



JB Hi-Fi Limited

Macquarie Emerging Leaders Conference – May 2008

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AGENDA

- 1. Performance**
- 2. Historical Performance**
- 3. Trading Update**
- 4. JB Model – CODB and EDLP**
- 5. Dividends & Cashflow**
- 6. Store Update**
- 7. Investment Checklist**

Richard Murray
CFO

1. PERFORMANCE

Strong performance for 6 months to 31 December 2007:

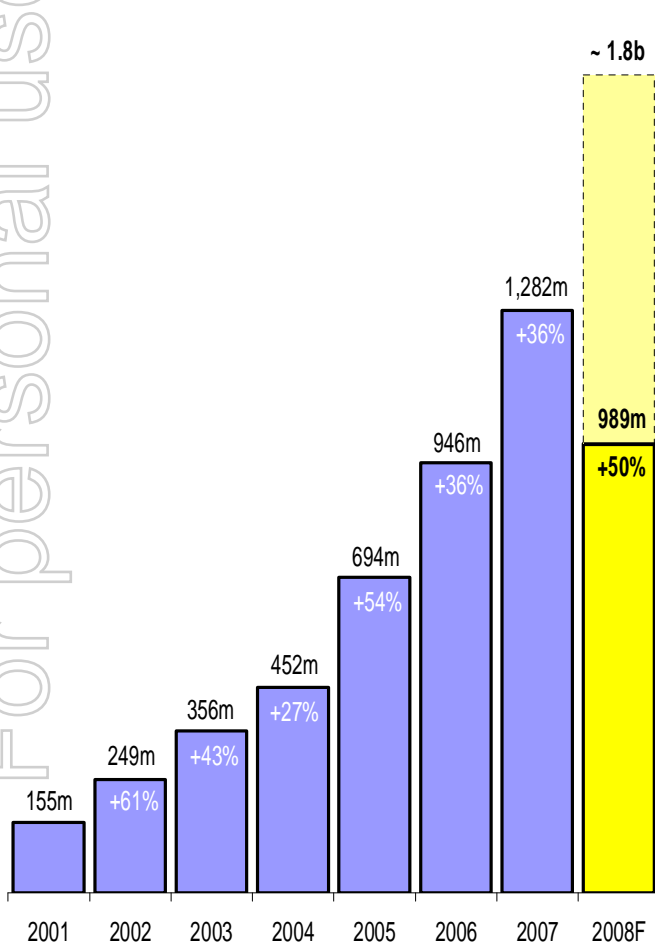
	HY08	Growth
q Sales	\$988.5m	50.0% Ū
q Comparable store sales growth (Aust: 19.6%, NZ: 0.4%)	18.8%	
q EBIT Margin	6.6%	+22 bps Ū
q NPAT	\$41.9m	60.2% Ū
q Earnings per share	40.0 cps	58.2% Ū
q Interim dividend - fully franked *	10.0 cps	100% Ū

* paid 19 March 2008

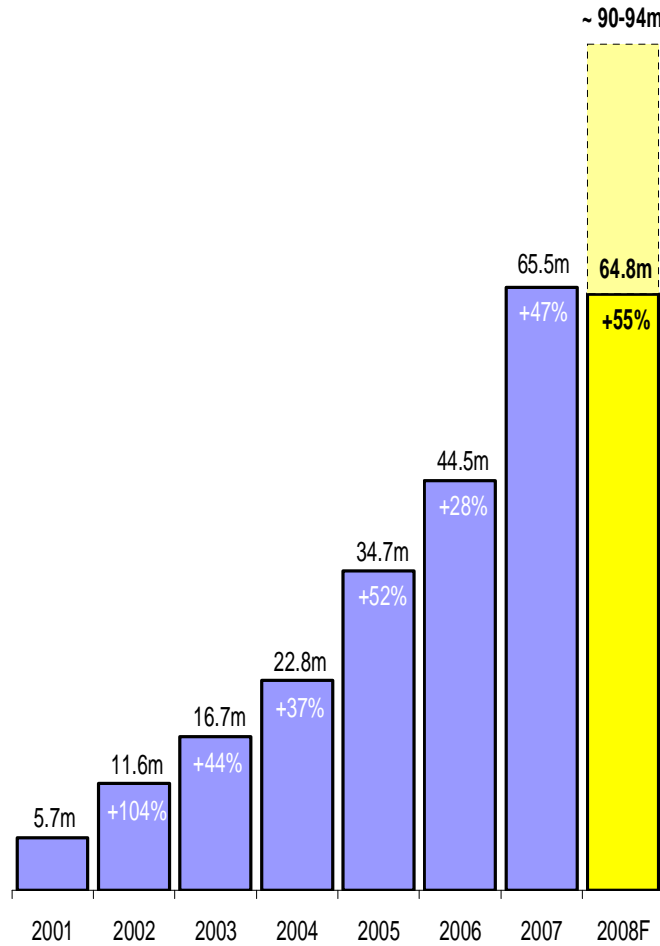
2. HISTORICAL PERFORMANCE

Strong growth in sales & earnings since MBI in July 2000

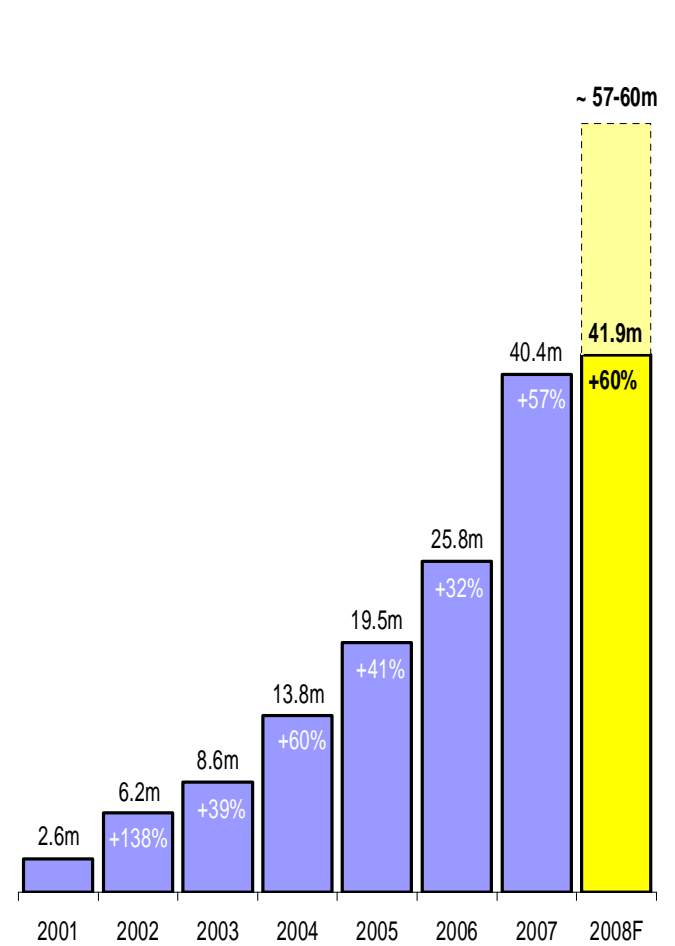
SALES HY08
+50%



EBIT HY08
+55%



NPAT HY08
+60%



3. TRADING UPDATE

Trading Outlook

FY08

- Since reporting in mid February, trading in February, March and April has been solid.
- We anticipate being towards the top end of our guidance.
- Strong result considering continued investment in telco and our NZ expansion.
- Guidance at 12 February 2008
 - *“Expect sales in FY08 of circa \$1.8 billion or a 40% increase (FY07: \$1.28b).”*
 - *Expect NPAT in FY08 of between \$57 - \$60m, a 41% to 49% increase (FY07: \$40.4m).”*
- These results highlight the resilience of our retail model and the momentum we enjoy from the focus on home entertainment, a unique retail concept and the store rollout strategy.
- Mobile consumer electronics (telecommunications) rollout completed to 72 stores and starting to trade well.

FY09

- We expect computers, games and telco will continue to drive comparable store sales growth.
- Continued growth in flat panel televisions due to the Olympics.
- In NZ we will continue to invest in our JB store rollout strategy.
- After investing in FY08, we expect Telco to contribute to earnings in first half of FY09.
- FY09 expect 24 new stores - JBA 19, CA 3 and JBNZ 2

4. JB – the model

JB has the biggest brands at the lowest prices, how do we achieve this?

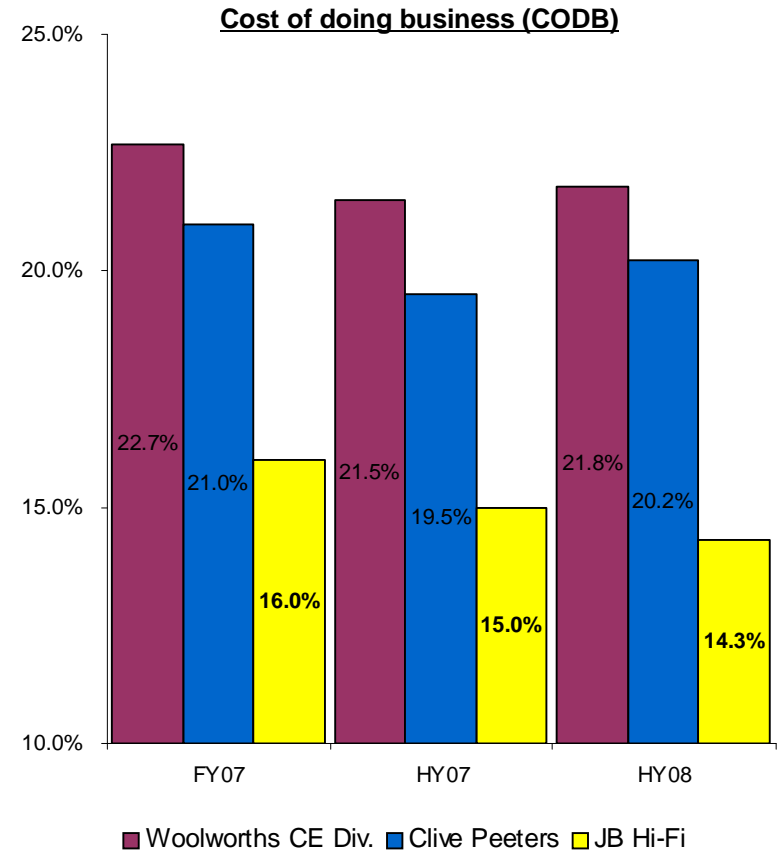
- § Scale in everything we do.
- § We operate mainly in the high growth home entertainment and technology sector, delivering high sales volumes.
- § Sales culture – we sell! It's in our culture and we are passionate about it.
- § Our low cost model helps drive our commitment to Everyday low prices strategy.
- § Technology is used to ensure we can manage our costs and continue to deliver this commitment. The use of technology is expanding with success in the use of salesman PDAs. We are continuing to use this platform to drive greater efficiencies.
- § Our marketing spend is very targeted and low waste.
- § Rent as a percentage of sales at circa 2% is low.

4. Low CODB enables EDLP strategy

In a fragmented and competitive market place, JB has the lowest CODB of listed Consumer Electronic (CE) retailers which enables our EDLP strategy

Key competitors to JB Hi-Fi

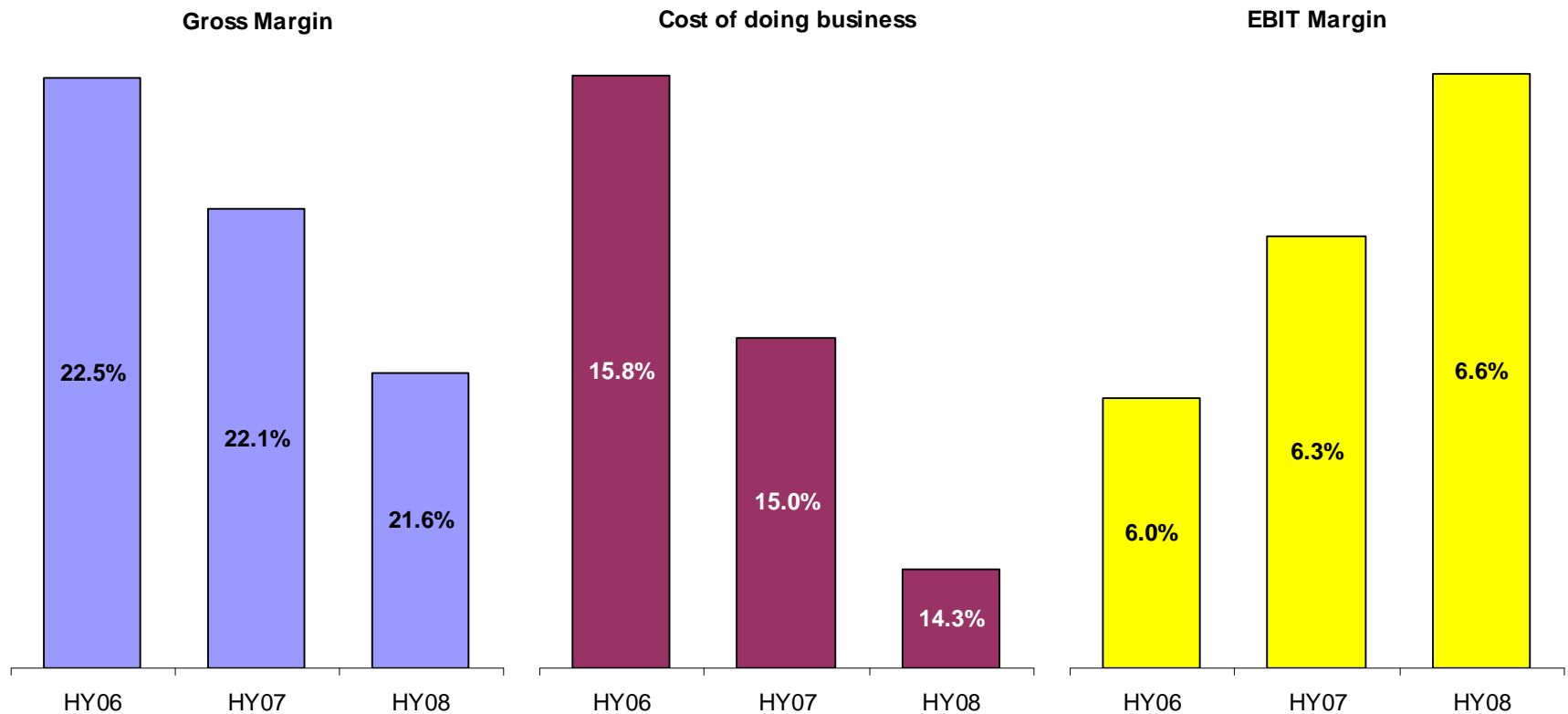
- Major retailers
 - Harvey Norman
 - Woolworths – Big W, Dick Smith, Tandy
 - Wesfarmers/Coles – Kmart, Target, Officeworks
 - David Jones and Myer
- Larger independent electrical retailers
 - Clive Peeters, Bing Lee (Sydney), Video Pro (Brisbane)
- Buying and marketing groups
 - Retravisation, Betta Electrical, Good Guys, Camera House, Autobarn
- National specialty retailers
 - EB Games, Game, Sanity/HMV/Virgin, Video Ezy, Blockbuster, Strathfield
- Local specialist retailers
 - Independent camera stores, CD stores, car sound stores



Note: CODB data only available for above listed CE peers, HVN n/a given franchise structure. Many competitors are private companies who aren't required to disclose KPI's

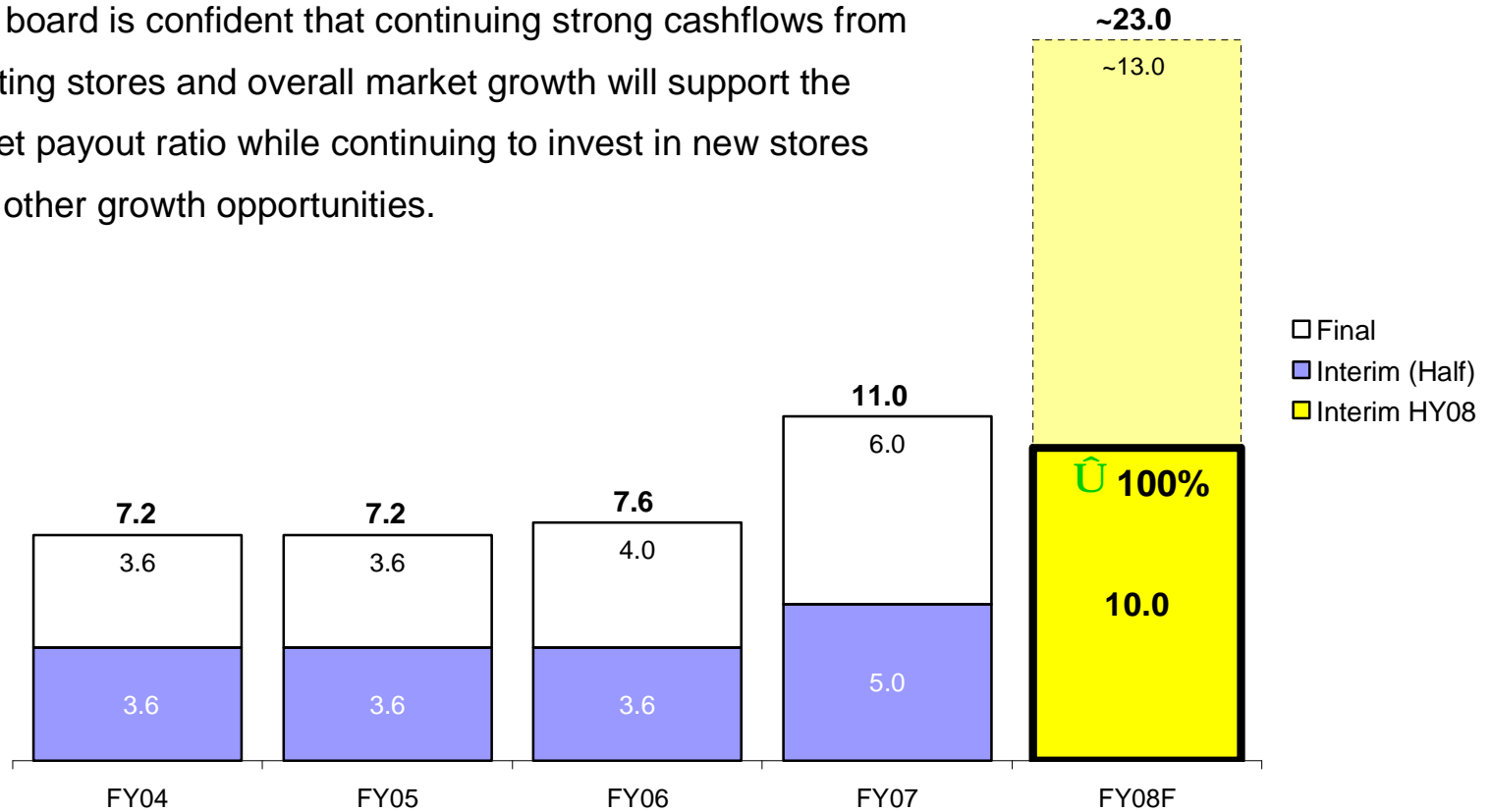
4. EDLP strategy drives EBIT margin expansion

- § Our lower cost of doing business (CODB) has allowed us to manage the impact of product mix on our gross margins; support our every day low pricing philosophy and improve our earnings margin.
- § Reductions in Gross Margin have been offset by a larger drop in our cost of doing business.
- § This reduction in CODB has been achieved whilst we have pursued an aggressive store rollout program
- § Whilst we believe we have the lowest cost base in the industry, we continue to focus on ways of improving even further.

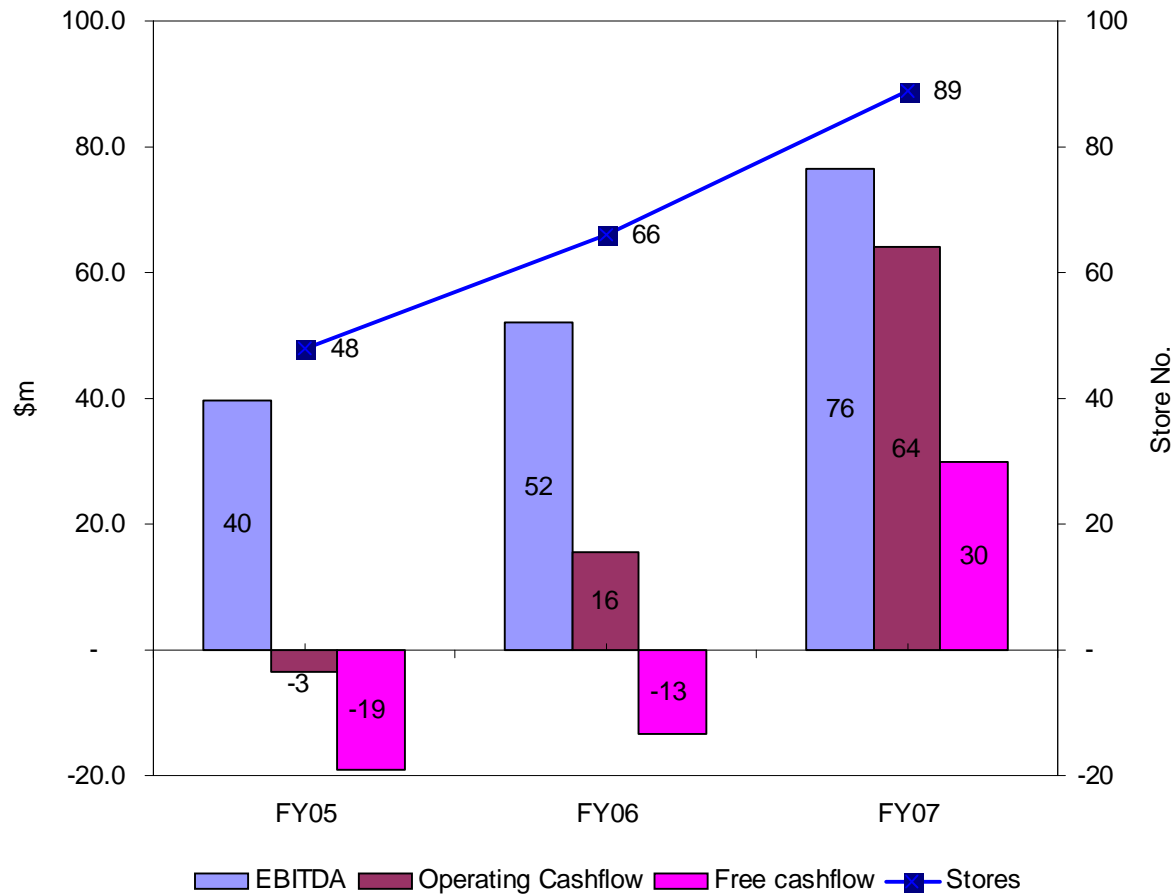


5. DIVIDENDS & CASHFLOW

- § The half year dividend increased 100% to 10.0 cps fully franked.
- § The board is targeting a full year payout ratio of 40% in FY08. (FY07: 30%).
- § The board is confident that continuing strong cashflows from existing stores and overall market growth will support the target payout ratio while continuing to invest in new stores and other growth opportunities.



Continued growth in Cashflow position



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Strong Balance Sheet at Dec 2007

\$m	HY08	HY07
Performance Indicators:		
Stock Turnover	6.4	5.8
Creditors Days	58.4	64.7
Fixed Charge Ratio*	3.4	3.0
Interest Cover (times)	15.4	11.0
Return on Equity	27.8%	25.5%
Return on Invested Capital	31.3%	34.9%

- § Inventory turnover has improved over the first half to 6.4 times (HY07: 5.8 times).
- § Like for like inventory turnover was 6.4 times (HY07: 5.7 times).
- § Fixed charges and interest cover strong
- § High ROE and ROI. ROI is impacted by fluctuations in working capital (particularly trade creditors) and the net investment in new stores in HY08.

* Based on rolling 12 month data

6. STORE UPDATE

20 stores to open in FY08

Ø 16 JB Hi-Fi stores have been opened during FY08:

- **NSW:** Rouse Hill, Westfield Kotara, Westpoint Blacktown, Westfield Parramatta, Strand Arcade
- **QUEENSLAND:** Toowoomba, Westfield Strathpine, Townsville
- **VICTORIA:** Epping Plaza, Westfield Doncaster
- **SOUTH AUSTRALIA:** Westfield West Lakes
- **TASMANIA:** Hobart CBD
- **NEW ZEALAND:** New Lynn, Westfield Manukau, Westfield Albany, Hamilton

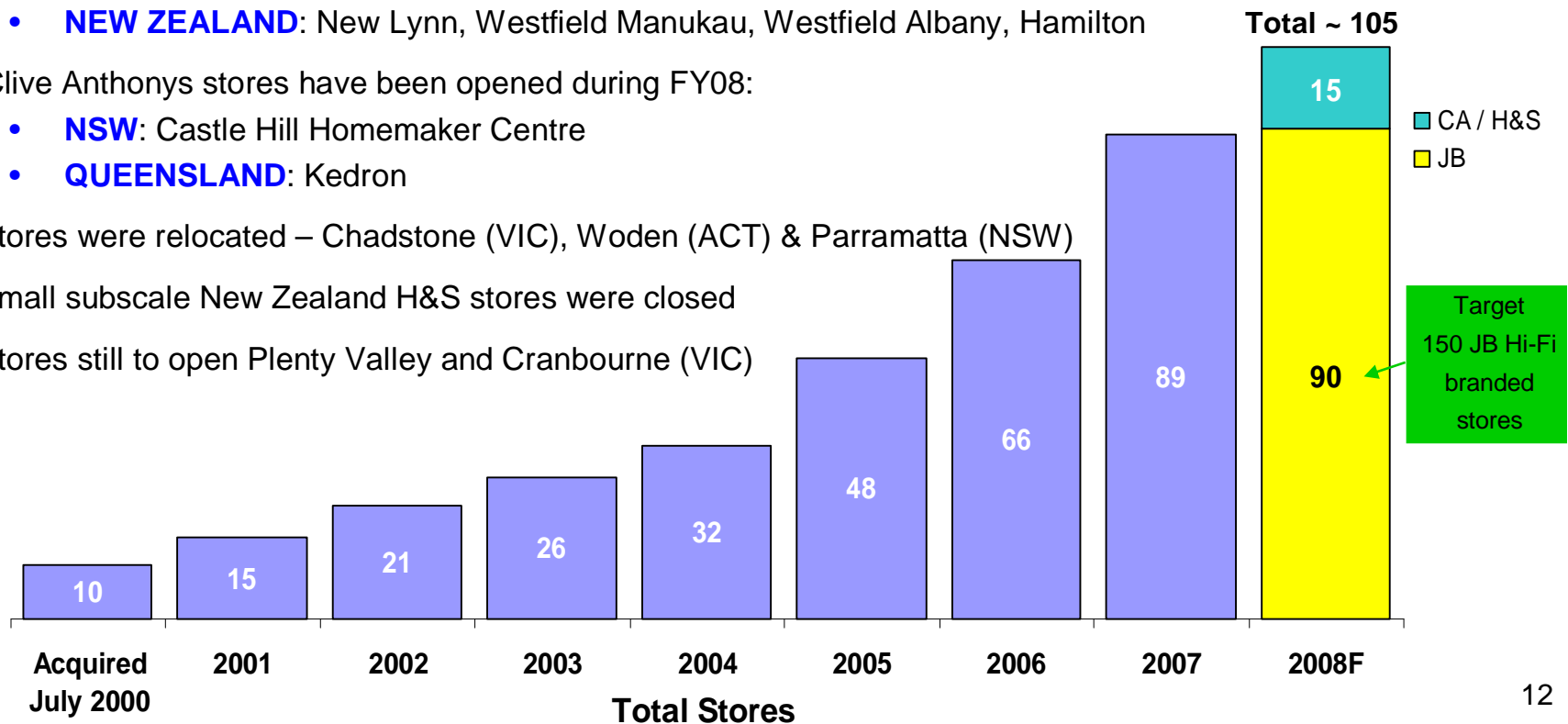
Ø 2 Clive Anthonys stores have been opened during FY08:

- **NSW:** Castle Hill Homemaker Centre
- **QUEENSLAND:** Kedron

Ø 3 stores were relocated – Chadstone (VIC), Woden (ACT) & Parramatta (NSW)

Ø 4 small subscale New Zealand H&S stores were closed

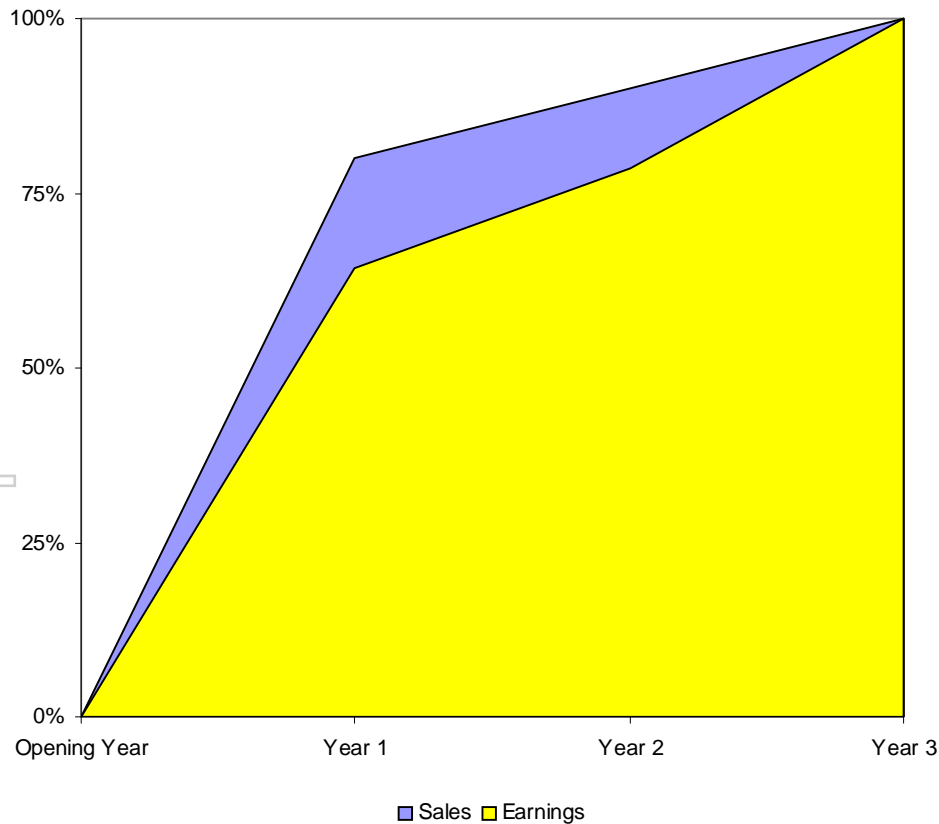
Ø 2 stores still to open Plenty Valley and Cranbourne (VIC)



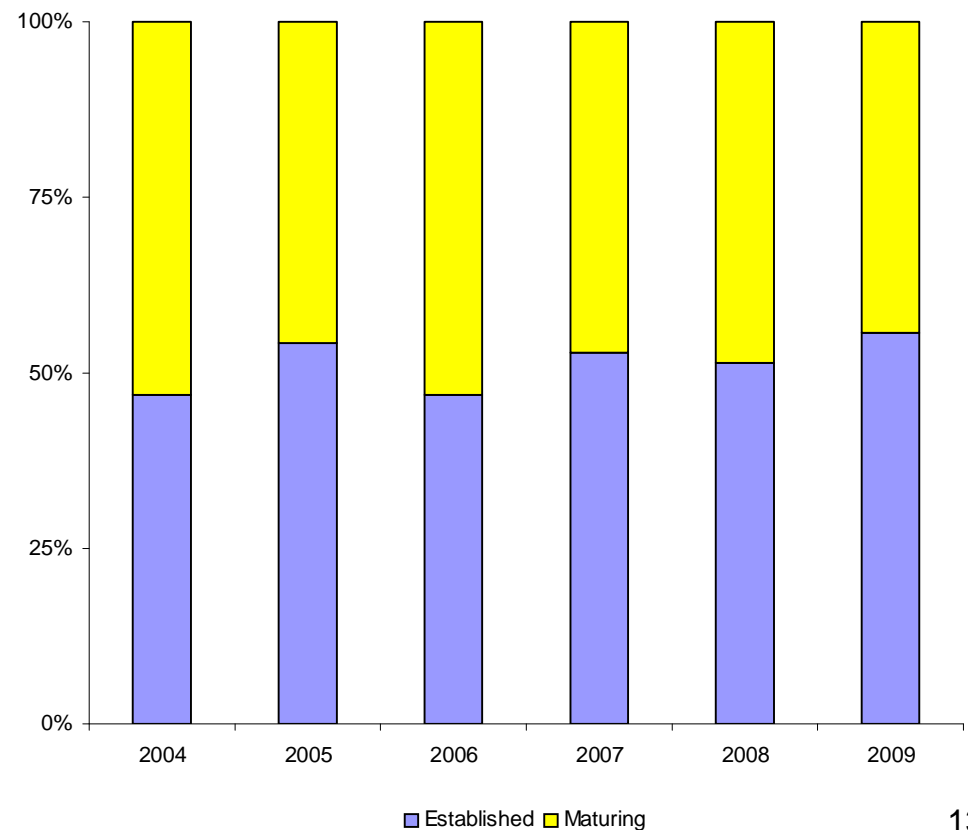
Store Ramp Up Profile & Maturity Mix

- ∅ Store Ramp Up Profile - a JB Hi-Fi store takes on average 3 years to mature, sales mature faster than earnings.
- ∅ Approximately 50% of our stores are still in their maturity ramp up and with 24 new stores in FY09, JB will continue to enjoy strong sales and earnings momentum from its recently opened stores as they mature.

Store Ramp up profile



Store maturity mix



Upgrade of Store Rollout Guidance

- Ø In March 2008 upgraded expected number of JB Hi-Fi branded stores from the previous guidance of circa 120 stores in Australia & NZ to circa **150 stores**.
- Ø The company has 88 JB Hi-Fi branded stores in operation today.
- Ø The company also believes there are further opportunities to open smaller format stores with similar product categories in smaller consumer catchment areas. The company will increase its focus on these opportunities as it draws closer to the 150 store target.
- Ø The company expects to have 13 to 15 new store opportunities on average each year for the next four to five years.
- Ø In FY09 we expect to open 24 new stores - JBA 19, CA 3 and JBNZ 2

24 new stores to open in FY09

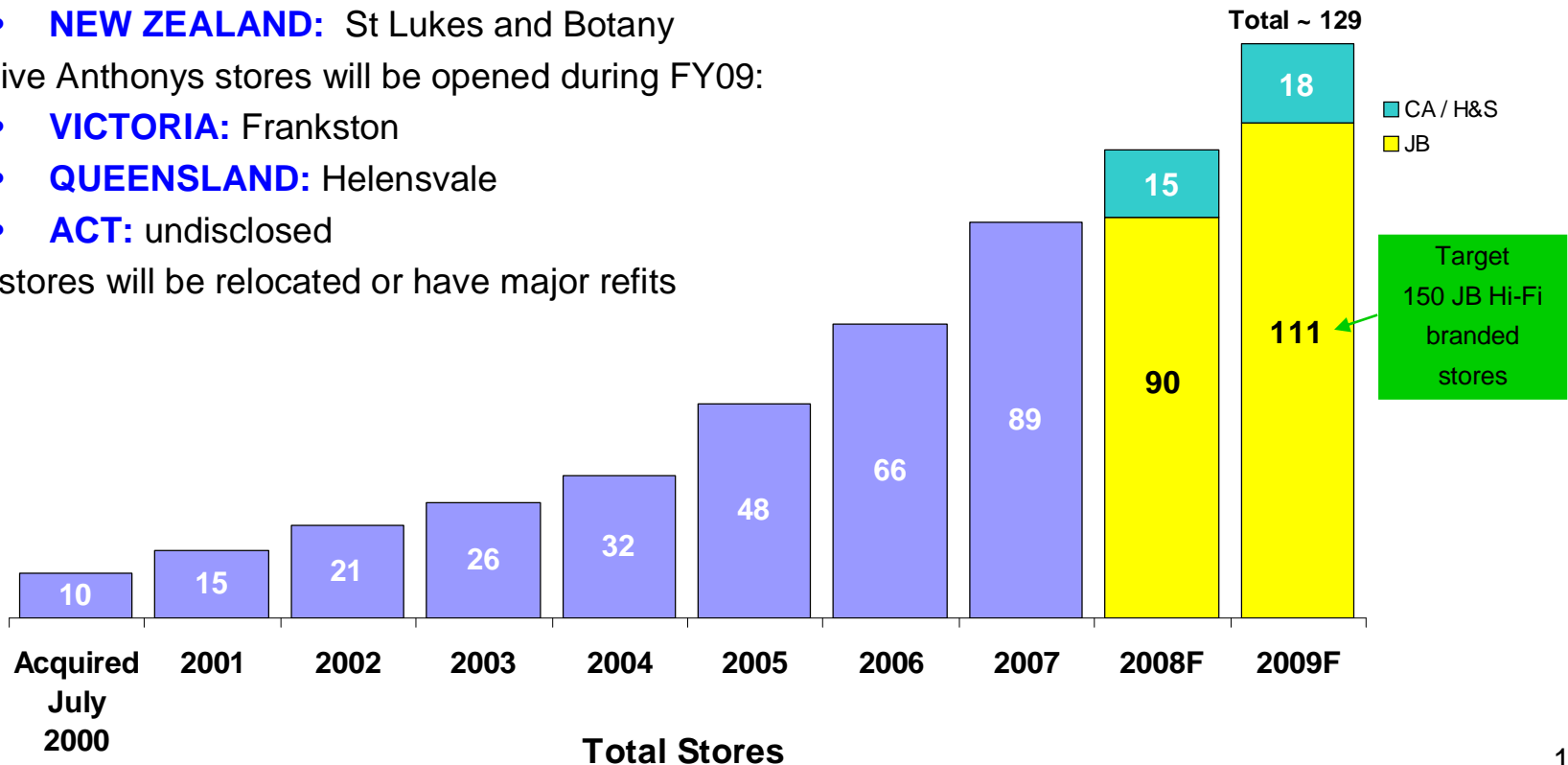
Ø 21 JB Hi-Fi stores will be opened during FY09:

- **NSW:** Albury, Tweed Heads, undisclosed (Syd.), Pagewood (Syd.), Penrith (Syd.)
- **QUEENSLAND:** Morayfield, North Lakes (Bris.), Cairns, Rockhampton
- **VICTORIA:** Bendigo
- **WA:** Malaga, Cockburn, Cannington, Joondalup, Claremont, Rockingham, Mandurah, Perth CBD (all Perth)
- **ACT:** undisclosed
- **NEW ZEALAND:** St Lukes and Botany

Ø 3 Clive Anthonys stores will be opened during FY09:

- **VICTORIA:** Frankston
- **QUEENSLAND:** Helensvale
- **ACT:** undisclosed

Ø 2-3 stores will be relocated or have major refits



7. INVESTMENT CHECKLIST

- ▣ Strong and unique retail model.
- ▣ Operates mainly in high growth home entertainment and technology sector.
- ▣ Low cost of doing business – best of listed retailers.
- ▣ Many new store opportunities
 - JB circa 150 in Australia and New Zealand (88 today)
 - CA / H&S substantial growth potential
- ▣ Big growth potential from computer and mobile consumer electronics (telco) categories.
- ▣ Size gives us great buying power and advertising synergies.
- ▣ Low capital investment and high return on invested capital.
- ▣ Strength and depth of management. Same executive management team since IPO.