

WHL

AGREEMENT TO ACQUIRE DAVID JONES

PRESENTATION TO INVESTORS, ANALYSTS AND MEDIA

9 APRIL 2014



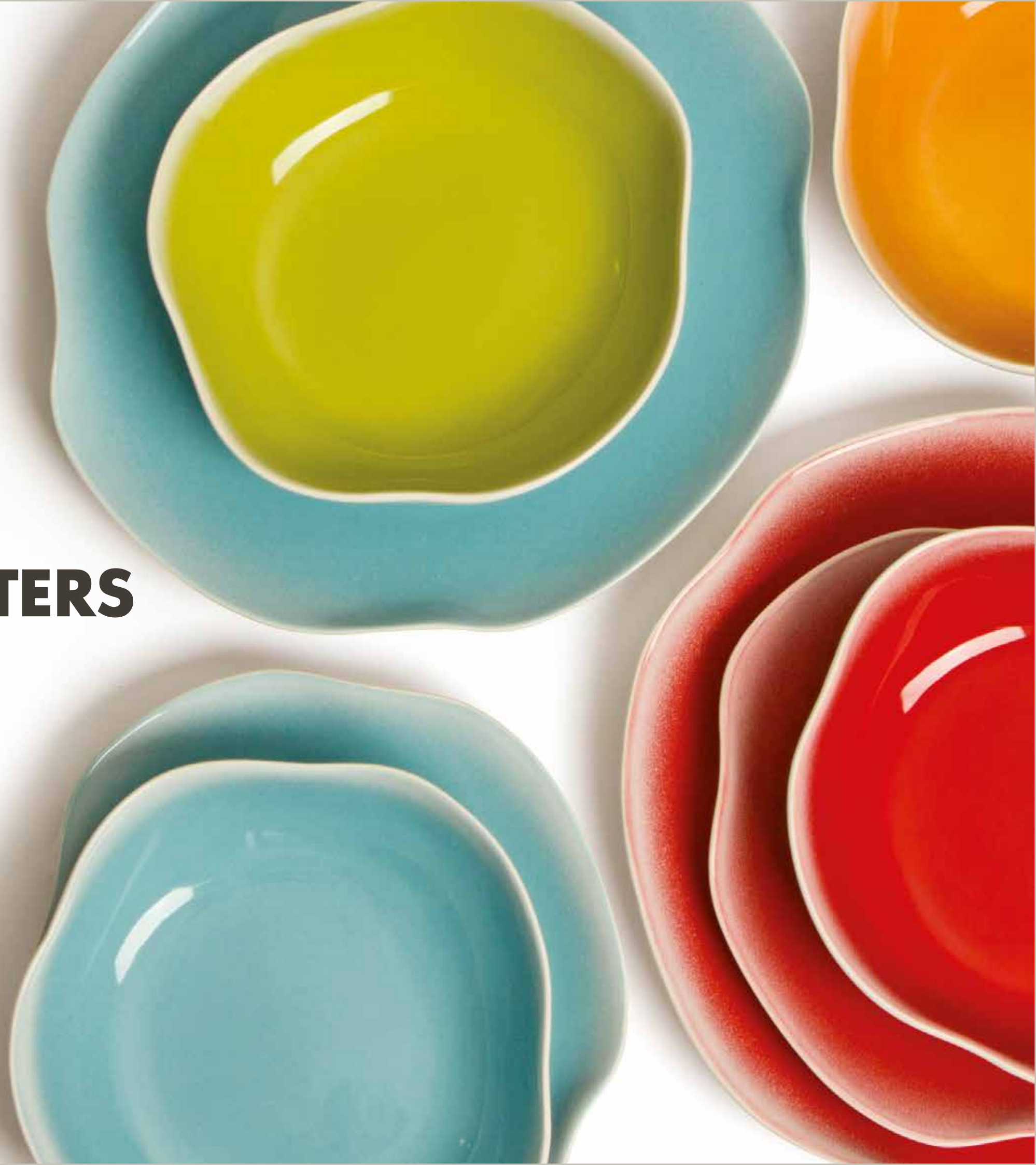
DAVID
JONES

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PRESENTERS



PRESENTERS



IAN MOIR

Group CEO Woolworths Holdings (“WHL”)
Joined WHL in 2010



REEZA ISAACS

Group Finance Director WHL
Joined WHL in 2013 as Group Finance Director



RALPH BUDDLE

Head Corporate Finance WHL
Joined WHL in 2001

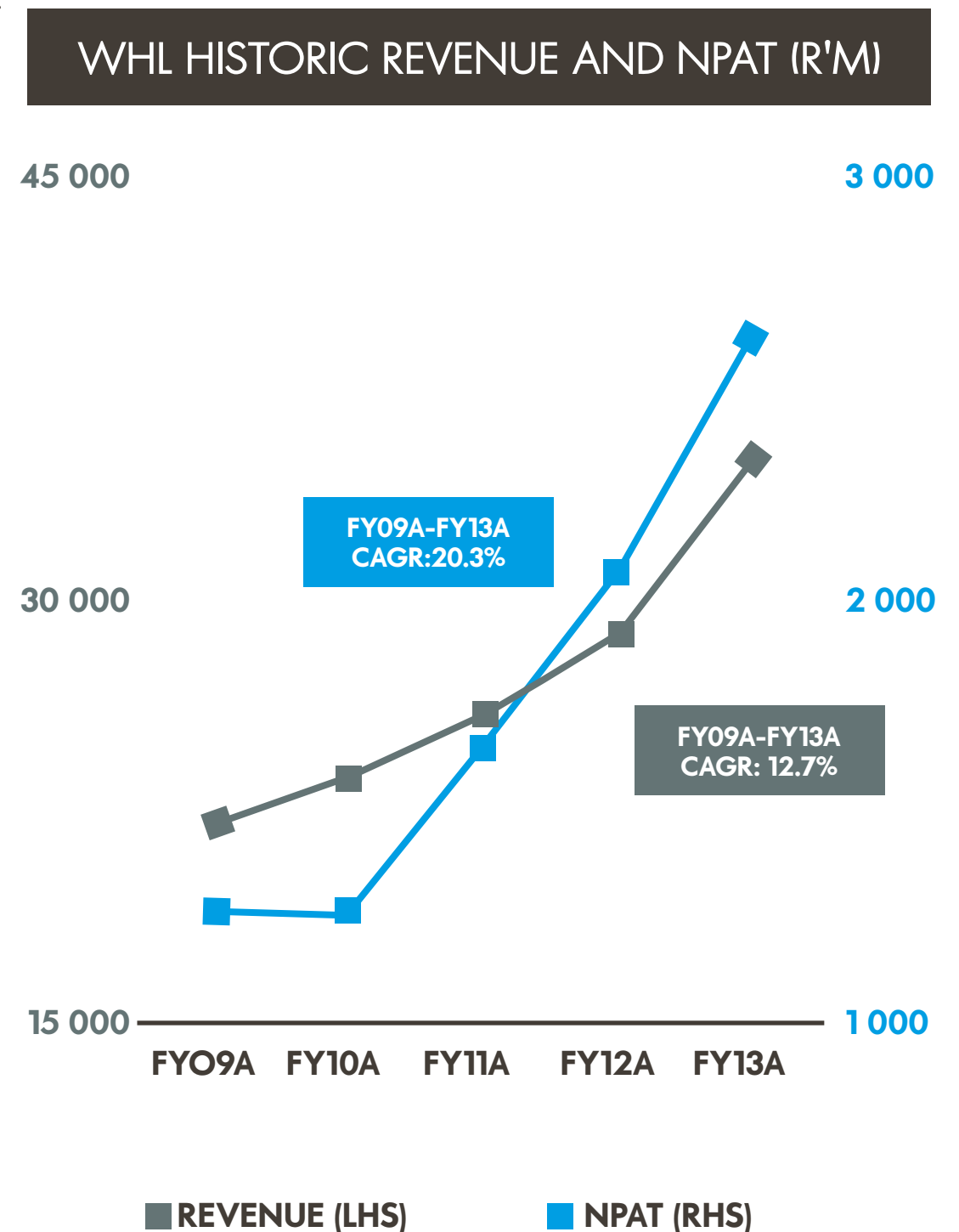
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**CREATING A
LEADING SOUTHERN
HEMISPHERE
RETAILER**



CHANGING DYNAMICS IN SOUTHERN HEMISPHERE RETAIL

- **WHL continues to pursue aggressive growth plans across Africa (including South Africa) to benefit from forecast sub-Saharan GDP growth of ~5%**
 - Opening new stores
 - Expanding existing stores
 - Launching Country Road Group brands across South Africa and Africa
 - Expanding online offering
- **WHL's southern hemisphere focused strategy has been very effective, with sales and profit in food and clothing growing materially over recent years**
- **WHL recognises the market is changing**
 - More northern hemisphere retailers are entering the southern hemisphere (such as Zara, H&M, Top Shop and Walmart through Massmart)
 - This and online retail will change the face of southern hemisphere retailing over the next 5 years
- **WHL believes the answer to this is to**
 - Compete from a position of southern hemisphere strength
 - Build a large scale, highly efficient South African -headquartered business
 - Capitalise on the low cost, fast fashion design capability already established within WHL
 - Take WHL products and brands into other markets, exploiting the scale benefits of an enlarged group



AUSTRALIAN EXPANSION THE OPTIMAL NEXT STEP

■ WHL has conducted an extensive analysis of all relevant southern hemisphere markets

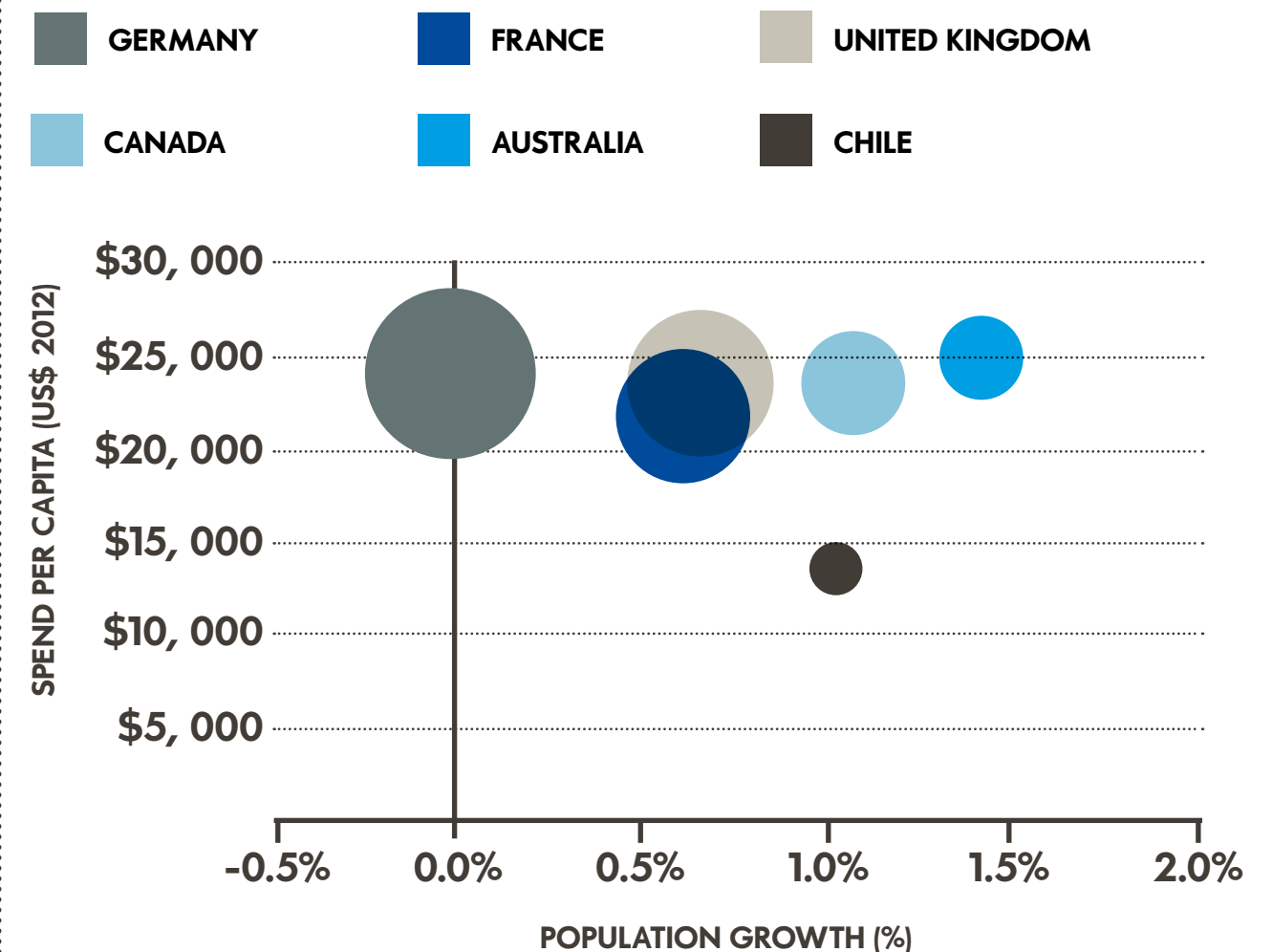
- Being a leading fashion retailer in the southern hemisphere is one of WHL's strategic objectives
- Southern hemisphere expansion allows WHL to leverage common fashion seasonality with enhanced sourcing capability, a key advantage over WHL's larger, northern hemisphere competitors

■ WHL has concluded that further expansion within the Australian market is attractive

- Higher population growth and household spend per capita than most other developed countries
- WHL has a long and successful track record in the Australian retail sector (Country Road and more recently Witchery)
- David Jones is a highly attractive opportunity of sufficient size to deliver on WHL's strategy

HOUSEHOLD SPEND AND POPULATION GROWTH¹

BUBBLE REPRESENTS POPULATION SIZE



1. Citi, What's In Store? Issue 66: International Retailer Infiltration, February 2014.

TRANSFORMATIONAL TRANSACTION WITH COMPELLING RATIONALE

ACQUISITION MECHANISM AND PRICE

- **WHL has agreed to acquire 100% of David Jones Limited ("David Jones") via a cash settled Scheme of Arrangement ("Scheme")**
 - The Board of Directors of David Jones recommends its shareholders vote in favour of the Scheme in the absence of a superior proposal
 - Parties have entered into a Scheme Implementation Deed which will govern the offer process
- **A\$4.00 cash per share offer price values David Jones at A\$2.1bn (R21.4bn)¹**
 - Represents a 25.4% premium to pre-offer price²
 - Underpinned by ~A\$612m (R6.1bn)¹ of property³

COMPELLING STRATEGIC RATIONALE

- **Rare opportunity to create a southern hemisphere retailer with meaningful scale**
 - Able to compete with global retail players
 - Leverage common fashion seasonality with enhanced sourcing capability
 - Leverage the South African-headquartered design, buying and procurement capability
- **Transformational transaction where WHL can create significant value**
 - Profitable expansion of the David Jones private label product offering
 - Overall group profitability improvement through increased volumes and group-wide lower cost sourcing
 - The introduction or expansion of the WHL brands within David Jones stores
 - Continuing to provide a strong platform for independent brands
 - The introduction of an improved loyalty programme based on existing WHL knowledge and expertise
 - Significantly increasing omni-channel initiatives and presence
 - Roll out of successful village store formats
 - Enhanced productivity through better profiling and allocation systems and processes

SYNERGIES & RETURNS

- **Value creation opportunities in excess of R1.4bn per annum within 5 years⁴**
- **Acquisition expected to deliver an IRR well above WHL's cost of capital**
- **EPS impact expected to be broadly neutral by FY16, accretive thereafter⁵**

FUNDING

- **Acquisition will be funded by a combination of**
 - Existing WHL cash
 - Debt funding (R and A\$)
 - Equity funding through a renounceable rights issue (to be launched post transaction close)
- **Proposed funding structure will be prudent and is not expected to restrict WHL's ability to maintain dividend policy and fund future growth**
- **Commitment letter has been provided by a consortium of banks (Standard Bank, Citi and J.P. Morgan)**

Note: This material includes forward-looking statements subject to risks and uncertainties, which are based on current expectations, assumptions and projections about future events and trends that may affect the business of David Jones and WHL. Several factors may adversely affect the estimates and assumptions on which these statements are based. The information has not been reviewed or reported on by the reporting accountants and auditors and no assurance can be given by WHL that such expectations will prove correct. **1.** Assumes A\$ figures are converted at the R/A\$ exchange rate of 9.95, the current forward exchange rate which is expected to be in line with the spot rate at completion. **2.** The last close price of David Jones was A\$3.19 per share on 8 April 2014. **3.** In 2012, an independent valuation concluded that the potential net worth of the properties was A\$612m. **4.** Represents incremental earnings before interest and tax ("EBIT"). **5.** Based on WHL and David Jones broker consensus forecasts as at 7 April 2014, adjusting for estimated transaction synergies and costs.

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**DAVID JONES
AN ICONIC AUSTRALIAN
DEPARTMENT STORE
OVERVIEW**



DAVID JONES AN ICONIC AUSTRALIAN BRAND

- **Founded in Sydney, Australia in 1838 and first listed in 1920**
- **Department store retailer focused on aspirational and premium customer segments**
 - Strong player in the premium segment
 - ~35% market share of high-end and mid-end department store spend¹
 - ~10% market share of all Australian (including budget) department store spend²
 - ~2% market share of Australian non-food retailing³
- **Operates 36 stores and 2 warehouse outlets throughout Australia**
- **Owns flagship stores in Sydney and Melbourne (estimated market value of A\$612m (R6.1bn))^{4,5}**
- **Carries a range of leading Australian and international brands, many on an exclusive basis**
- **Product portfolio includes womenswear, menswear, shoes and accessories, beauty products, childrenswear, electronics and general merchandise**
- **FY13A financial results**
 - A\$1.8bn sales (R16.8bn)⁶
 - A\$206m EBITDA (R1.9bn)⁶

1. IBISWorld, Department Stores in Australia, November 2013, market share split between Myer and David Jones.

2. IBISWorld, Department Stores in Australia, November 2013, market share.

3. Citi, David Jones and Myer, Alert: Merger Doesn't Stack Up, March 2014, market share.

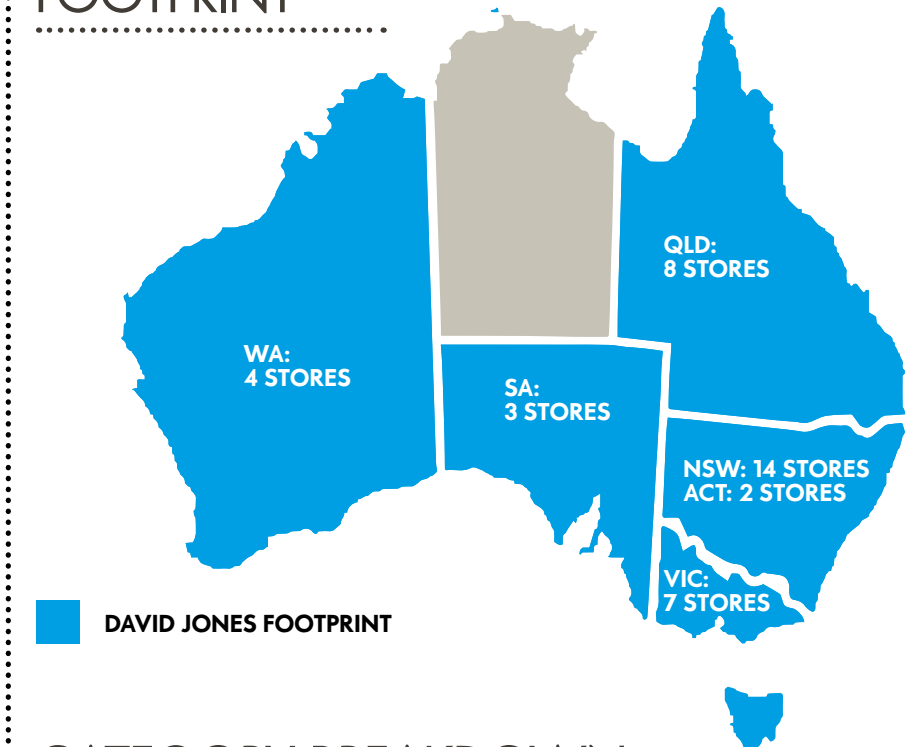
4. In 2012, an independent valuation conducted concluded that the potential net worth of the properties was A\$612m.

5. Assumes A\$ figures are converted at the R/A\$ exchange rate of 9.95, the current forward exchange rate which is expected to be in line with the spot rate at completion.

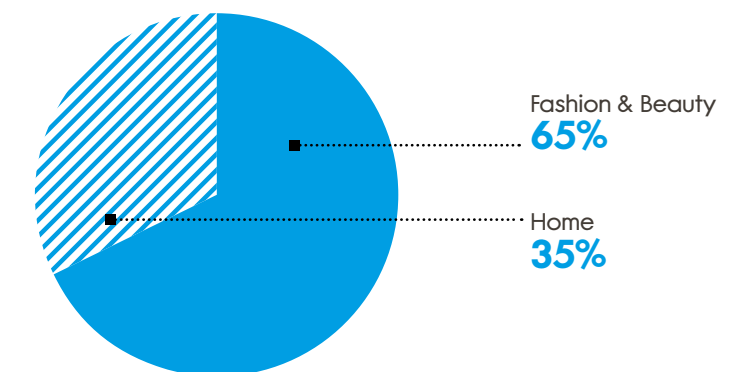
6. A\$ figures are converted at the R/A\$ exchange rate of 9.12, the daily average of the exchange rate from 29/07/2012 to 27/07/2013, being the 52 weeks period of David Jones' financial year for 2013.

7. Management estimates.

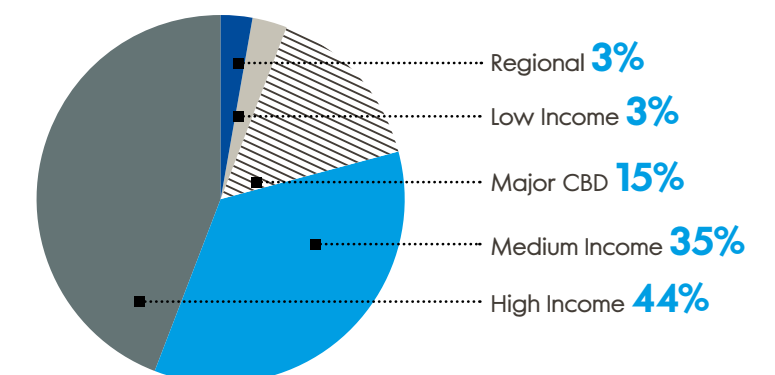
FOOTPRINT



CATEGORY BREAKDOWN (BY REVENUE)⁷



CUSTOMER BREAKDOWN (BY REVENUE)⁷



DAVID JONES AN ICONIC AUSTRALIAN BRAND



OUR PURPOSE

*We are here to be **EXTRAORDINARY**
for **EVERYONE**.*

OUR VISION

*To be the **FIRST** destination for **STYLE** and a
SEAMLESS CUSTOMER EXPERIENCE.*

DAVID
JONES



ATTRACTIVE OWNED PROPERTY PORTFOLIO

- David Jones owns the four properties that house its flagship stores in each of Sydney and Melbourne
- They have been independently valued at ~A\$612m (R6.1bn¹, as at late 2012)

SYDNEY

- Elizabeth Street (~39,000m²)
- Market Street (~32,000m²)

MELBOURNE

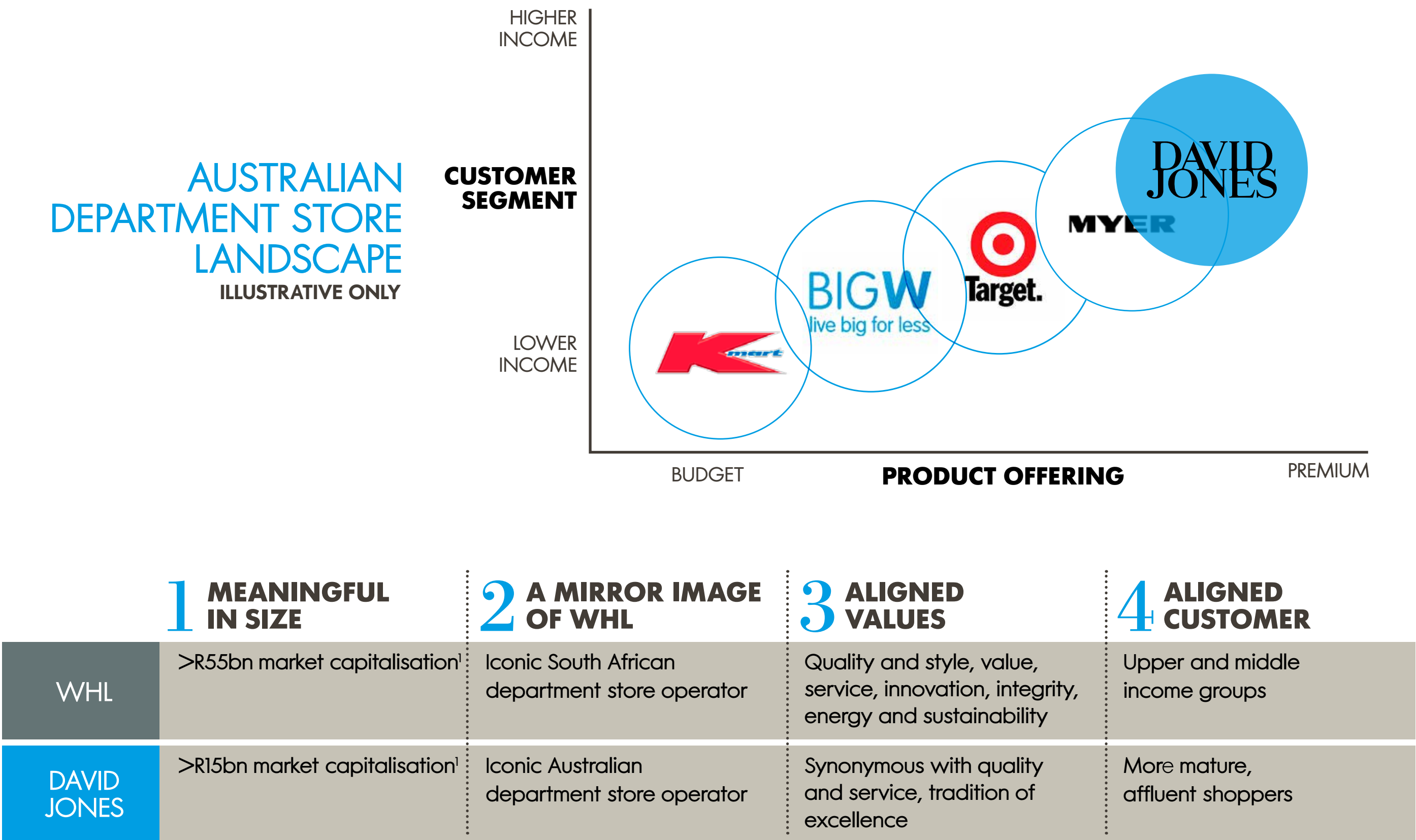
- 310 Bourke Street (~25,000m²)
- 299 Bourke Street (~15,000m²)



Source: David Jones, Future Strategic Direction Plant & Property Update, 19 September 2012.

1. Assumes A\$ figures are converted at the R/A\$ exchange rate of 9.95, the current forward exchange rate which is expected to be in line with the spot rate at completion.

THE PERFECT PLATFORM FOR AUSTRALIAN EXPANSION



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**COMPELLING
STRATEGIC
RATIONALE**



ACQUISITION SUPPORTS OUR STRATEGY

- Be a leading southern hemisphere fashion retailer
- Drive synergies and efficiencies across the group
- Build stronger, more profitable customer relationships
- Become a big foods business in South Africa
- Offer simple, convenient and rewarding financial services
- Embed sustainability throughout our business

DAVID JONES IS A PARADIGM-CHANGING ACQUISITION THAT DELIVERS ON 3 OF OUR 6 STRATEGIC INITIATIVES



COMPELLING COMMERCIAL RATIONALE FOR THE TRANSACTION

1

Expected to provide attractive IRR and strong earnings growth from a materially higher base

2

Ensures strong defensive position against northern hemisphere entrants in both South Africa and Australia through scale and global sourcing opportunities to deliver more competitive pricing for our customers

3

Strong platform for continued expansion – a mirror image of WHL with meaningful size, aligned values and aligned customers in an attractive market, well known to WHL

4

Leverages design, procurement and scale within WHL and maximises product and sourcing capabilities, which will drive significant margin improvements across the combined group and will increase our brand exports, strengthening our talent pool and labour force

5

Growth of WHL brands through introduction to David Jones stores

6

Leverages systems, omni-channel and CRM knowledge and capability; will encourage significant skills transfer with associated technological and product innovation

7

Opportunity to realise additional value from flagship owned property portfolio

VALUE CREATION OPPORTUNITIES IN EXCESS OF ~ R1.4BN PER ANNUM WITHIN 5 YEARS¹

INTRODUCTION OF WHL PRIVATE LABEL

- David Jones private label contribution only ~3.5% of sales (all sourced through 3rd parties so not 'true' private label)
- Opportunity to increase this to at least 20% (international department store benchmark), resulting in significantly improved margins and prices

TIMING OF BENEFITS

FY15E – FY17E

GROWTH OF WHL CONCESSION BRANDS

- Increase existing pads within David Jones to allow appropriate representation and maximisation of sales
- Introduce WHL brands to the majority of stores

FY15E – FY17E

IMPROVED MARGIN THROUGH GROUP SOURCING STRATEGY

- In addition to lower product costs from the private label shift, WHL group sourcing strategy will further lower cost of goods through volume based pricing benefits
- Migrate sourcing of David Jones label onto WHL platform

FY16E – FY19E

INTRODUCTION OF DAVID JONES LOYALTY SCHEME

- David Jones currently has a relationship with Amex through a combination of store card and branded credit cards
- Opportunity exists to introduce a tiered loyalty scheme, through these channels, reward customers, increase transaction value and frequency of visit
- Provides valuable customer data to inform decisions around product and stores

FY16E – FY18E

ENHANCE OMNI-CHANNEL PERFORMANCE

- Enhance online performance, driven by the introduction of private label, and a broader catalogue (will increase online sales as a percentage of total revenue)
- WHL analysis takes into consideration the cannibalisation of in-store sales

FY15E – FY19E

OPTIMISE GROUP REAL ESTATE PORTFOLIO

- Increased productivity through improved profiling and allocation
- Introduction of further village store formats to build on current success of this model

FY17E – FY19E

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¹ Represents incremental earnings before interest and tax ("EBIT").

OFFER WILL BENEFIT ALL AUSTRALIAN STAKEHOLDERS

THE COMBINATION	<ul style="list-style-type: none">■ Creates a leading southern hemisphere retailer■ Platform will allow David Jones to accelerate the delivery of its growth objectives
SHAREHOLDERS	<ul style="list-style-type: none">■ Compelling cash offer for David Jones shareholders■ Unanimously recommended by the David Jones Board of Directors
CUSTOMERS	<ul style="list-style-type: none">■ Enhanced ability to deliver an exciting retail experience■ Strong value proposition, great quality products at lower prices■ Commitment to grow and build an already iconic brand
EMPLOYEES	<ul style="list-style-type: none">■ Will benefit from transfer of skills and improved career opportunities■ Not a cost savings exercise – WHL’s business plan is focused on growth, creating more jobs■ Recognises that David Jones already has a highly capable management team
SUPPLIERS	<ul style="list-style-type: none">■ Will continue to support local suppliers and designers■ Will benefit from access to larger combined business and broader southern hemisphere network

FURTHER LONG TERM BENEFITS TO SOUTH AFRICA

LABOUR FORCE AND SKILLS TRANSFER

- Transforming WHL into a leading southern hemisphere retailer is likely to result in increased employment opportunities for South Africans
- The acquisition will also result in a positive impact in terms of skills and knowledge being transferred across geographies

TECHNOLOGICAL AND PRODUCT INNOVATION

- The acquisition has the potential to lead to greater technological and product innovation post integration of David Jones within the WHL group
- Ultimately benefits WHL's South African customers and further enables WHL to better compete with global apparel retailers

VOLUME COST BENEFITS OF IMPORTS INTO SOUTH AFRICA

- The acquisition would significantly enhance WHL's global sourcing capability
- WHL group likely to be able to secure cost benefits on imported products, providing South African customers with better value-for-money prices

STRONG SOUTH AFRICAN CONNECTION

- WHL will remain a proudly South African company with enviable history and track record
- Will remain primary listed on the JSE
- WHL head office to remain in Cape Town
- Growing a southern hemisphere champion from a South African base

SADC EXPORTS







- WHL is committed to developing its local sourcing supply chain as exemplified by the success of its 'fast fashion' strategy
- WHL would seek to leverage this supply base and identify opportunities to export such goods under WHL's brands into Australia

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**THE
COMBINED
GROUP**



ENHANCED PORTFOLIO OF OWNED BRANDS

FOOD	C&GM	COUNTRY ROAD GROUP ^{1,2}	DAVID JONES ²
	   	   	   
REVENUE: R17.5BN STORES: 372	REVENUE: R10.8BN STORES: 256	REVENUE: R6.5BN STORES: 485	REVENUE: R16.8BN STORES: 38

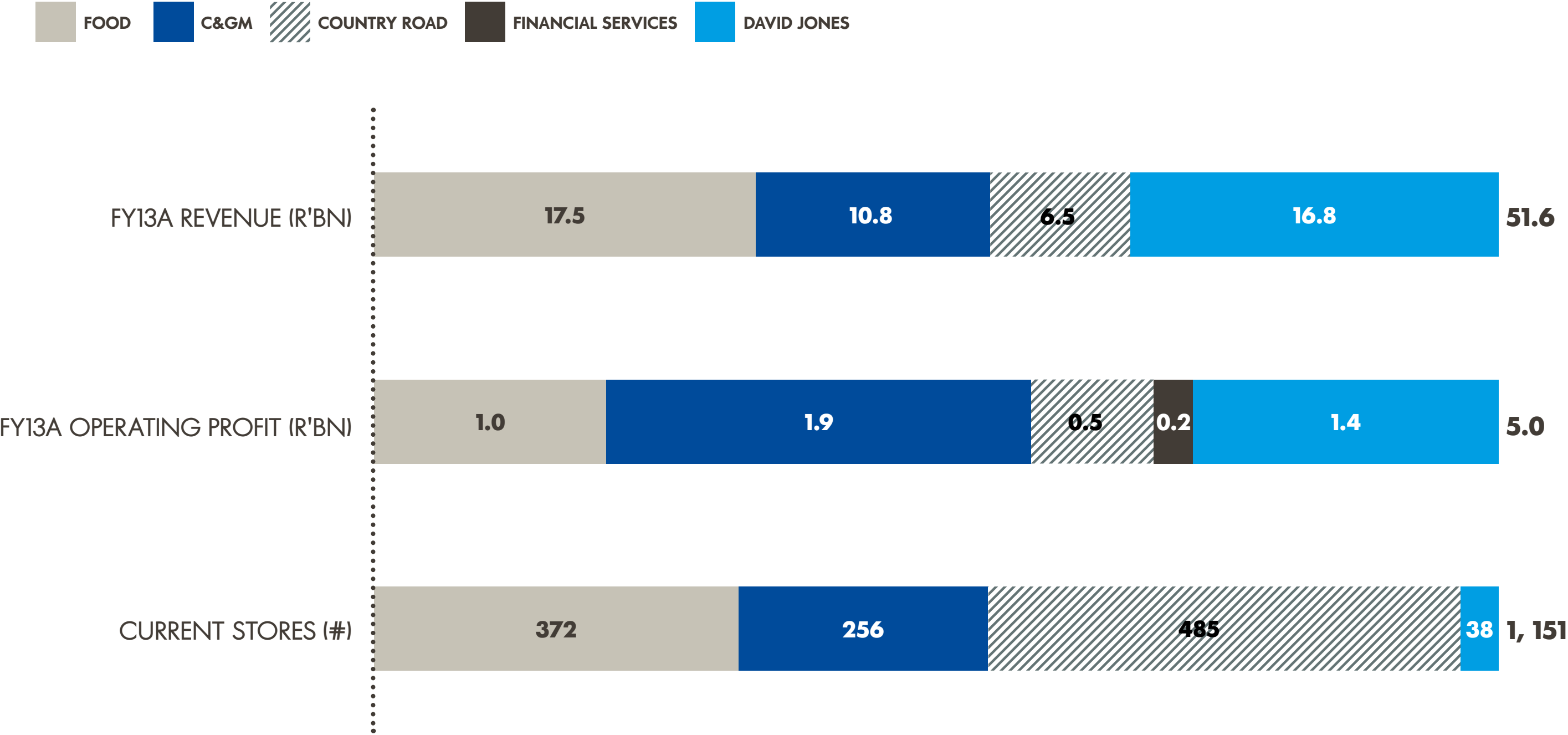
Source: Company announcements, WHL information, excludes Financial Services.

1. WHL owns ~88% of Country Road Group.

2. A\$ figures for David Jones are converted at the R/A\$ exchange rate of 9.12, the daily average of the exchange rate from 29/07/2012 to 27/07/2013, being the 52 weeks period of David Jones' financial year for 2013. A\$ figures for Country Road are converted at the R/A\$ exchange rate of 9.05, the daily average of the exchange rate from 25/06/2012 to 30/06/2013, being the 53 weeks period of WHL's financial year for 2013.

COMBINED ENTITY KEY FINANCIALS

PRO FORMA COMBINED GROUP CONTRIBUTION¹



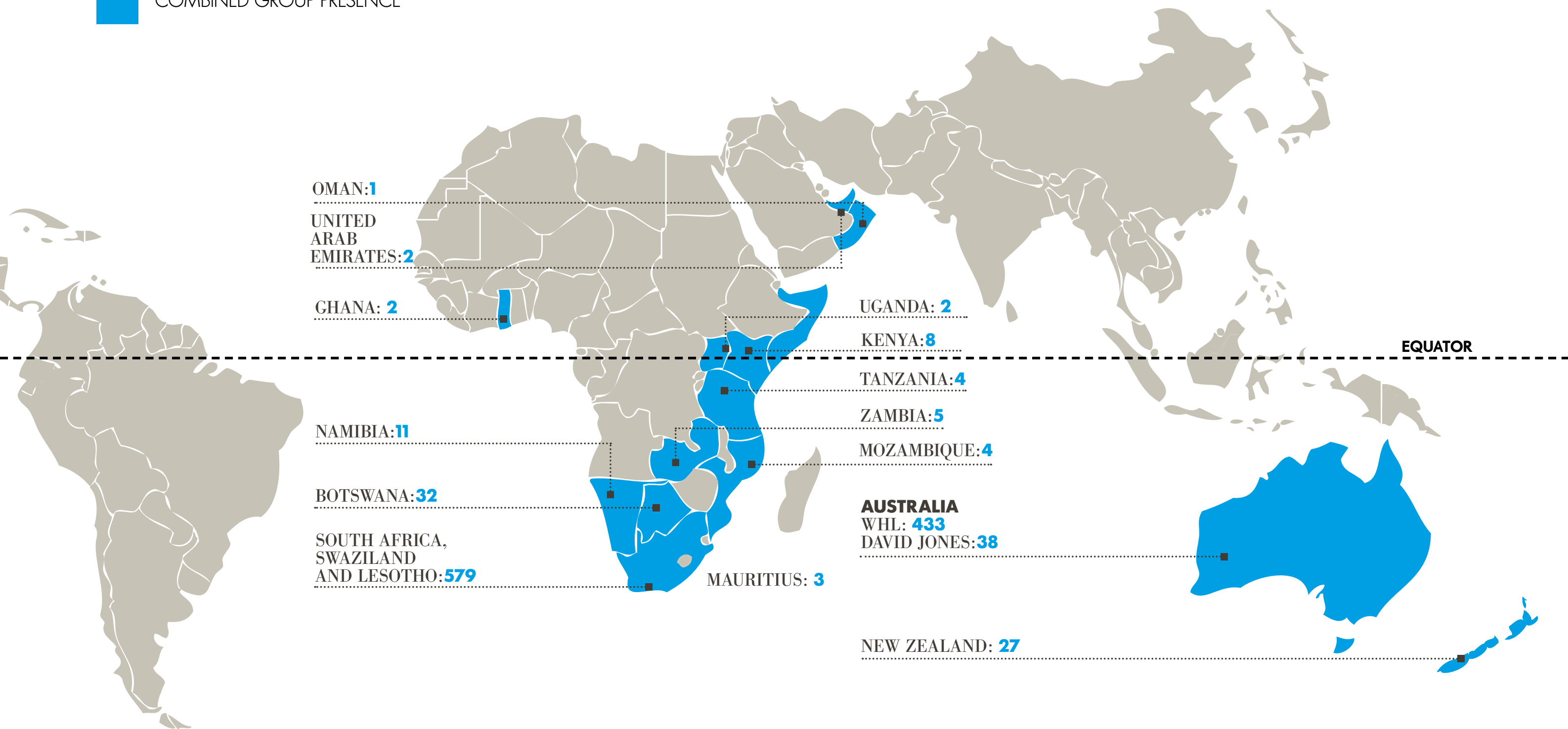
Source: Company announcements, WHL information (Financial Services excluded from revenue but included in WHL operating profit (consistent with David Jones accounting policies)).

1. A\$ figures for David Jones are converted at the R/A\$ exchange rate of 9.12, the daily average of the exchange rate from 29/07/2012 to 27/07/2013, being the 52 weeks period of David Jones' financial year for 2013. A\$ figures for Country Road are converted at the R/A\$ exchange rate of 9.05, the daily average of the exchange rate from 24/06/2012 to 30/06/2013, being the 53 weeks period of WHL's financial year for 2013. This pro forma combination does not calendarise David Jones' results to WHL's year-end or vice-versa.

2. Total current stores includes franchise stores and concessions.

TRANSFORMATIONAL SOUTHERN HEMISPHERE FOOTPRINT

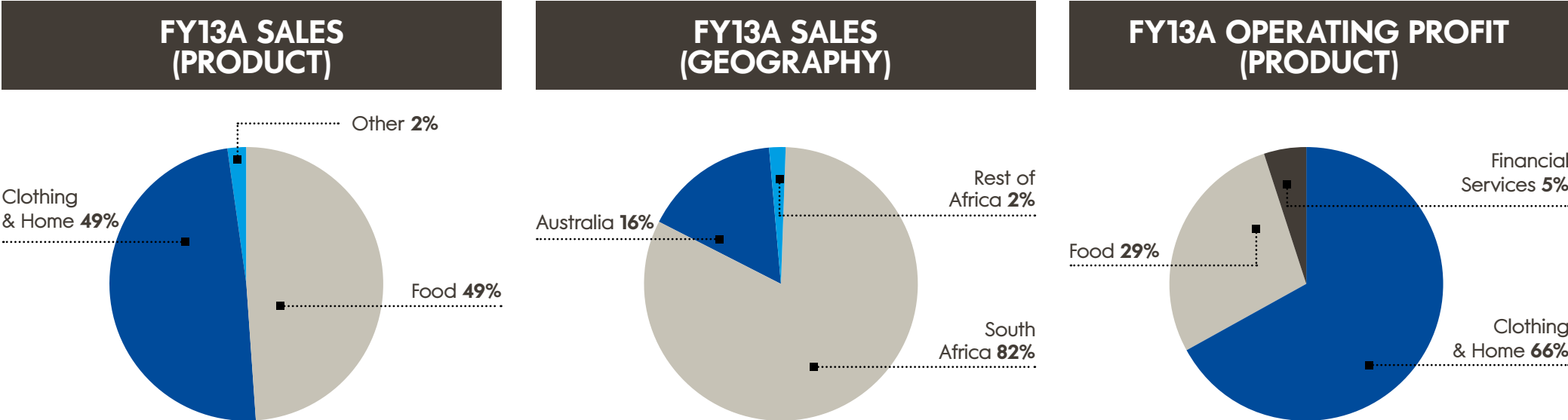
 COMBINED GROUP PRESENCE



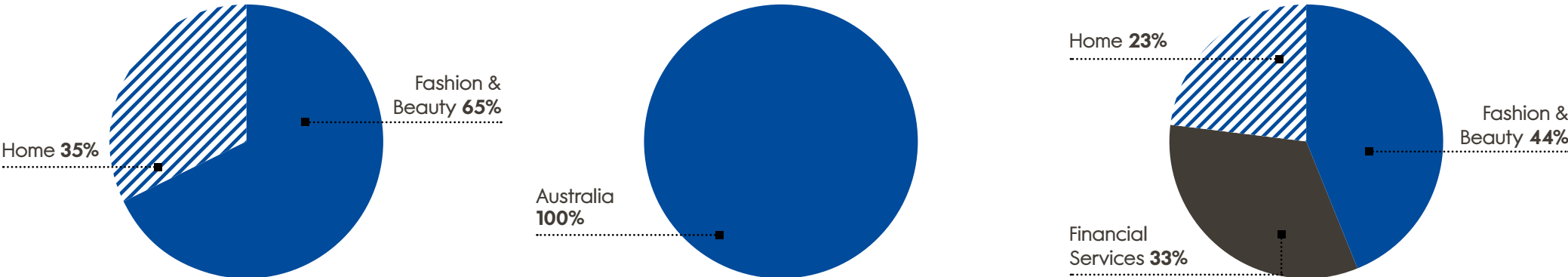
Note: Includes franchise stores and concessions.

DIVERSIFIED EARNINGS BASE ACROSS PRODUCT AND GEOGRAPHY

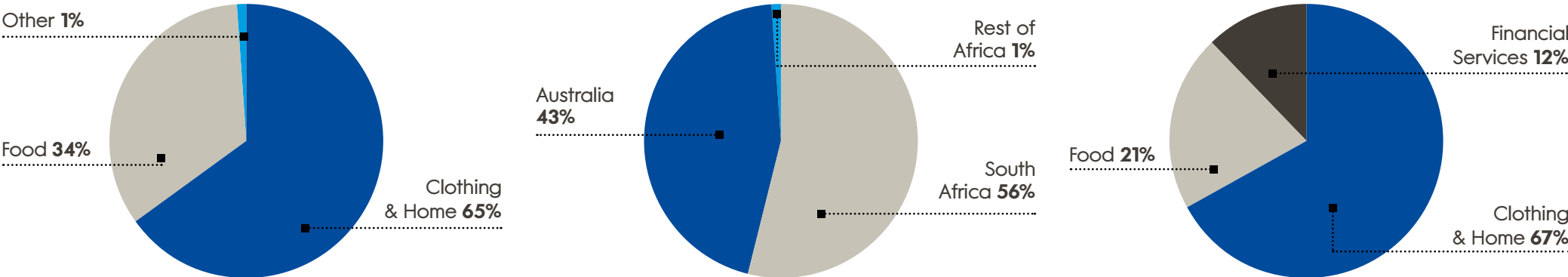
WHL
"STATUS QUO"



DAVID JONES



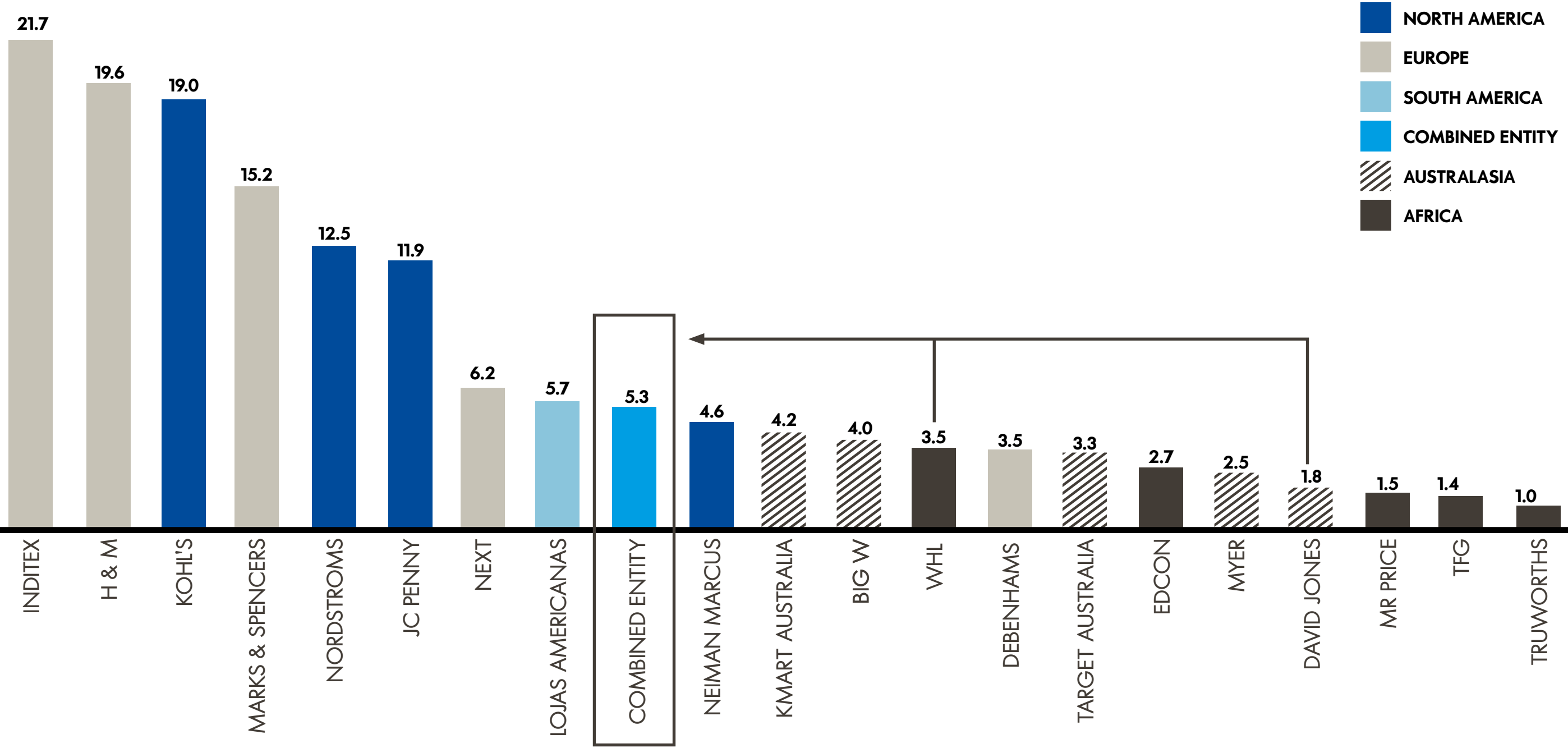
WHL
+
DAVID JONES



Source: Company announcements, WHL information, management estimates.
Note: A\$ figures for David Jones are converted at the R/A\$ exchange rate of 9.12, the daily average of the exchange rate from 29/07/2012 to 27/07/2013, being the 52 weeks period of David Jones' financial year for 2013. A\$ figures for Country Road are converted at the R/A\$ exchange rate of 9.05, the daily average of the exchange rate from 24/06/2012 to 30/06/2013, being the 53 weeks period of WHL's financial year for 2013. This pro forma combination does not calendarise David Jones' results to WHL's year-end or vice-versa.

WELL POSITIONED TO COMPETE AGAINST GROWING PRESENCE OF INTERNATIONAL RETAILERS

REVENUE (LAST REPORTED PERIOD, US\$BN)¹



Source: Annual report, S&P Capital IQ company filings.
1. Converted from local currencies to US\$ at the end of the respective last reported period.

6

**SALIENT
FEATURES
OF THE
OFFER**



KEY TERMS OF THE OFFER

OFFER PRICE

- **WHL has agreed to acquire 100% of David Jones via a Scheme**
 - The Board of Directors of David Jones recommends its shareholders vote in favour of the Scheme in the absence of a superior proposal¹
 - Parties have entered into a Scheme Implementation Deed which will govern the offer process
- **A\$4.00 cash per share offer price values David Jones at A\$2.1bn (R21.4bn)²**
 - Underpinned by ~A\$612m (R6.1bn)³ of property³
 - Represents a 25.4% premium to pre-offer price⁴
- **David Jones to pay interim dividend of 10c per share (expected 7 May 2014)**
 - No other dividend/payments permitted by David Jones prior to Scheme effective date

KEY CONDITIONS PRECEDENT

- **David Jones shareholder approvals**
 - Scheme: at least 75% by number of votes and >50% by number of shareholders, present and voting
 - Sanction by the Federal Court of Australia
- **Australian regulatory approvals: FIRB**
- **WHL shareholder approvals**
 - JSE Category 1 vote: >50% by number of votes, present and voting
 - Resolutions to effect the proposed rights offer: at least 75% by number of votes, present and voting
- **SA regulatory approvals: SARB**
- **No material adverse change or force majeure**

DEAL PROTECTION MEASURES

- **Scheme Implementation Deed includes**
 - Exclusivity provisions
 - Break fee arrangements

CERTAINTY OF FUNDS

- **Standard Bank, Citi and J.P. Morgan have provided a commitment letter**

COMPLETION

- **Completion expected to be in early July 2014, or such later date as agreed by the parties**

1. Also subject to an Independent Expert concluding that the offer is fair and reasonable and in the best interests of David Jones' shareholders.

2. Assumes A\$ figures are converted at the R/A\$ exchange rate of 9.95, the current forward exchange rate which is expected to be in line with the spot rate at completion.

3. In 2012, an independent valuation concluded that the potential net worth of the properties was A\$612m.

4. The last closed price of David Jones was A\$3.19 per share on 8 April 2014.

7

**INDICATIVE
TIMETABLE**



INDICATIVE TRANSACTION TIMETABLE

INDICATIVE DAVID JONES SCHEME TIMETABLE

2014

First Australian court hearing	MID - LATE MAY
Distribution of Scheme Booklet to David Jones shareholders	LATE MAY
Scheme meeting	LATE JUNE
Notice of second Australian court hearing	LATE JUNE
Second Australian court hearing	LATE JUNE - EARLY JULY
Scheme effective date	EARLY JULY
Record date	EARLY- MID JULY
Implementation date	MID JULY

INDICATIVE WHL CATEGORY 1 AND RIGHTS OFFER TIMETABLE

2014

Distribution of Category 1 Circular to WHL shareholders	MID MAY
Shareholder vote	MID JUNE
Launch rights offer	SEPTEMBER

Note: These dates are subject to variation and WHL shareholders and holders of preference shares will be advised from time to time, of any such variations through an updated timetable published on SENS. A further announcement will be released by WHL in due course providing final salient dates and times.

**THANK YOU
& QUESTIONS**



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This announcement is not an offer for the sale of securities. The securities discussed herein have not been and will not be registered under the US Securities Act of 1933 (the "US Securities Act"), or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States absent an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. The Company does not intend to register any part of the Proposed Rights Offer in the United States.

This announcement includes forward-looking statements subject to risks and uncertainties, which are based on current expectations, assumptions and projections about future events and trends that may affect the business of David Jones and WHL. Several factors may adversely affect the estimates and assumptions on which these statements are based. The information has not been reviewed or reported on by the reporting accountants and auditors and no assurance can be given by WHL that such expectations will prove correct.