



JB Hi-Fi Limited

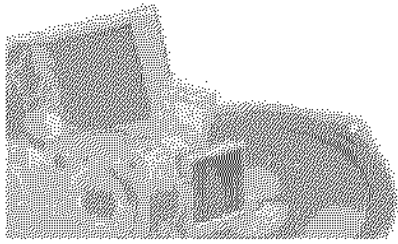
Macquarie Conference

May 2006

A collection of JB Hi-Fi products including a television, a portable CD player, a digital camcorder, and a portable DVD player, all rendered in a grayscale, halftone style.

Richard Uechtritz
Chief Executive Officer

Terry Smart
Chief Operating Officer



Agenda



- Introduction to JB RU
- Trading Update RU
- JB moves into Computer market RU
- Using technology to increase sales & lower costs TS



JB Hi-Fi Overview



- Large format category killer discount retailer specialising in home entertainment

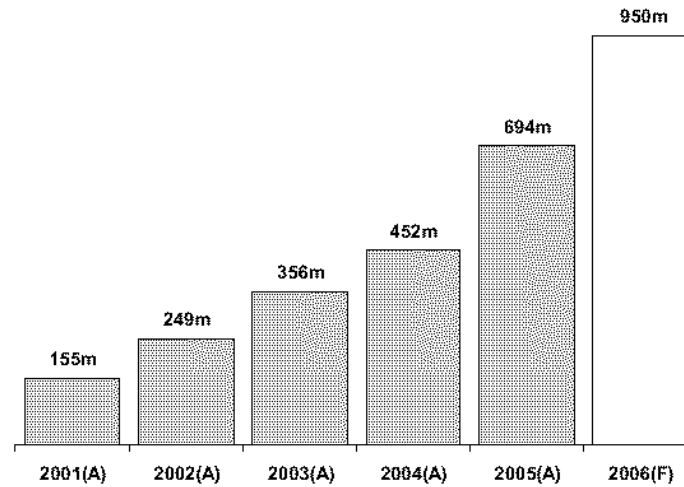
- Product categories
 - Visual
 - Audio
 - Camera's
 - Car Sound
 - Accessories
 - CD's
 - DVD's
 - Games



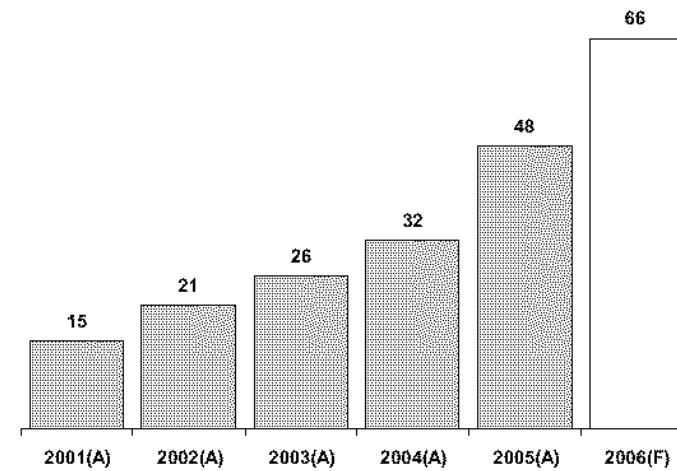
Track Record of Growth



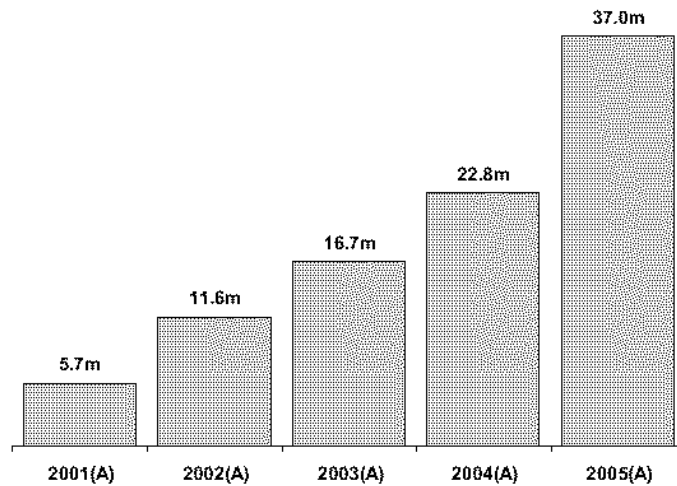
- Strong growth in sales, earnings and stores since MBI in July 2000



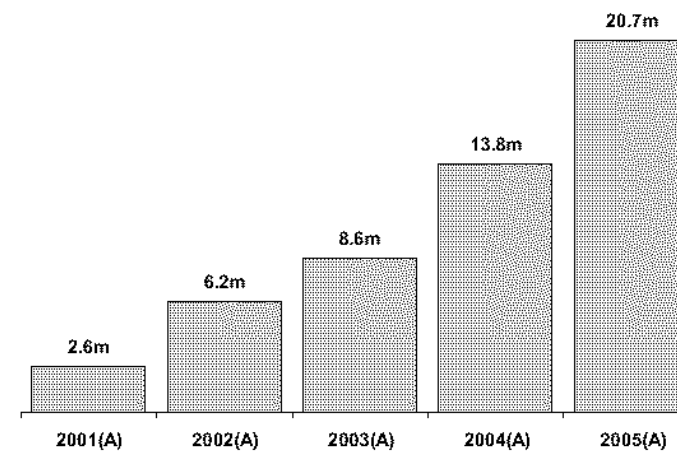
Sales



Stores



EBIT



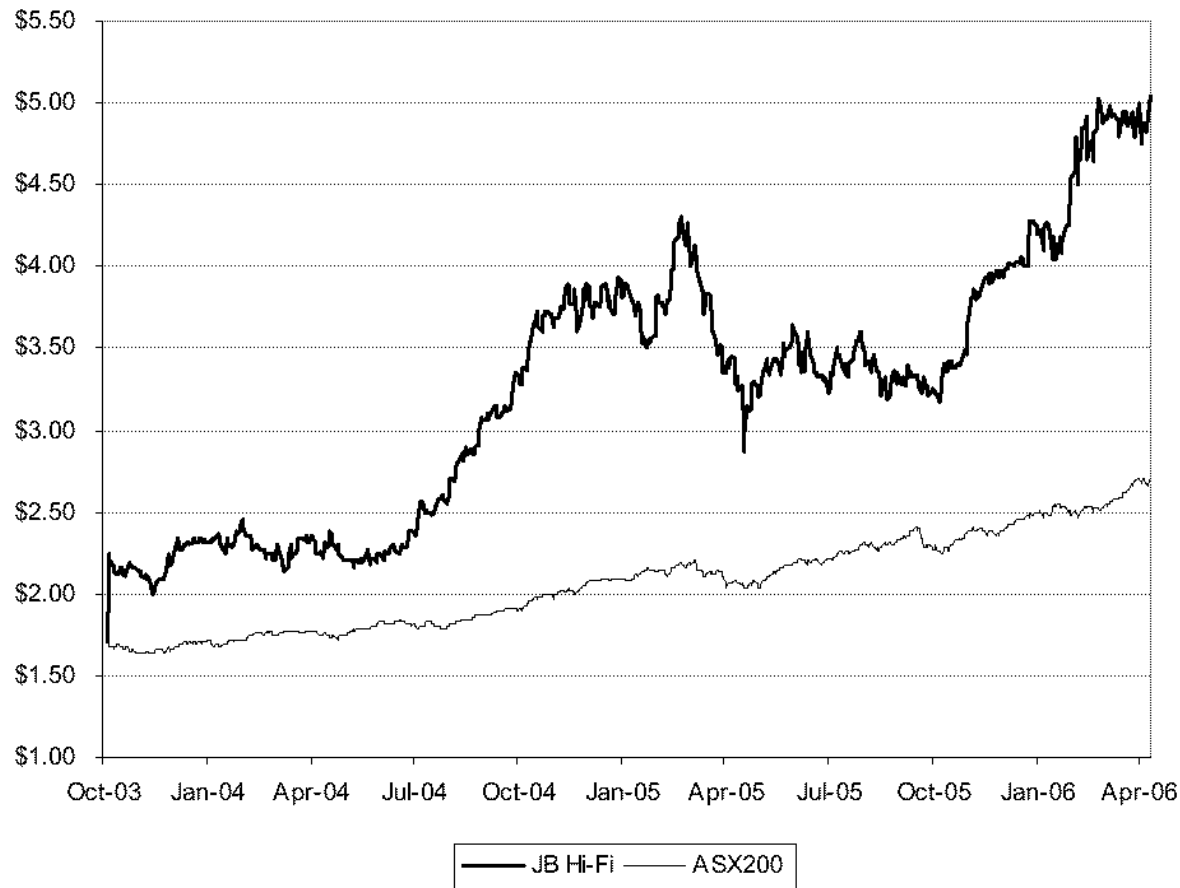
NPAT



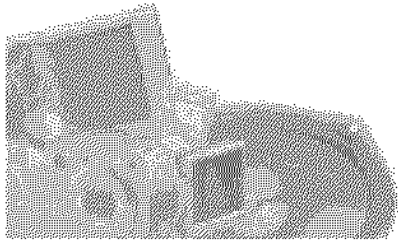
Track Record of Growth



- Share price up 300% since listing



- IPO Share Price – Retail offer \$1.55, Institutional offer \$1.80, blended opening IPO share price \$1.70
- Share price performance based on close of trade 27 April 2006



Trading Update



- Trading to expectations, consumer confidence seems to be picking up a little.
- Visual strong, household penetration about 9% with many years of good visual sales still ahead.

	2003	2004	2005	CAGR
Number of households (Millions)	7.58	7.67	7.76	1%
Number of LCD	22,525	64,987	202,573	200%
Number of Plasma	29,177	123,533	235,514	184%
Penetration rate LCD	0.3%	1.1%	3.7%	
Penetration rate Plasma	0.4%	2.0%	5.0%	

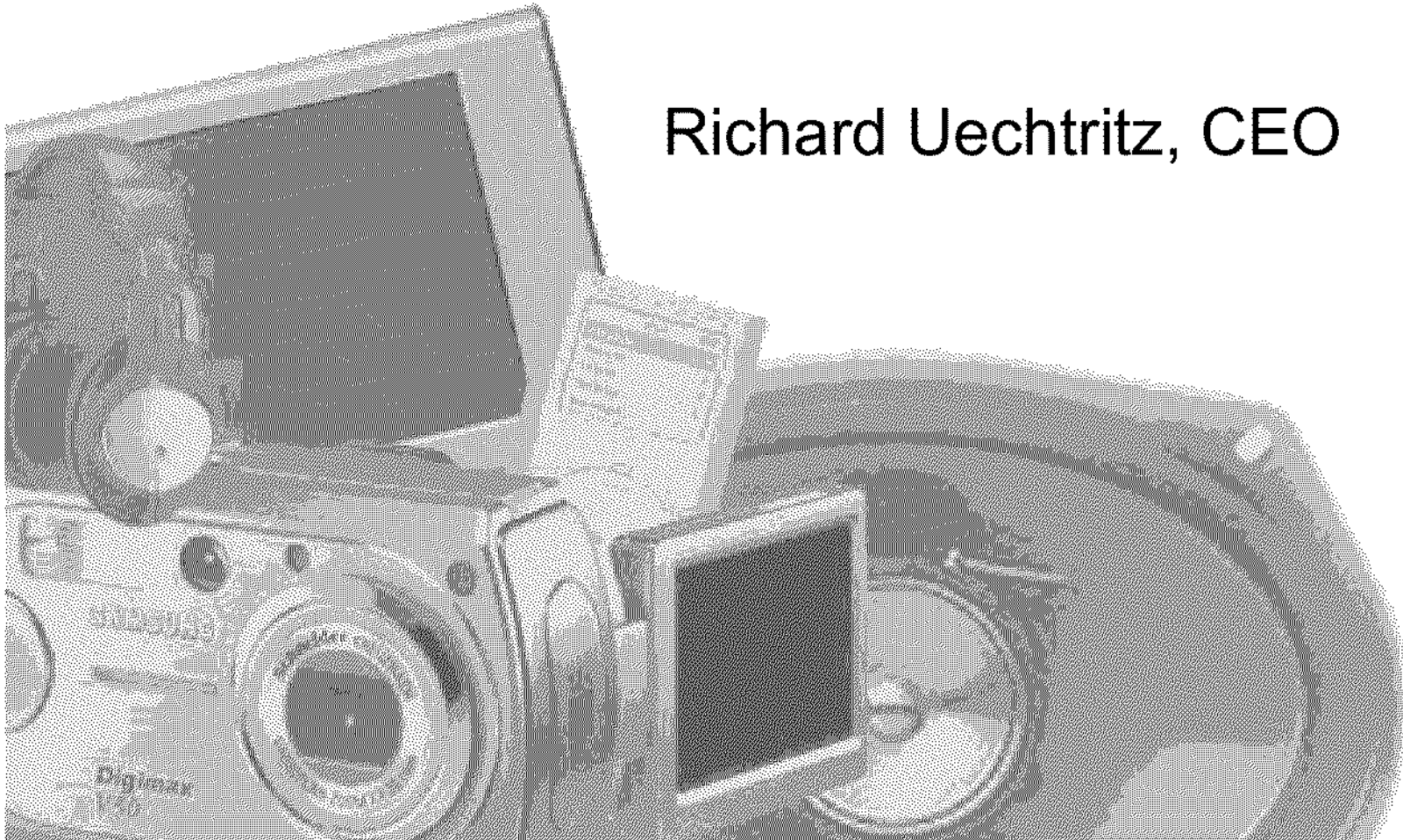
- X-Box launch strong and together with PSP3 launch in Nov should mean strong Xmas for games and good growth for immediate future in this category.
- Expect sales of approximately \$950m for FY06
- Comp store growth April YTD – JB 7.3%, CA -3.1%, Consolidated 5.8%
- 6 New stores opened since Dec 2005, total of 18 new stores to be opened in FY06:
 - Mt Druitt, Sydney, Epping and Maribyrnong, Melbourne opened March
 - Colonnades to open early June
 - Liverpool to open early June
 - Geelong to open late June
- 66* stores at end of FY06
- Expecting approximately 13 new stores for FY07

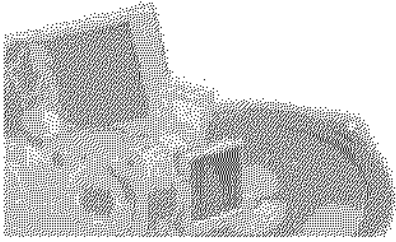
* Including Clive Anthony's



JB ENTERS COMPUTER MARKET

Richard Uechritz, CEO

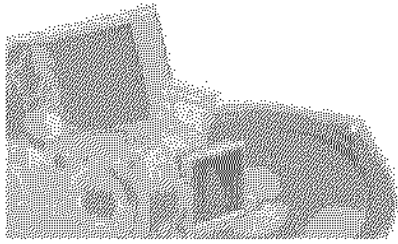




Why Computers/IT?



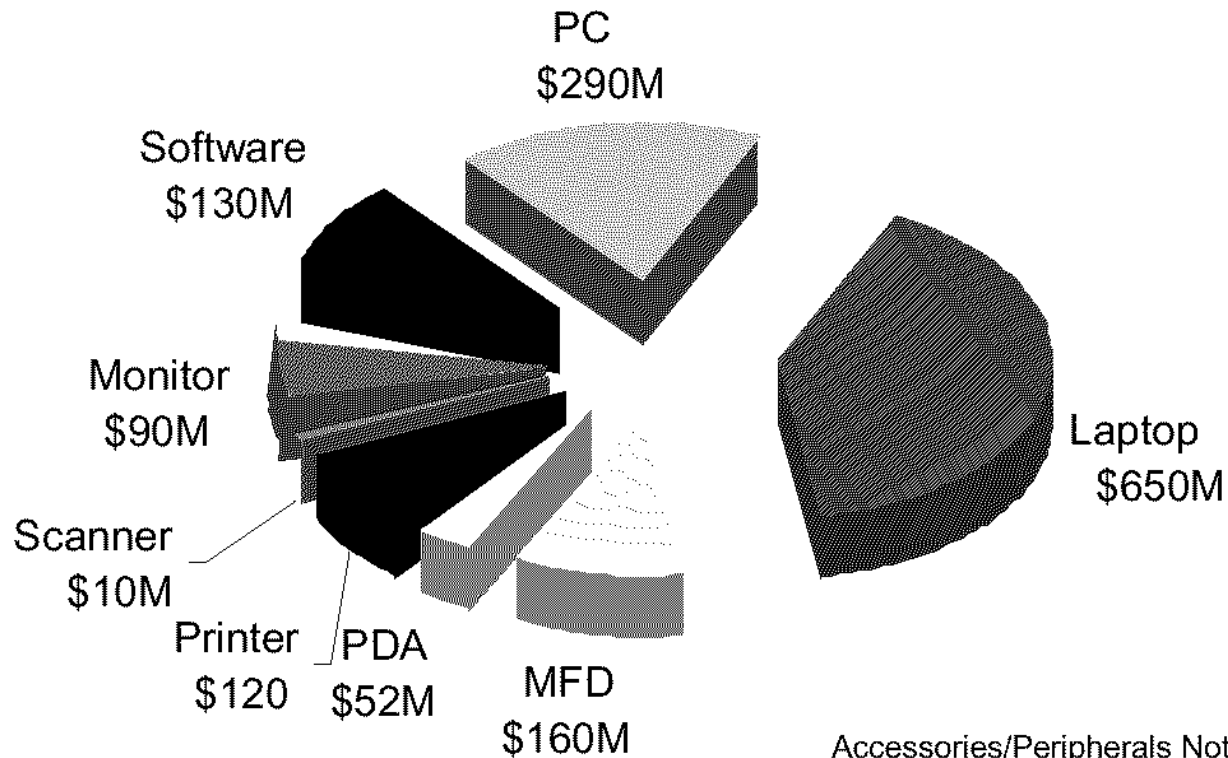
- Large market \$1.5 billion +
- Growing fast – 2006 20%+
- Should continue to grow for number of years
- Linking more and more to other JB categories i.e. television, portable audio, digital cameras, media etc.
- Suits JB customer base – young, mobile, tech savvy
- JB has store traffic (via software) to drive sales
- Suits JB's increasing presence in shopping centres, i.e. computers are less destinational as they become more and more a mass consumer product - more knowledgeable consumers and user friendly products. Big W now one of largest laptop retailers from floor bulk stacks
- JB discount positioning and specialist sales people will ensure competitiveness with incumbents i.e. HVN



Industry Overview



➤ \$1.5B+ computer market



Accessories/Peripherals Not Listed:
Keyboards, Mice, Networking, Bags,
Hard Storage

Source: GFK Dec 2005



Competitors



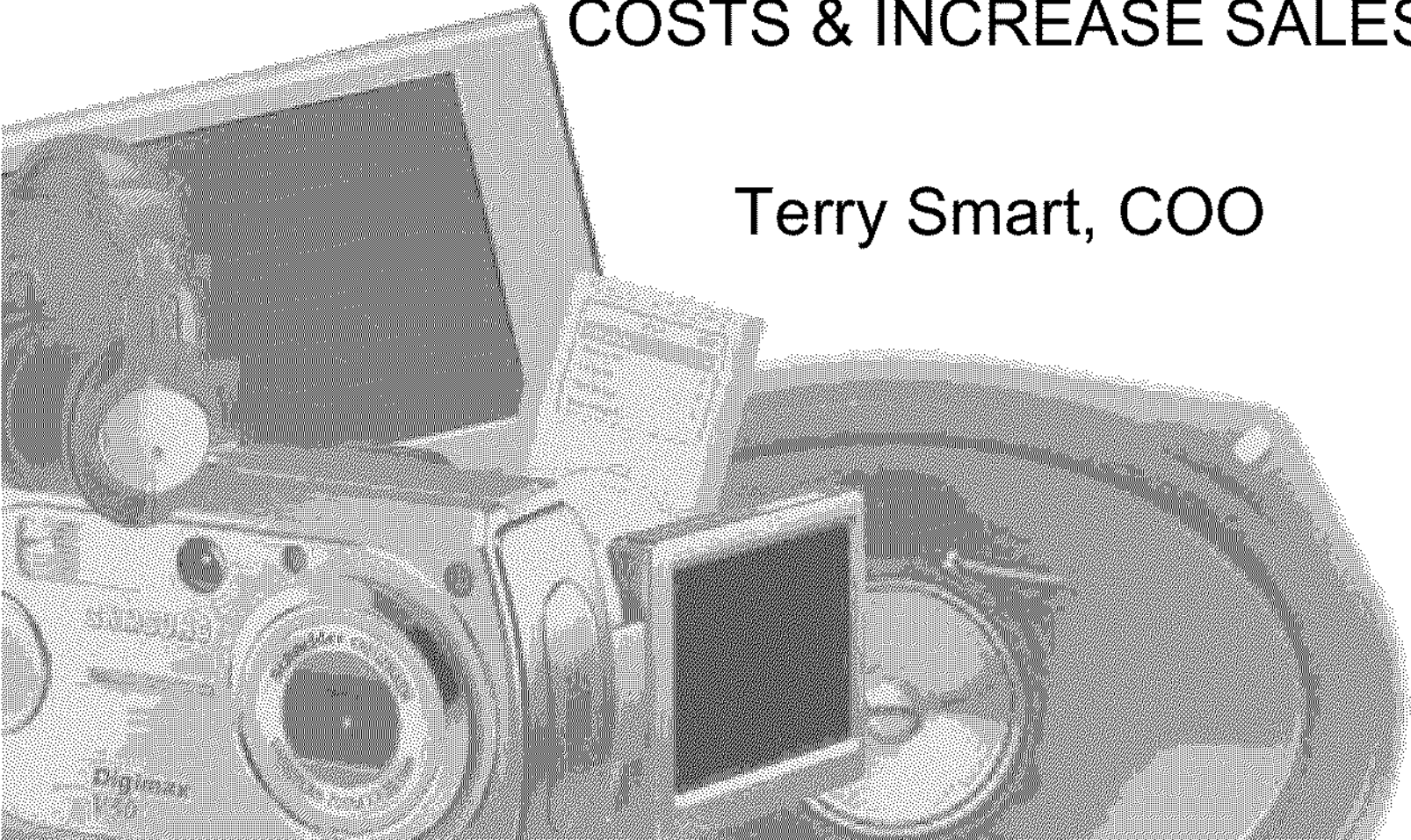
- Competitive Landscape
 - Harvey Norman – market leader ~30%+ of market
 - Dick Smith
 - Officeworks
 - Computer Specialists
 - Electrical Retailers
 - Mass Merchants

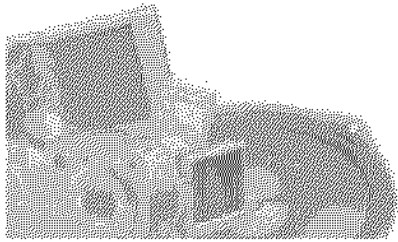


JB Hi-Fi Limited

USING TECHNOLOGY TO LOWER
COSTS & INCREASE SALES

Terry Smart, COO

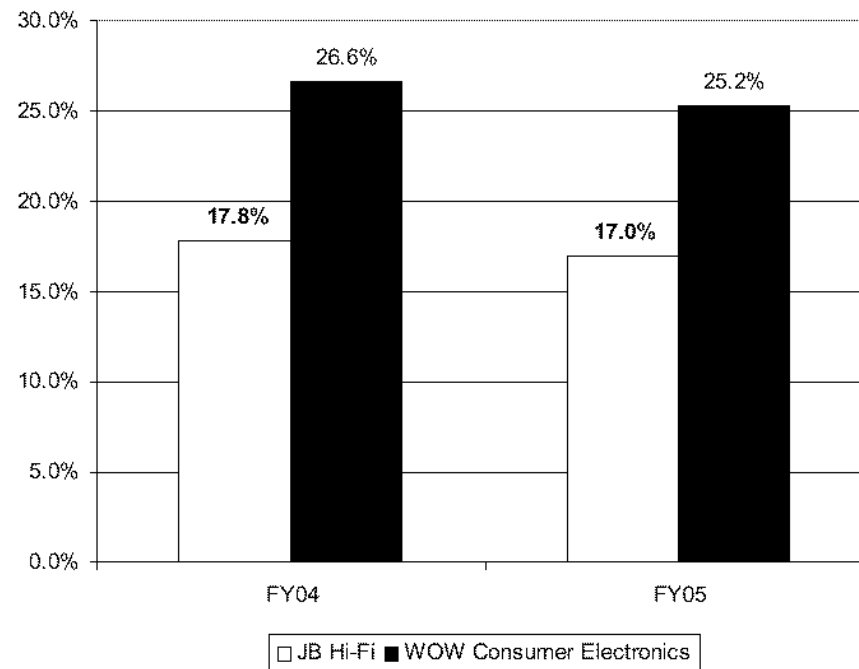


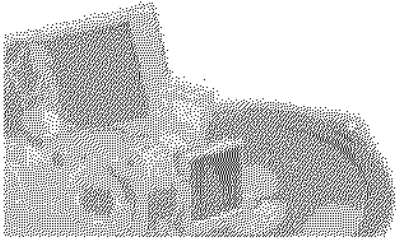


JB Using Technology



- JB's proposition is EDLP
- Therefore we need to continue to hold down CODB
- Graph below compares JB to respected industry player Woolworths, Consumer Electronics division





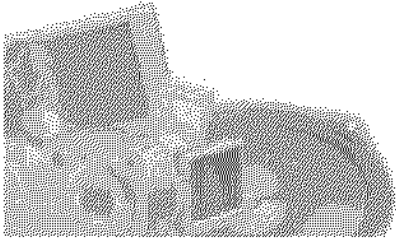
JB Using Technology



IT does not drive what we do but it does support our primary position - EDLP.

Some Key objectives are:

- Maximise sales
 - Minimise sales process time ie more customers serviced by sales people
 - Prompt add on
- Protect GP
 - Control discounting
- Minimise costs
 - Increase productivity of staff
 - Set & manage to appropriate labour targets
 - Avoid processing errors
- Improve the experience for both customer and staff

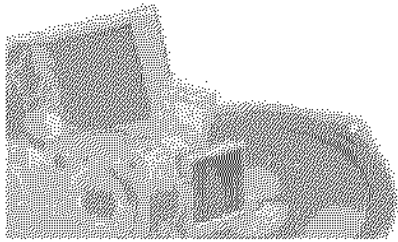


JB Using Technology



3 main IT supports

- Sales person PDA's
- Regional Manager PDA's
- Time and attendance system



Sales person's PDA'S



Handheld PDA based sales order system

Benefits –

- Improve counter efficiency – faster processing of transactions
- Replaces current paper based sales books
- Improves Inventory management
- Drive optimal sales and gross profit outcomes
- Assists with up sells and Add on's
- Sales persons statistics at their finger tips
- Communicate important information with sales force in real time.
- In house developed system so we can enhance and modify to suit our needs.
- Low cost wireless solution



Regional Managers PDA'S



Trialling introduction of Regional Managers PDA's

Benefits -

- Total Store information available upon entering store
 - Store sales & gross profit by department
 - Sales staff sales & statistics
 - Alerts such as sales below cost, low statistics etc
 - Stock issues, over stocks, deleted or quit stock levels
 - Wages to budget
- Live store audits with ability to take photos for immediate review at Head Office
- Live updates to store audit checklist



Time & Attendance System



Payroll time and attendance system

Benefits –

- Off the shelf package
- Eliminate possibility of time sheet errors
- Monitor / control overtime
- Improve productivity by volume rostering
- Allow Head Office Real Time visibility of rosters
- Provide alerts to Regional Manager's if rosters fall outside of allowed guidelines
- Interfaces with JB's Staff Training And Recognition System (STARS) to drive individuals sales budgets



Investment Scorecard & Questions



- Growth factors:
 - Continued focused exposure to high growth home entertainment product market
 - Recently opened stores continue to mature strongly
 - JB new store roll-out continues, with plenty of site opportunities
 - Clive Anthonys provides exposure to different markets and demographics

- Profitability underpinned by:
 - Low cost doing business
 - High stock turnover
 - Low capital investment
 - Buying power increasing as we grow
 - Strong financial ratios

- Sustainable competitive advantage:
 - Low cost and large scale operations
 - Discount positioning provides some protection from the volatile retail economic cycle
 - Distinctive branding and prominent retail locations
 - Continued ability to attract and retain good staff