Abboud, under the Company’s Long Term Incentive Plan of 1,705,966 options to acquire ordinary shares, on the terms and conditions set out in the Explanatory Notes, be approved.”

| | | |
|---------|-------------|-------|
| FOR | 146,608,971 | 99.6% |
| AGAINST | 444,919 | 0.3% |
| OPEN | 140,990 | 0.1% |

Resolution 5(b): *Grant of options – Michael Potts*

“That the grant to the Finance Director and CFO, Mr Michael Potts, under the Company’s Long Term Incentive Plan of 524,913 options to acquire ordinary shares, on the terms and conditions set out in the Explanatory Notes, be approved.”

| | | |
|---------|-------------|-------|
| FOR | 161,208,440 | 99.6% |
| AGAINST | 444,919 | 0.3% |
| OPEN | 140,990 | 0.1% |



Thank you