



JB Hi-Fi Limited

Full Year Results Presentation – June 2007

14 August 2007

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AGENDA

- 1. Performance**
- 2. Historical Performance**
- 3. Trading Update**
- 4. Financial Detail**
- 5. Store Update**
- 6. Investment Checklist**

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CEO

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CFO

1. PERFORMANCE

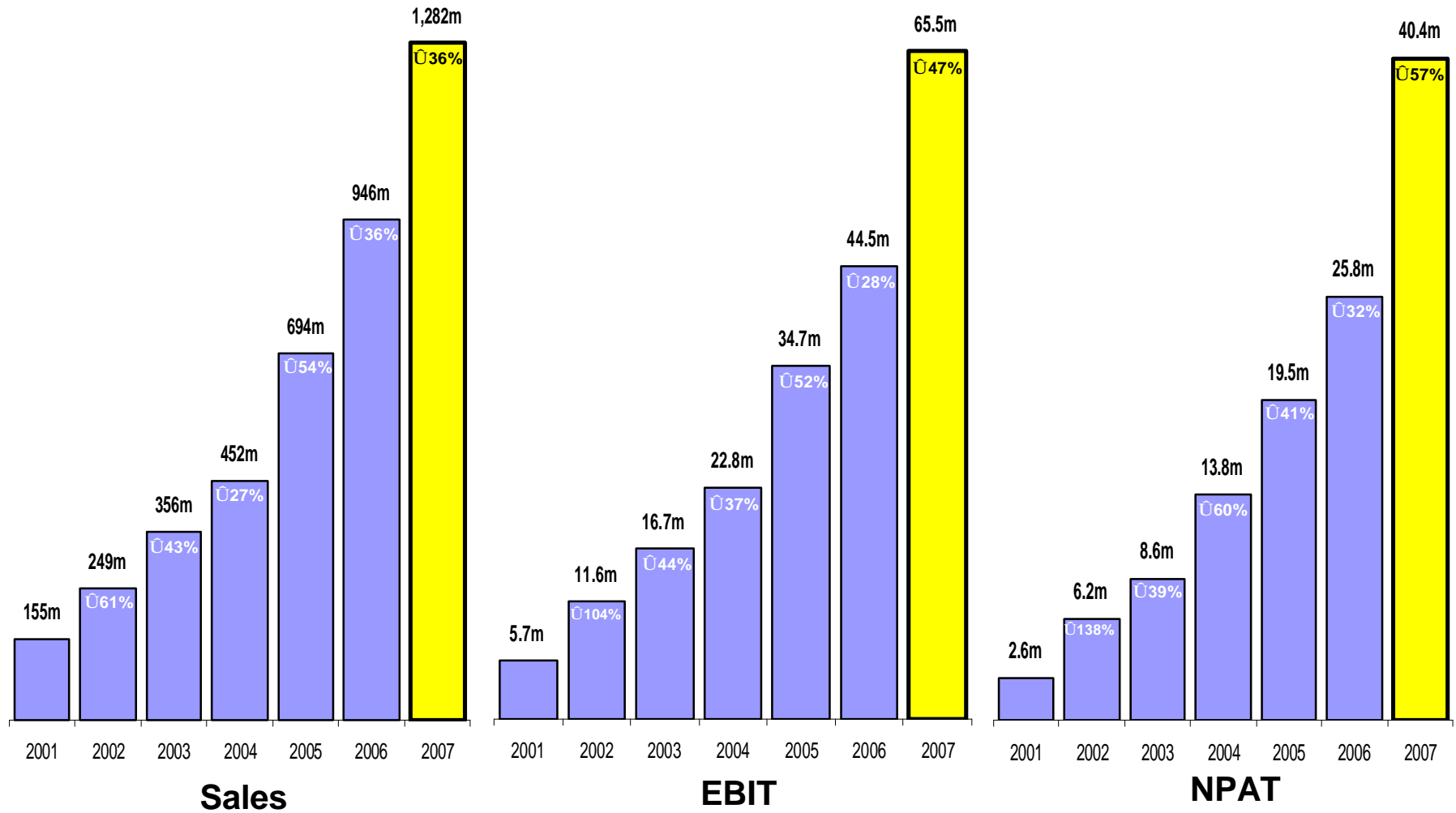
Strong performance for 12 months to 30 June 2007:

		Growth against PCP
q Sales	\$1,282m	35.5% ↑
q Comparable store sales growth	11.4%	
q NPAT	\$40.4m	56.5% ↑
q Earnings per share	38.8 cps	54.9% ↑
q Return on invested capital	32%	+6.5% ↑
q Final dividend – fully franked *	6.0 cps	50% ↑

* to be paid 11 September 2007 (record date 21 August 2007).

2. HISTORICAL PERFORMANCE

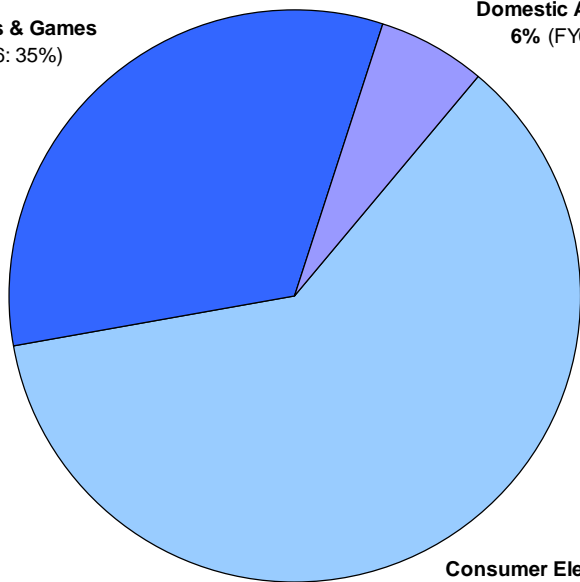
Strong growth in sales & earnings since MBI in July 2000



3. TRADING UPDATE

Sales Product Mix FY07

Music, Movies & Games
33% (FY06: 35%)

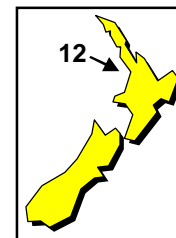
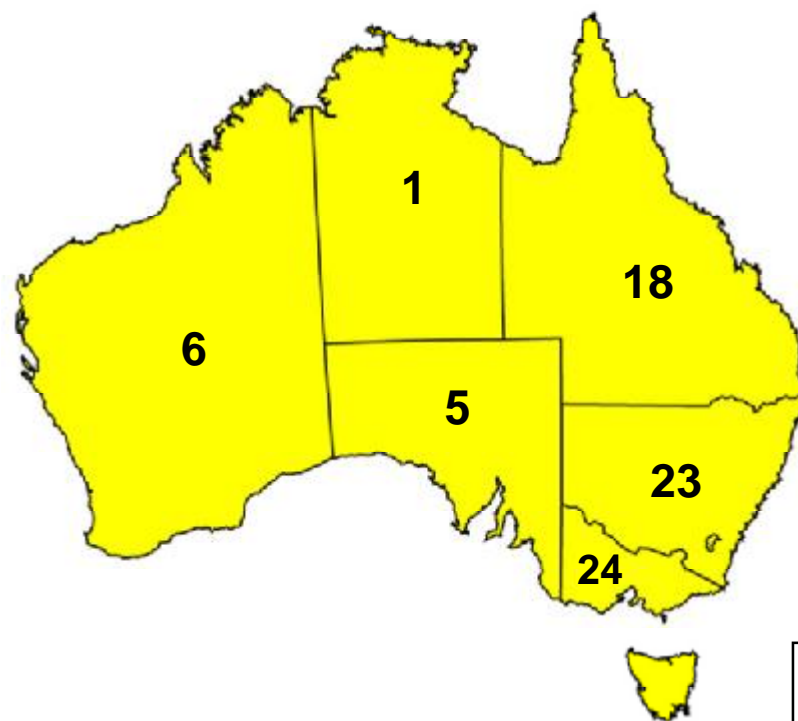


Domestic Appliances
6% (FY06: 5%)

Consumer Electronics
61% (FY06: 60%)

Total Stores: 89

(JB Aust. 71, CA 6, JB NZ 1, H&S 11)



3. TRADING UPDATE

Trading Performance

- § Company traded strongly from March to June 2007.
- § Consolidated comparable store sales growth in the second half of FY07 was 18.0%, JB Hi-Fi stores 18.3% and Clive Anthonys stores 15.7%.
- § All product categories were solid.
- § Games, DVD, Computers and Visual continue to grow strongly.
- § Mobile consumer electronics / telecommunications now in Victorian stores with promising early sales. NSW pre Christmas with other states post Christmas. Expect to finalise rollout by June 2008.

Financial Metrics

- § Gross margin at 22.1% was pleasing given the growth of lower margin Games and Computers categories.
- § Cost of doing business down 102 bps to 16.0% (pcp 17.1%), driven by operating leverage, wage optimisation and marketing economics of scale.

New Stores

- § Opened 13 new JB Hi-Fi stores during the year which are all trading well.
- § A number of stores foot print was expanded and two stores were relocated
- § Planning to open approximately 20 stores across Australia and New Zealand in FY08 (JB 17, CA 3).

Industry

- § Continues to consolidate – big getting bigger.

Clive Anthonys

- § The remaining 30% of Clive Anthonys was acquired on 2 July 2007 for circa \$7m.
- § The performance of the Clive Anthonys business improved in the second half, with comparable store sales 2.7% positive for the full year.
- § Stronger trading conditions together with some management changes and a closer alignment to the JB Hi-Fi way of operating has resulted in solid comparable store sales.
- § Head office rationalisation nearly complete as at August 2007.
- § New store in Castle Hill, Sydney opens this Thursday, 16th August 2007.
- § Confident about a number of store rollout opportunities for the brand over the next few years.

New Zealand

- § The company's acquisition of the 11 store New Zealand chain Hill & Stewart was completed on 1 March.
- § Trading to expectations.
- § First JB store opened in April 2007 and expect to open 3 new JB stores before Christmas.
- § 5 JB stores expected to be trading by the end of FY08.

Trading Outlook

- § Sales for FY08 to date have continued the strong momentum experienced going into the end of the FY07.
- § Consolidated comparable store sales growth for the first 6 weeks of FY08 at 23.4%
- § We do not expect this comparable stores sales figure to be as high going forward, as we have had unusually strong trading conditions and we will cycle stronger past years sales in the newer categories of games and computers.
- § While our investment in computers and games continues to drive significant comparable store sales growth, underlying comparable store sales growth (ie excluding games and computers) still remains strong.
- § Expect sales in FY08 of circa \$1.7billion or a 33% increase.

4. FINANCIAL DETAIL

Profit and Loss Statement

\$m	FY07 Consolidated	FY06 Consolidated	Growth
Sales	1,281.8	945.8	35.5%
Comparative Store Sales Growth	11.4%	5.3%	
Gross Profit	283.4	212.4	33.4%
Gross Margin	22.1%	22.5%	-39 bps
EBITDA	76.4	52.0	46.9%
Depreciation & Amortisation	10.9	7.4	
EBIT	65.5	44.5	47.3%
EBIT Margin	5.1%	4.7%	+41 bps
Net Profit After Tax (net of OEI)	40.4	25.8	56.5%
Headline Statistics:			
Earnings per share (basic, cents)	38.8	25.0	54.9%
Stores at period end	89	66	+ 23 stores
Cost of doing business	16.0%	17.1%	-102 bps

Delivering on our every day low prices strategy

- § 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.
- § Since FY04 our Gross Margin has reduced 130 bps, however we have reduced our cost of doing business by 175 bps.
- § This reduction in CODB has been achieved whilst we have pursued an aggressive store rollout program, opening 47 new stores.
- § Whilst we believe we have the lowest cost base in the industry, we continue to focus on ways of improving even further.

Balance Sheet

\$m	FY07 Consolidated	FY06 Consolidated	Movement
Cash	23.7	4.5	19.2
Receivables	45.2	28.3	16.9
Inventories	211.3	161.1	50.2
Other Current Assets	3.5	2.8	0.7
Total Current Assets	283.7	196.8	87.0
Fixed Assets	80.9	57.2	23.7
Brandname & Goodwill	80.7	66.7	14.0
Other Non-Current	8.6	6.2	2.4
Total Non-Current Assets	170.2	130.1	40.1
Total Assets	454.0	326.8	127.2
Payables	185.3	122.8	62.5
Borrowings	0.7	0.5	0.2
Other	24.0	15.1	8.9
Total Current Liabilities	210.0	138.3	71.7
Borrowings	117.7	100.0	17.7
Other Non-Current Liabilities	7.5	4.8	2.7
Total Non-Current Liabilities	125.2	104.8	20.4
Total Liabilities	335.2	243.2	92.0
Net Assets (net of OEI)	113.1	79.0	34.2
Net debt	94.7	96.0	(1.3)

Cashflow Statement

\$m	FY07 Consolidated	FY06 Consolidated
EBITDA	76.4	52.0
Change in Working Capital	5.6	(17.9)
Net Interest Paid	(7.1)	(5.7)
Income Tax Paid	(15.2)	(11.3)
Other	4.5	(1.5)
Net Cashflow from Operations	64.1	15.6
Purchases of F,F & E	(34.4)	(28.8)
Investments	(19.2)	-
Net Cashflow from Investing	(53.6)	(28.8)
Net Borrowings	15.8	22.9
Proceeds from issue of Equity	2.2	0.6
Dividends Paid	(9.4)	(7.4)
Net Cashflow from Financing	8.6	16.1
Net Change in Cash Position	19.2	2.9
Cash at the end of Period	23.7	4.5

Working capital and key ratios:

\$m	FY07 Consolidated	FY06 Consolidated
(Increase)/Decrease in current assets		
Inventory	(42.6)	(59.0)
Receivables	(14.3)	(8.4)
Other Current Assets	(0.6)	(0.2)
Increase/(Decrease) in current liabilities		
Trade creditors	58.1	44.9
Other current liabilities	4.9	4.8
Net Movement in Working Capital	5.6	(17.9)

Performance Indicators

Stock Turnover	5.36	5.57
Creditors Days	56.31	50.00
Fixed Charge Ratio	2.91	2.76
Interest Cover (times)	8.23	6.90
Return on Equity	36%	33%
Return on Invested Capital	32%	25%

- § Inventory management has been enhanced in all categories.
- § Inventory has increased overall due to new store inventory of \$38.3m.
- § The remaining increase is due to our expansion into games software, computers and store expansions.
- § The above factors have contributed to a reduction in our inventory turnover to 5.4 times (2006 5.6 times).
- § Like for like inventory turnover was 5.6 times (2006 5.5 times).
- § Receivables increase is driven by growth in store finance offering.
- § Working capital is an ongoing focus of management and is in line with current expectations.

5. STORE UPDATE

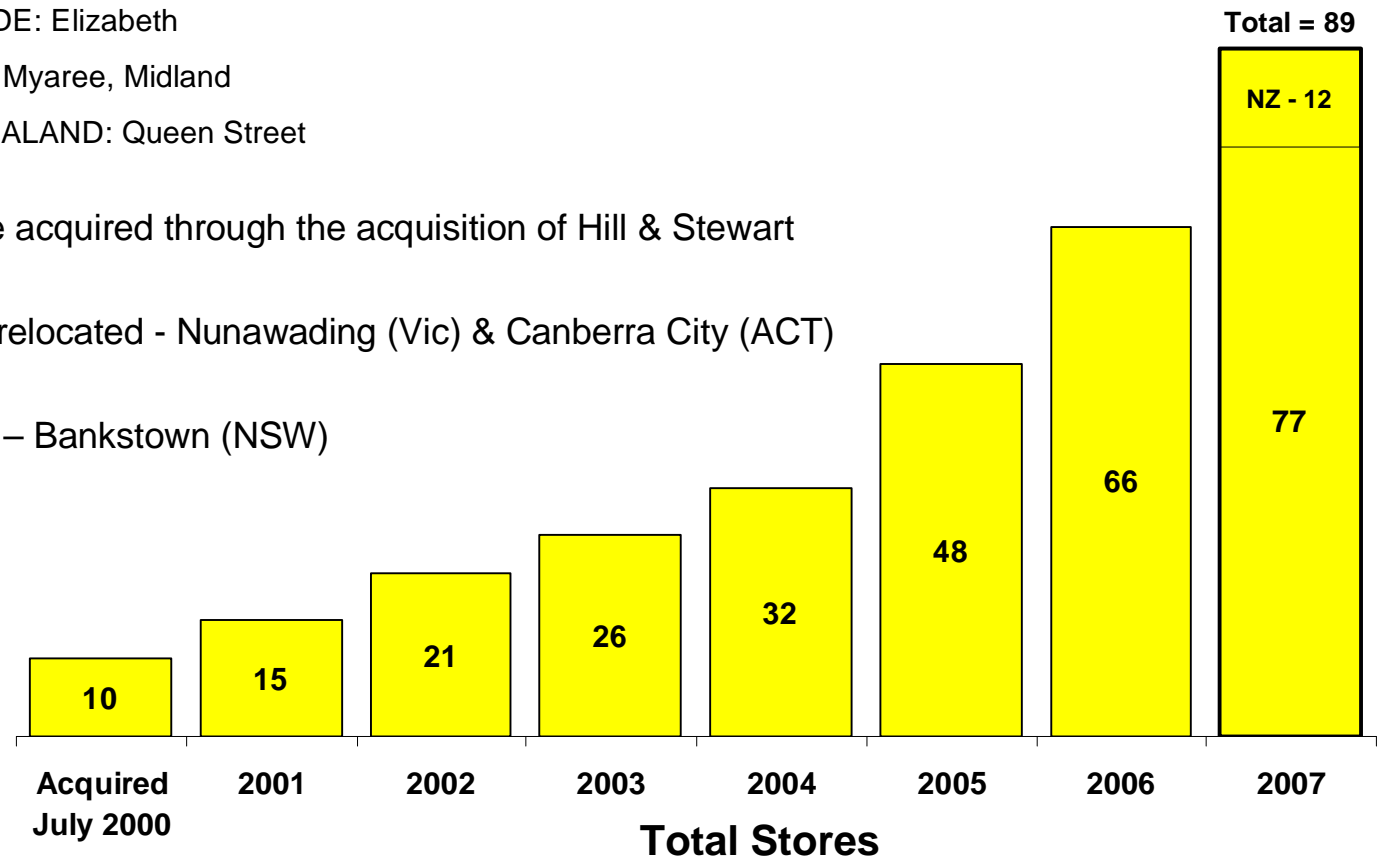
Ø 13 JB Hi-Fi stores were opened during FY07:

- § NSW: Wollongong, Glendale
- § QUEENSLAND: Carindale, Chermside, Ipswich
- § VICTORIA: Broadmeadows, Essendon, Watergardens, Ballarat
- § ADELAIDE: Elizabeth
- § PERTH: Myaree, Midland
- § NEW ZEALAND: Queen Street

Ø 11 stores were acquired through the acquisition of Hill & Stewart

Ø 2 stores were relocated - Nunawading (Vic) & Canberra City (ACT)

Ø 1 store closed – Bankstown (NSW)



6. 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 120 in Australia and New Zealand (72 end FY07)
 - CA / H&S substantial growth potential
- Big growth potential from recent move into computers.
- Big growth potential from new telecommunications category.
- Size gives us great buying power and advertising synergies.
- Low capital investment and high return on invested capital.
- Good management – same senior management team since IPO.

Appendix

Store Movements during FY07

	JB Hi-Fi Aust	Clive Anthonys Aust	JB Hi-Fi NZ	Hill & Stewart NZ	Total
Stores at start of FY07	60	6	-	-	66
opened	12	-	1	-	13
acquired	-	-	-	11	11
closed	(1)	-	-	-	(1)
Stores at end of FY07	71	6	1	11	89
Shopping centres	33	-	-	2	35
High Street, Homemaker, Strip etc	38	6	1	9	54
	71	6	1	11	89