



MACQUARIE
ACN 002 574 923

Macquarie Private Wealth



David Jones

Business Description

David Jones Limited (DJS) is a leading upmarket retailer with stores throughout Australia. The Group operates 35 department stores and 2 warehouse outlets. DJS and American Express in joint venture run a David Jones branded credit card.

Strategy Analysis

DJS is positioned as Australia's only true upmarket department store chain selling high quality merchandise at a reasonable price within a genteel environment. A focus on building the fashion franchise has generated significantly higher trading volumes, and attracted an increasing number of suppliers/labels. Its growing importance to suppliers has delivered improved contract terms, increasing profitability and reduced risk. A core strategy is to own its flagship CBD stores in Sydney and Melbourne allowing greater self-determination. The company launched a general purpose credit card in 2008. This will both leverage and reinforce the David Jones brand. David Jones reported NPAT down 1.5% to \$168.14m for the year ended 30 July 2011. Revenues from ordinary activities were \$1.96bn, down 4.4% from last year. Diluted EPS was 32.4 cents compared to 33.0 cents last year. Net operating cash flow was \$182.44m compared to \$203.92m last year. The final dividend declared was 15 cents, taking the full year dividend to 28 cents compared with 30 cents last year. The company's AGM will be held in Sydney at 10:00am on 2 December 2011. The annual report is expected to be available on 28 October 2011.

27 January 2012

Recommendation

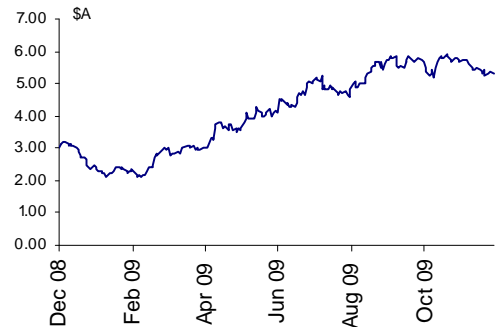
Recommendation: Neutral
Relative to: All Ind (ex Fins)

Investment Fundamentals

ASX code: DJS
Stock price: \$2.37
Market cap: \$1,244m

	Y/E 31/07/2012	2012e	2013e	2014e	2015e
Reported e	\$m	140.0	145.1	157.7	166.5
Adjusted e	\$m	140.0	145.1	157.7	166.5
EPS adjusted	¢	26.7	27.6	30.0	31.6
EPS growth	%	-16.7	3.6	8.5	5.6
PE	x	8.9	8.6	7.9	7.5
PE relative	x	0.7	0.8	0.8	0.8
DPS	¢	23.0	24.0	26.0	28.0
Yield	%	9.7	10.1	11.0	11.8
Franking	%	100.0	100.0	100.0	100.0

Share Price



Source: ASX and Company accounts

Segment Performance

Results by Industry	Revenue (%)	Return on Sales (%)	Return on Assets (%)	Annual Shareholders' Return	
				1 year	3 year
Department Stores	97.4	0.0	10.1	-46.0%	7.0%
Financial Services	2.6	0.0	91.4	-6.0%	13.0%
Total	100.0	0.0	101.5		
Results by Geography				Dividend Reinvestment Plan	
Australia	100.0	100.0	100.0	Shareholder	Yes
Total	100.0			Discounts	No

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