



2015 Annual General Meeting

Wednesday 28 October 2015

Dick Smith Support Office, Chullora

Dick Smith – *Chairman's Address*

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Rob Murray

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

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Nick Abboud

FY2015 Financial highlights – *Australia & 2H2015 strong*

- ✓ Total sales up 7.5% to \$1.32bn; comp sales +1%
- ✓ Strong Australian performance offset by challenging NZ market
- ✓ Gross profit +6.1%; Australia gross profit +9.8% with 24.9% GM
- ✓ EBITDA¹ \$79.8m (+7.3%) at margin of 6%
- ✓ EBITDA in Australia \$75.7m (+21.9%) at margin of 6.1%
- ✓ NPAT¹ \$43.4m (+3.1%) with 2H2015 NPAT growth of 6.3%
- ✓ 5cps final dividend (fully franked). FY2015 dividend totalled 12cps (fully franked)

1. Profit, growth rates and comparatives are before restructuring charges and are based on pro forma 2014 numbers.

Growth Strategy – *designed to deliver sustainable results*

Store growth

- Up to 15 new stores p.a. under Dick Smith and MOVE banners. Upside potential with Duty Free

Formats

- New formats such as MOVE and Duty Free considerably expand our demographic reach

Online

- Convenient shopping opportunity leverages store network to maximise 'disrupter' benefits

Private Label

- Differentiated product offering provides strong value proposition

Mobility

- Center piece of connectivity with strong replacement cycle

New categories

- Fitness & wearables and Small Appliances improving halo effect

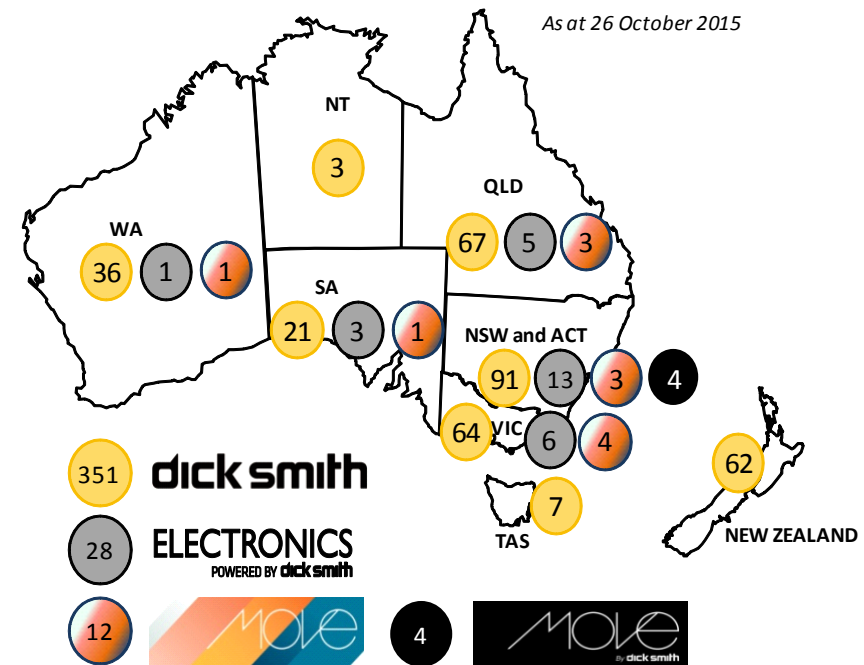
Cost control

- Continued focus on driving lower cost to serve part of our DNA
- Further opportunities across business. Will maintain store productivity

Store Growth – *leveraging largest store network*

- Since IPO, opened 72 stores (net) with 395 conveniently located stores in Australia & NZ
- Sustainable network of 420-430 stores, with up to 15 new stores opening annually
- Will (and have) closed stores where dynamics not sustainable
- NZ network profitable. Strong focus on 5 year outlook before re-signing leases

	FY14	As at 28 June 2015			26-Oct
	29-Jun	Opened	Closed	Total	
Australia					
Dick Smith	283	13	7	289	289
Electronics Powered by DS	29	1	2	28	28
MOVE	4	6	0	10	12
MOVE by Dick Smith	0	4	0	4	4
	316	24	9	331	333
New Zealand					
Dick Smith	61	1	0	62	62
	61	1	0	62	62
TOTAL	377	25	9	393	395



Store formats – *reaching all demographics*

Our store formats cater to a diverse range of customers

▪ **Dick Smith**

- Competitive advantage remains location and service
- Attracting a more balanced customer mix through categories and product
 - New categories including fitness and small appliances
 - Full range of sought after brands (Apple, Samsung, Oppo, Go Pro, Fitbit)

Move

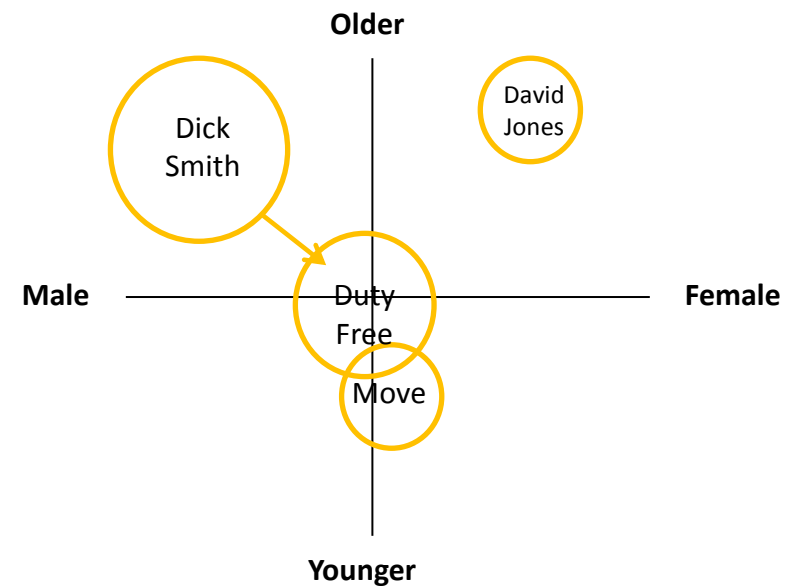
- Technology meets fashion caters for a younger demographic
 - Strong mobility focus, with designer accessories an unique proposition

Duty Free (MOVE by Dick Smith)

- Caters to travellers of all age groups
 - Strong Audio, Fitness and Accessories mix

Electronics Powered by Dick Smith

- Focus on a more affluent female customer
 - Key products include Apple, large format TVs, Bose



Omni-channel – *'disrupter' becoming mainstream*

Online sales doubled to more than 8% of retail sales

- One of Australia's leading omni-channel retailers
- Well placed to achieve 10% of sales online by FY2017

Comprehensive omni-channel platform integrating multiple sites

- DS AU & NZ; David Jones; MOVE; eBay; Catch of the Day; Westfield, Trade Me & Groupon
- Driving online customer base into in-store repeat sales

Sustainable competitive advantage

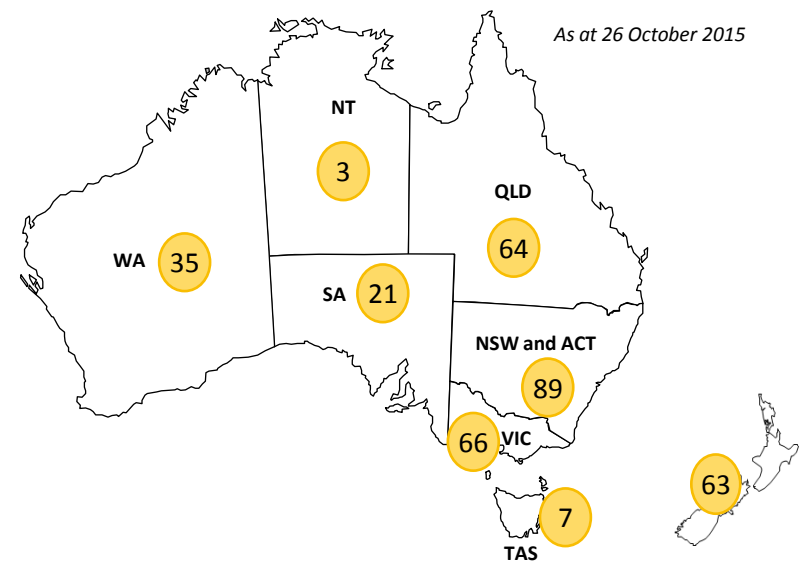
- Leveraging Australasia's largest consumer electronics store network
- Lower freight, fulfilment costs and speedier delivery

Pay & Collect available in all stores

- Allows staff to up-sell and attach on approx. 50% of online sales

Store fulfilment from 348 locations

- Recent expansion of over 130 locations completed to capitalise on Christmas
- Remaining 25 stores to be activated for online before end of FY16



Category opportunities – *centered around connectivity*

Private Label

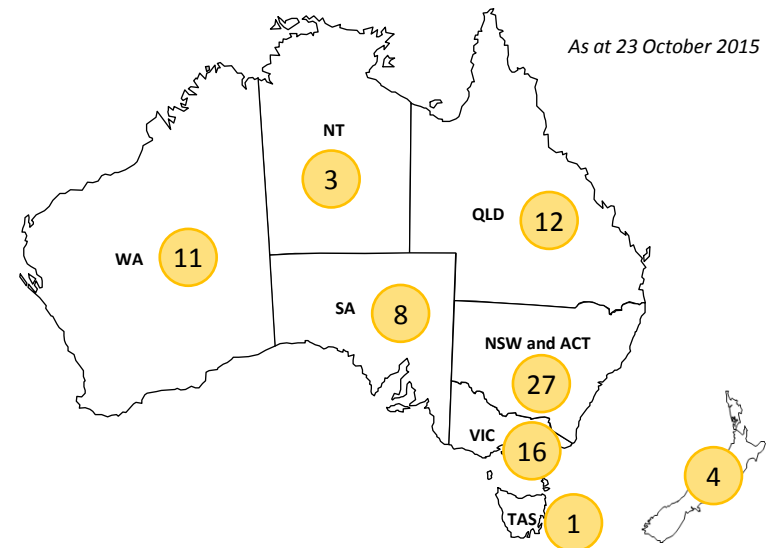
- Private Label penetration >12.5% of sales, on track to drive penetration to >15% of sales by FY2017
 - TVs, Audio & MOVE accessories enjoyed strong growth in 2015
- Good, Better, Best ranging attracting customers, with the premium MOVE range resonating well

Mobility

- Mobile phones increasingly at the center of consumer connectivity
- Dick Smith is well placed to provide customer needs as the only major retailer offering prepaid options across all major networks in Australia

Small Appliances ('Connected Home by Dick Smith')

- Ranging leading brands including Breville, Delonghi, Dyson, Kambrook, Nespresso and Philips currently in 82 stores, with 100 stores to be completed before Christmas
- Access Small appliance category, worth \$1.7 billion p.a. and expected to grow strongly, as it becomes 'connected' to the internet



1Q2016 Sales update & outlook

- ❑ 1Q2016 total sales growth of 6.9% and comp sales growth of 1.3%
 - New Zealand best quarterly growth since acquisition
- ❑ Gross margin adversely impacted by product and channel mix,
 - ❑ strong online sales offset softer retail store sales
- ❑ October disappointing with sales, mix and gross profit worse than expected leading to a cautious outlook for Christmas
- ❑ Will drive sales and protect market share through gross margin flexibility
- ❑ FY2016 NPAT anticipated to be \$5 million to \$8 million lower than previous guidance of \$45 million to \$48 million
 - Subject to market conditions, particularly during Christmas trading
- ❑ Cash conversion expected to improve year on year
 - Stabilisation of working capital in FY16 to drive improved cash conversion

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Dick Smith – *Ordinary Business*

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Rob Murray
Chairman

Resolution 2: *Remuneration Report*

“To adopt the Remuneration Report of the Company for the year ended 28 June 2015 as set out on pages 34 to 46 of the Company’s 2015 Annual Report.”

FOR

136,193,327

98.8%

AGAINST

1,050,455

0.8%

OPEN

527,092

0.4%

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Resolution 3(a): *Re-election of Rob Murray*

“To re-elect as a Director Mr Rob Murray, being a Director of Dick Smith who retires by rotation, in accordance with Clause 59 of the Company’s Constitution, offers himself for re-election as a Director of Dick Smith.”

FOR	153,888,971	99.0%
AGAINST	978,798	0.6%
OPEN	537,092	0.4%

Resolution 3(b): *Re-election of Jamie Tomlinson*

“To re-elect as a Director Mr Jamie Tomlinson, who having been appointed as a Director of Dick Smith on 10 April 2015, in accordance with Clause 58 of the Company’s Constitution, offers himself for re-election as a Director of Dick Smith.”

FOR

154,404,699

99.3%

AGAINST

412,221

0.3%

OPEN

547,092

0.4%

Resolution 4(a): *Grant of perf rights – Nick Abboud*

“That the grant to the Managing Director and CEO, Mr Nick Abboud, under the Company’s Long Term Incentive Plan of 378,769 Performance Rights to acquire ordinary shares, on the terms and conditions set out in the Explanatory Notes, be approved.”

FOR

130,152,571

93.8%

AGAINST

8,010,936

5.8%

OPEN

524,512

0.4%

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Resolution 4(b): *Grant of perf rights – Michael Potts*

“That the grant to the Finance Director and CFO, Mr Michael Potts, under the Company’s Long Term Incentive Plan of 145,680 Performance Rights to acquire ordinary shares, on the terms and conditions set out in the Explanatory Notes, be approved.”

FOR

144,732,229

94.4%

AGAINST

7,904,220

5.2%

OPEN

671,863

0.4%



Questions