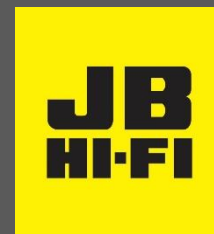


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# JB Hi-Fi Limited

## FY18 Results Presentation



# Agenda

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1. **FY18 Financial Results**
  - i. **Group Performance Overview**
  - ii. **JB HI-FI Australia**
  - iii. **JB HI-FI New Zealand**
  - iv. **The Good Guys**
  - v. **Group Balance Sheet and Cash Flow**
2. **FY19 Trading Update and Outlook**
3. **Group Strategic Update**
4. **Investment Checklist**

Richard Murray  
Group CEO

Nick Wells  
Group CFO

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# 1. FY18 Financial Results

## i. Group Performance Overview

AUD	FY18	FY17 <sup>1,2</sup>	Growth	
Total sales (\$m)	6,854.3	5,628.0	1,226.4	21.8% ▲
Earnings before interest and tax (\$m)	350.6	306.3	44.3	14.5% ▲
Net profit after tax (\$m)	233.2	207.7	25.4	12.3% ▲
Earnings per share (basic ¢)	203.1	186.0	+17 cps	9.2% ▲
Dividend per share (¢)	132.0	118.0	+14 cps	11.9% ▲

- NPAT of \$233.2 million, up 12.3% on underlying NPAT in the pcg (up 35.3% on statutory NPAT in the pcg)
- Strong full year result across all metrics for JB HI-FI Australia, challenging second half for The Good Guys
- FY18 dividend up 14 cps to 132 cents per share fully franked and in line with the current Group dividend payout ratio of 65%

<sup>1</sup> Unless otherwise stated, all FY17 results disclosed in this presentation are underlying results which exclude transaction fees and implementation costs totaling \$22.4m associated with the acquisition of The Good Guys in November 2016 and \$15.8m of fixed asset and goodwill impairments in New Zealand. Refer Appendix II for reconciliations of FY17 statutory and underlying results

<sup>2</sup> The Good Guys was acquired on 28 November 2016. The Good Guys underlying results presented for FY17 are for the period of ownership (28 November 2016 to 30 June 2017)

# 1. FY18 Financial Results

## i. Group Performance Overview

	FY18	FY17 <sup>1,2</sup>	Growth	
			\$m	%
<b>Sales (\$m)</b>				
- JB HI-FI Australia	4,539.7	4,148.6	391.1	9.4% ▲
- JB HI-FI New Zealand (NZD)	231.5	234.0	(2.5)	(1.1%) ▼
- The Good Guys	2,101.3	1,258.4	842.9	67.0% ▲
<b>Total Sales (AUDm)</b>	<b>6,854.3</b>	<b>5,628.0</b>	<b>1,226.4</b>	<b>21.8% ▲</b>
<b>EBIT (\$m)</b>				
- JB HI-FI Australia	292.3	262.4	29.9	11.4% ▲
- JB HI-FI New Zealand (NZD)	(2.9)	(2.7)	(0.2)	(6.9%) ▼
- The Good Guys	60.9	46.4	14.4	31.1% ▲
<b>Total EBIT (AUDm)</b>	<b>350.6</b>	<b>306.3</b>	<b>44.3</b>	<b>14.5% ▲</b>
<b>EBIT Margin (%)</b>				
- JB HI-FI Australia	6.44%	6.33%	+11 bps	▲
- JB HI-FI New Zealand	(1.24%)	(1.15%)	(9 bps)	▼
- The Good Guys	2.90%	3.69%	(79 bps)	▼
<b>Total EBIT Margin (%)</b>	<b>5.11%</b>	<b>5.44%</b>	<b>(33 bps)</b>	<b>▼</b>

<sup>1</sup> Underlying results (refer to note 1 on page 3)

<sup>2</sup> The Good Guys was acquired on 28 November 2016. The Good Guys underlying results presented for FY17 are for the period of ownership (28 November 2016 to 30 June 2017)

# 1. FY18 Financial Results

## ii. JB HI-FI Australia



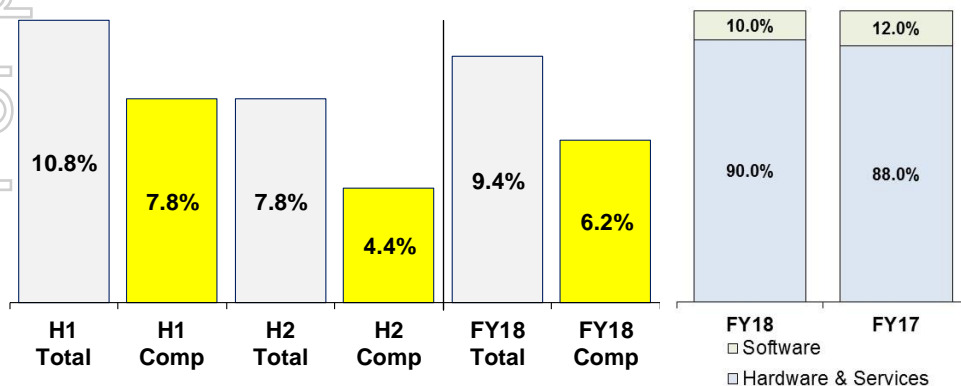
AUD	FY18	FY17 <sup>1</sup>	Growth
<b>Sales (\$m)</b>	<b>4,539.7</b>	<b>4,148.6</b>	<b>9.4% ▲</b>
Gross Profit (\$m)	1,006.5	922.8	9.1% ▲
Gross Margin (%)	22.17%	22.24%	(7 bps) ▼
Cost of Doing Business (%)	14.82%	14.96%	(14 bps) ▼
EBIT (\$m)	292.3	262.4	11.4% ▲
EBIT Margin (%)	6.44%	6.33%	+11 bps ▲
Stores (#)	193	185	+8 stores ▲

### Sales

- Total sales grew by 9.4% to \$4.54 billion, with comparable sales up 6.2%
- Hardware and Services<sup>2</sup> sales in FY18 were up 11.9%, with comparable sales up 8.6% driven by the Communications, Computers, Audio, Games Hardware and Drones categories
- Software sales were down 8.5% and on a comparable basis were down 11.2% as a result of an acceleration in the decline in the Movies category but partially offset by growth in the Games Software category
- Online sales in Australia for FY18 grew 32.1% (FY17: 38.4%) on the pcp to \$209.9 million or 4.6% of total sales (FY17: 3.8%), as we continue to invest in and improve our Online offer
- The Solutions business recorded strong sales growth and remains on track to deliver on the longer term aspirational sales target of approximately \$500 million per annum, through both organic growth and strategic acquisitions

Sales Growth

Sales Category Splits



<sup>1</sup> Underlying results (refer to note 1 on page 3)

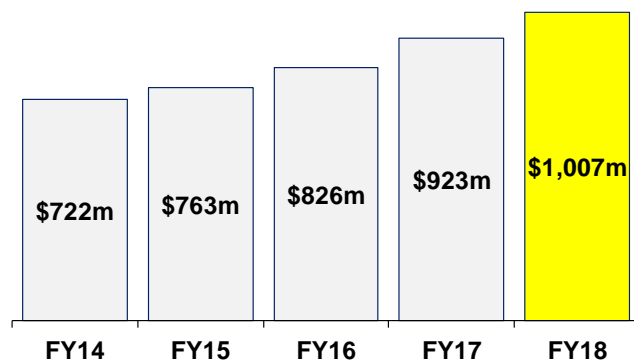
<sup>2</sup> Hardware & Services is defined as all sales excluding the Music, Movies and Games Software categories

# 1. FY18 Financial Results

## ii. JB HI-FI Australia

AUD	FY18	FY17 <sup>1</sup>	Growth
Sales (\$m)	4,539.7	4,148.6	9.4% ▲
<b>Gross Profit (\$m)</b>	<b>1,006.5</b>	<b>922.8</b>	<b>9.1% ▲</b>
<b>Gross Margin (%)</b>	<b>22.17%</b>	<b>22.24%</b>	<b>(7 bps) ▼</b>
Cost of Doing Business (%)	14.82%	14.96%	(14 bps) ▼
EBIT (\$m)	292.3	262.4	11.4% ▲
EBIT Margin (%)	6.44%	6.33%	+11 bps ▲
Stores (#)	193	185	+8 stores ▲

Gross Profit



<sup>1</sup> Underlying results (refer to note 1 on page 3)

### Gross Profit and Margin

- Gross profit increased by 9.1% to \$1.0 billion
- Gross margin was 22.2%, a 7 bps decrease on the pcp, primarily driven by:
  - sales mix, as we manage the growth of low margin categories and the decline in higher margin software categories; and
  - price investment to reinforce our market leadership
- We continue to be a sales led organisation with a focus on growing top line sales and gross profit dollars

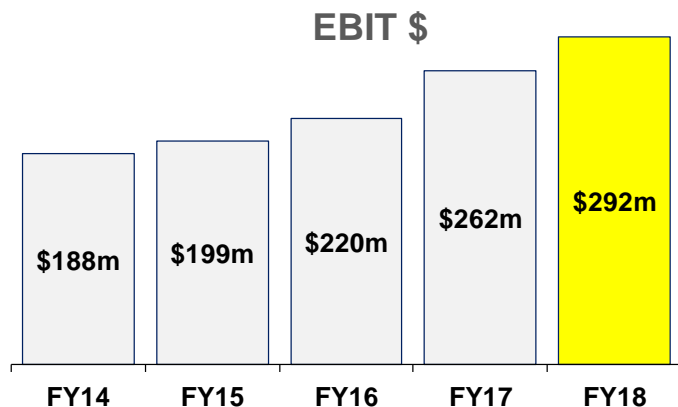


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# 1. FY18 Financial Results

## ii. JB HI-FI Australia

AUD	FY18	FY17 <sup>1</sup>	Growth
Sales (\$m)	4,539.7	4,148.6	9.4% ▲
Gross Profit (\$m)	1,006.5	922.8	9.1% ▲
Gross Margin (%)	22.17%	22.24%	(7 bps) ▼
<b>Cost of Doing Business (%)</b>	<b>14.82%</b>	<b>14.96%</b>	<b>(14 bps) ▼</b>
<b>EBIT (\$m)</b>	<b>292.3</b>	<b>262.4</b>	<b>11.4% ▲</b>
<b>EBIT Margin (%)</b>	<b>6.44%</b>	<b>6.33%</b>	<b>+11 bps ▲</b>
<b>Stores (#)</b>	<b>193</b>	<b>185</b>	<b>+8 stores ▲</b>



<sup>1</sup> Underlying results (refer to note 1 on page 3)



### CODB

- Our low CODB remains a competitive advantage and is maintained through continued focus on productivity and minimising unnecessary expenditure
- CODB was 14.8%, down 14 bps on the pcp
- CODB in absolute terms grew 8.4%
- Total operating costs remained well controlled as we managed increased volumes through the store network driven by new products, Click and Collect, Online and Commercial order fulfilment

### EBIT

- Strong sales growth, combined with operating cost leverage, drove strong EBIT growth. EBIT was up 11.4% on the pcp to \$292.3 million while EBIT margin was up 11 bps to 6.4%

### Stores

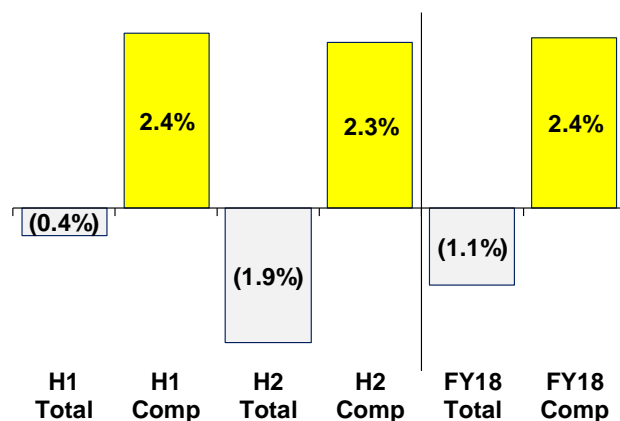
- Eight new stores were opened in FY18

# 1. FY18 Financial Results

## iii. JB HI-FI New Zealand

NZD	FY18	FY17 <sup>1</sup>	Growth
Sales (\$m)	231.5	234.0	(1.1%) ▼
Gross Profit (\$m)	40.9	42.5	(3.8%) ▼
Gross Margin (%)	17.66%	18.15%	(49 bps) ▼
Cost of Doing Business (%)	17.28%	17.89%	(61 bps) ▼
EBIT (\$m)	(2.9)	(2.7)	(6.9%) ▼
EBIT Margin (%)	(1.24%)	(1.15%)	(9 bps) ▼
Stores (#)	15	16	(1 store) ▼

Sales Growth



- Total sales were down 1.1% to NZD231.5 million
- Comparable sales were up 2.4%
- Online sales in New Zealand for FY18 grew 96.3% on the pcp to NZD9.6 million or 4.1% of total sales (FY17: 2.1%) following the launch of the new website in August 2017
- Gross margin was down 49 bps on the pcp to 17.7%
- We continue to reposition the New Zealand business as part of our strategy to improve performance. We have exited Whitegoods (JB HI-FI HOME) and rebranded the four stores to JB HI-FI. One JB HI-FI store was closed in August 2017 and another loss making store was closed in July 2018



<sup>1</sup> Underlying results (refer to note 1 on page 3)

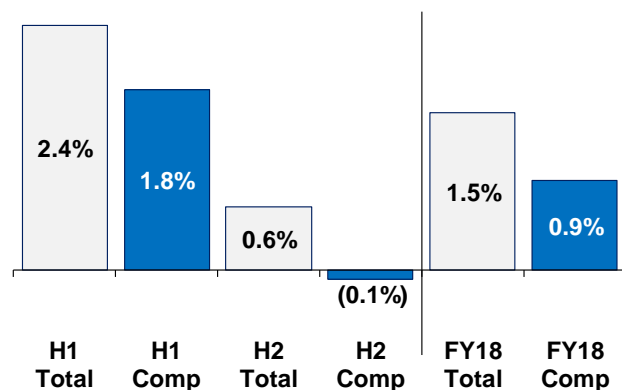


# 1. FY18 Financial Results

## iv. The Good Guys

AUD	FY18	FY17 <sup>1</sup>	Growth
<b>Sales (\$m)</b>	<b>2,101.3</b>	<b>1,258.4</b>	<b>67.0% ▲</b>
Gross Profit (\$m)	426.1	267.6	59.2% ▲
Gross Margin (%)	20.28%	21.27%	(99 bps) ▼
Cost of Doing Business (%)	16.60%	16.69%	(9 bps) ▼
EBIT (\$m)	60.9	46.4	31.1% ▲
EBIT Margin (%)	2.90%	3.69%	(79 bps) ▼
Stores (#)	103	102	+1 store ▲

**Sales Growth**  
(vs same twelve months last year)



- All performance indicators and ratios for FY17 are for the period of ownership<sup>1</sup>

### Sales

- Total sales for the twelve months to 30 June 2018 were \$2.10 billion
- In FY17, we consolidated seven month's sales, as a result FY18 sales on a statutory basis were up 67.0%
- For comparative purposes for the same twelve months, total sales were up 1.5% with comparable sales up 0.9%. Both the Home Appliances and Consumer Electronics categories recorded sales growth
- Online sales for the period were up 7.4% to \$126.8 million or 6.0% of total sales



<sup>1</sup> The Good Guys was acquired on 28 November 2016. The Good Guys underlying results (refer to note 1 on page 3) presented for FY17 are for the period of ownership (28 November 2016 to 30 June 2017)

# 1. FY18 Financial Results

## iv. The Good Guys

AUD	FY18	FY17 <sup>1</sup>	Growth
Sales (\$m)	2,101.3	1,258.4	67.0% ▲
Gross Profit (\$m)	426.1	267.6	59.2% ▲
Gross Margin (%)	20.28%	21.27%	(99 bps) ▼
Cost of Doing Business (%)	16.60%	16.69%	(9 bps) ▼
EBIT (\$m)	60.9	46.4	31.1% ▲
EBIT Margin (%)	2.90%	3.69%	(79 bps) ▼
Stores (#)	103	102	+1 store ▲

- All performance indicators and ratios for FY17 are for the period of ownership<sup>1</sup>

### Gross Profit and Margin

- Gross profit was \$426.1 million with gross margin at 20.3%, down on the pcp primarily as a result of heightened price competition in 2HY18 as we continued to focus on sales and market share

### CODB

- CODB was 16.6%
- Total operating costs were in line with expectations and store wages remained well controlled

### EBIT

- EBIT was \$60.9 million

### Stores

- Two new The Good Guys stores were opened during FY18 at Robina and Tingalpa. One store at Rockdale was closed during FY18



<sup>1</sup> The Good Guys was acquired on 28 November 2016. The Good Guys underlying results (refer to note 1 on page 3) presented for FY17 are for the period of ownership (28 November 2016 to 30 June 2017)

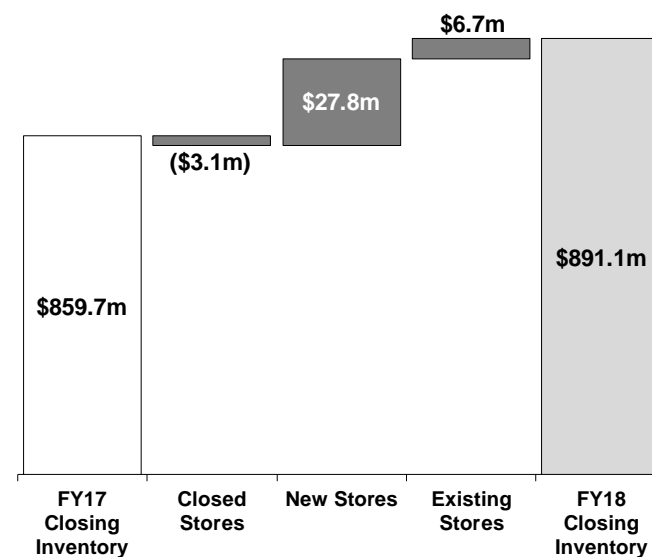
# 1. FY18 Financial Results

## v. Group Balance Sheet and Cash Flow

### Group Balance Sheet

AUDm	FY18	FY17 <sup>1</sup>
Cash	72.0	72.8
Receivables	204.7	193.6
Inventories	891.1	859.7
Other	42.7	41.4
<b>Total Current Assets</b>	<b>1,210.5</b>	1,167.5
Fixed Assets	198.0	208.2
Intangibles & Goodwill	1,037.3	1,037.3
Other	45.9	46.8
<b>Total Non-Current Assets</b>	<b>1,281.2</b>	1,292.3
<b>Total Assets</b>	<b>2,491.7</b>	2,459.8
Payables	665.3	644.7
Other	251.9	240.7
<b>Total Current Liabilities</b>	<b>917.2</b>	885.4
Borrowings	469.4	558.8
Other	157.5	162.1
<b>Total Non-Current Liabilities</b>	<b>626.9</b>	720.9
<b>Total Liabilities</b>	<b>1,544.1</b>	1,606.3
<b>Net Assets</b>	<b>947.6</b>	853.5
<b>Net Debt / (Net Cash)</b>	<b>397.4</b>	486.0

### Inventory Bridge – FY17 to FY18



- Group inventory levels were in line with expectations, with inventory turnover in FY18 at 6.2x (FY17: 6.3x)

<sup>1</sup> The comparative balances have been restated to reflect the finalisation of the accounting for the acquisition of The Good Guys

# 1. FY18 Financial Results

## v. Group Balance Sheet and Cash Flow

### Group Cash Flow Statement

AUDm	FY18	FY17
<b>Statutory EBITDA</b>	<b>411.7</b>	337.9
Change in Working Capital	(6.6)	(52.7)
Net Interest Paid	(14.5)	(7.6)
Income Tax Paid	(114.8)	(98.5)
Other	16.3	11.4
<b>Net Cash Flow from Operations</b>	<b>292.1</b>	190.6
Purchases of P&E (net)	(54.0)	(48.9)
Investments (net of cash acquired)	-	(836.6)
<b>Net Cash Flow from Investing</b>	<b>(54.0)</b>	(885.5)
<b>Free Cash Flow<sup>1</sup></b>	<b>238.1</b>	141.7
Proceeds / (Repayment) of borrowings	(89.7)	450.0
Proceeds from issue of equity	3.0	395.9
Share issue costs	-	(9.2)
Dividends Paid	(151.6)	(119.1)
Other	(0.8)	(1.7)
<b>Net Cash Flow from Financing</b>	<b>(239.1)</b>	715.9
Net Change in Cash Position	(1.0)	21.0
Effect of exchange rates	0.2	(0.1)
<b>Cash at the end of Period</b>	<b>72.0</b>	72.8

### Group Performance Indicators

	FY18	FY17
Fixed Charge Ratio	2.9x	3.2x
Interest Cover	21.1x	28.8x
Gearing Ratio	1.1	1.6
Return on Invested Capital	26.1%	22.9%

- Operating cash conversion continues to be strong
- Capex remains well controlled as we continue to invest in the store portfolio and digital initiatives

<sup>1</sup> Free Cash Flow = Net Cash Flow from Operations less Purchases of P&E (net)

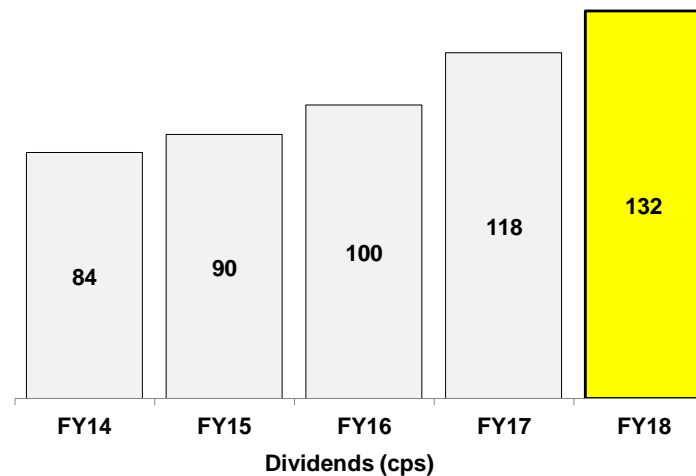
# 1. FY18 Financial Results

## v. Group Balance Sheet and Cash Flow

### Capital Management

- The Board regularly reviews its capital structure with a focus on maximising returns to shareholders and believes the current dividend payout ratio of 65% appropriately balances the distribution of profit to shareholders and the reinvestment of earnings for future growth
- The final dividend is 46 cents per share (cps) fully franked, bringing the total dividend for FY18 to 132 cps, up 14 cps from the pcp, representing approximately 65% of NPAT. The record date for the final dividend is 24 August 2018, with payment to be made on 7 September 2018

FY18 dividend up 11.9% to 132 cps



## 2. FY19 Trading Update and Outlook

### July 2018 sales update:

- Total sales growth for JB HI-FI Australia was 2.9% (July 2017: 9.3%) with comparable sales growth of 0.3% (July 2017: 6.5%)
- Total sales growth for JB HI-FI New Zealand was -2.1% (July 2017: -0.7%) with comparable sales growth of 3.4% (July 2017: -7.6%)
- Total sales growth for The Good Guys was 2.7% (July 2017: 6.8%) with comparable sales growth of 1.4% (July 2017: 5.7%)
- July sales results were pleasing given the cycling of strong sales in the pcp and the impact of the FIFA World Cup bringing forward TV sales into June

### FY19 Guidance:

- In FY19 the Company expects:
  - To open five JB HI-FI Australia stores, two The Good Guys stores and close one JB HI-FI New Zealand store<sup>1</sup>
  - Total Group sales to be circa \$7.1 billion, comprising:
    - JB HI-FI Australia \$4.75 billion;
    - JB HI-FI New Zealand (NZD) \$0.22 billion; and
    - The Good Guys \$2.15 billion

<sup>1</sup> Closed in July 2018

# 3. Group Strategic Update

## i. The Group Model

A dual branded retail combination

**JB HI-FI**

**THE GOOD GUYS®**

**Product offering**

Leading retailer of **technology** and consumer electronics

Leading retailer of **home appliances** and consumer electronics

**Target customer base / demographic**

Strong position with a **young tech savvy** demographic

Strong position with **home-making families** and Gen X demographics

**Value proposition**

**Best brands** at low prices

**Customer focus**

**Exceptional** customer service

**Channels**

In-store, online, commercial

With **5 key enablers** underpinning the **Group model** and providing a unique competitive advantage

1

**Scale**

2

**Low Cost Operating Model**

3

**Quality Store Locations**

4

**Supplier Partnerships**

5

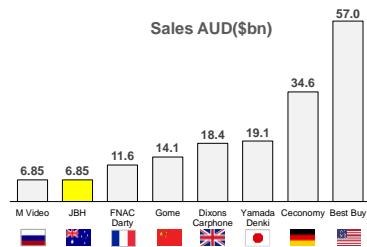
**Multichannel Capability**

# 3. Group Strategic Update

## i. The Group Model - 5 key enablers

### 1 Scale

- #1 player in fragmented Australian market
- Global supplier relevance
- Ability to maintain focus on market share and absorb margin pressure during periods of heightened market price activity and consolidation
- Diversified category exposure
- Spread investments across a large base and drive efficiencies

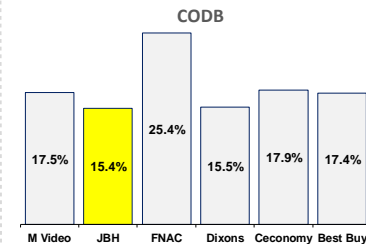


### 2 Low Cost Operating Model

Lowest CODB of any major Australian listed retailer and international consumer electronics retailer

Enabler for:

- Low prices (gross margins of only ~21.5%)
- Ability to compete effectively with traditional competitors and new market entrants



### 3 Quality Store Locations

**JB Hi-Fi**

- High grade shopping centres, CBD, homemaker centres
- High foot traffic and convenient locations
- Productive floor space with high sales per square metre

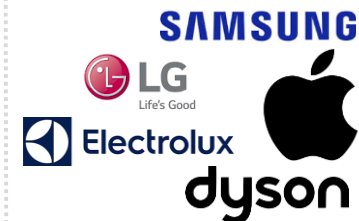
**The Good Guys**

- High grade homemaker centres and standalones
- Destination locations
- Showcase high consideration and higher value Home Appliances



### 4 Supplier Partnerships

- Strong partnerships with all major suppliers, scale on a global level
- Store locations and high traffic websites provide suppliers with high visibility for their product
- Knowledgeable staff assist to inform the customer of product benefits
- Dual brand retail approach provides:
  - Ranging and merchandising optionality
  - Ability to execute strategic initiatives at scale



### 5 Multichannel Capability

- Integrated, high quality in-store and online offer
- In-store experience drives a high level of research online and buy in store
- Multichannel approach provides customers with choice on how to transact with us
- Store network provides:
  - Fast online fulfillment, via delivery from store or click and collect
  - Online customers with after sales service and support





# 3. Group Strategic Update

## ii. JB HI-FI Group – Key Focus Areas

### Last 12 Months (FY18)

- Group operating model developed
- Shared capability across the Group
- Aligned policies and procedures
- Group reporting developed
- Support function management integrated
- Commercial businesses integrated
- Synergy realisation commenced

### Next 12 Months (FY19)

#### Establish Group Merchandising

Establish a Group Merchandise function led by Cameron Trainor as Managing Director Group Merchandise, to:

Provide strategic guidance and oversight of the Group's buying

Identify Group buying opportunities

Maintain Supplier relationships

#### Develop the Group Supply Chain Strategy

Enable a better customer experience delivered through a cost effective, fit for purpose supply chain solution

#### Co-locate our Support Offices

Bringing together of the JB Hi-Fi and The Good Guys support offices to a joint location in Southbank, Melbourne

Share best practice

Leverage each team's respective strengths

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# 3. Group Strategic Update

## ii. JB HI-FI – Key Focus Areas

### Last 12 Months (FY18)

- Category evolution:
  - Drones
  - Home security
  - Telco
- Website redesign
- Delivery choices
  - 3 hour, same day, next day, standard
- Click and collect
  - 97% available within 2 hours
- Digital receipts implemented
- Improved store technology
- New PDAs introduced

### Next 12 Months (FY19)

<b>Sales</b>	Continued focus on driving sales - instore, online and commercial
<b>Category evolution</b>	Gaming, Telco and Connected Tech
<b>eSports</b>	Melbourne eSports Open partnership
<b>New Zealand</b>	Continue to execute on strategy to improve performance
<b>Services</b>	Design and implement an expanded Services offer
<b>Ecommerce</b>	Ecommerce platform migration to enhance multi-channel offer
<b>Personalisation</b>	Leverage customer data to personalise marketing and customer experiences

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# 3. Group Strategic Update

## ii. The Good Guys – Key Focus Areas

### Last 12 Months (FY18)

- New Executive team in place
- Increased customer transactions (comp and total)
- Improved in-store conversion
- Managed transition from JVP to Store Managers
- Support Office team restructure completed
- Revised commission structure designed
- Sales performance program developed
- Enhanced buying capabilities
- Improved internal reporting

### Next 12 Months (FY19)

<b>Sales</b>	Continued focus on driving sales - instore, online and commercial
<b>Category Evolution</b>	Technology enabled Home Appliances
<b>Store relays</b>	Focus on adjacencies, improved traffic flow and showcasing the home appliance categories
<b>Visual Merch</b>	Improving visual merchandising standards, delivering greater consistency across the store network
<b>Store remuneration</b>	Implement revised in-store commission structure
<b>Supplier relationships</b>	Partner with suppliers to bring brands to life in-store and online
<b>Delivery options</b>	Design and implement improved delivery options across all channels

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## 4. Investment Checklist

Unique and relevant brands



Flexible business model – history of category growth and development



Diversity of product categories across brands



Scale operator, market leader



Global best in class metrics including low cost of doing business and high sales per square metre



High quality store portfolio



Multichannel capability



Experienced management team



High return on invested capital



Shareholder return focused – through proactive capital management and dividend policies



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# Appendix I

## Group Profit and Loss - Breakdown

AUDm	FY18				FY17 <sup>1</sup>				Growth
	JB HI-FI AUST	JB HI-FI NZ (NZD)	TGG	Group	JB HI-FI AUST	JB HI-FI NZ (NZD)	TGG	Group	
<b>Sales</b>	4,539.7	231.5	2,101.3	<b>6,854.3</b>	4,148.6	234.0	1,258.4	<b>5,628.0</b>	<b>21.8%</b> ▲
Gross Profit	1,006.5	40.9	426.1	1,470.3	922.8	42.5	267.6	1,230.5	19.5% ▲
<i>Gross Margin</i>	22.17%	17.66%	20.28%	21.45%	22.24%	18.15%	21.27%	21.86%	(41 bps) ▼
EBITDA	333.6	0.9	77.3	411.7	302.0	0.6	57.7	360.3	14.3% ▲
Depreciation & Impairment	41.3	3.7	16.4	61.1	39.5	3.3	11.2	53.9	13.5% ▲
<b>EBIT</b>	292.3	(2.9)	60.9	<b>350.6</b>	262.4	(2.7)	46.4	<b>306.3</b>	<b>14.5%</b> ▲
<i>EBIT Margin</i>	6.44%	(1.24%)	2.90%	5.11%	6.33%	(1.15%)	3.69%	5.44%	(33 bps) ▼
Net Interest				16.1				9.0	78.7% ▲
Profit before Tax				334.5				297.3	12.5% ▲
Tax Expense				101.3				89.6	13.1%
<b>NPAT</b>				<b>233.2</b>				<b>207.7</b>	<b>12.3%</b> ▲
<b>Headline Statistics:</b>									
Dividends per share (¢)				132.0				118.0	11.9% ▲
Earnings per share (basic ¢)				203.1				186.0	9.2% ▲
Cost of doing business	14.82%	17.28%	16.60%	15.44%	14.96%	17.89%	16.69%	15.46%	(2 bps) ▼
Stores	193	15	103	311	185	16	102	303	+8 stores ▲

<sup>1</sup> Underlying results (refer to note 1 on page 3)

# Appendix II

## a) Group FY17 underlying EBIT reconciliation

AUDm	FY17
Statutory EBIT	268.2
<i>Adjustments</i>	
- Transaction Fees	14.1
- Implementation Costs	8.3
- New Zealand Asset Impairment	1.1
- New Zealand Goodwill Impairment	14.7
<i>Total Adjustments</i>	38.2
<b>Underlying EBIT</b>	<b>306.3</b>

## b) Group FY17 underlying NPAT reconciliation

AUDm	FY17
Statutory NPAT	172.4
<i>Adjustments</i>	
- Transaction Fees	14.1
- Implementation Costs	8.3
- New Zealand Asset Impairment	1.1
- New Zealand Goodwill Impairment	14.7
<i>Total Adjustments</i>	38.2
- Tax impact	(2.8)
<i>Total After Tax Adjustments</i>	35.4
<b>Underlying NPAT</b>	<b>207.7</b>

## c) Group FY17 underlying EPS reconciliation

	FY17
Underlying NPAT (AUDm)	207.7
Weighted average number of ordinary shares (m)	111.7
<b>Underlying EPS</b>	<b>186.0</b>

# Appendix II

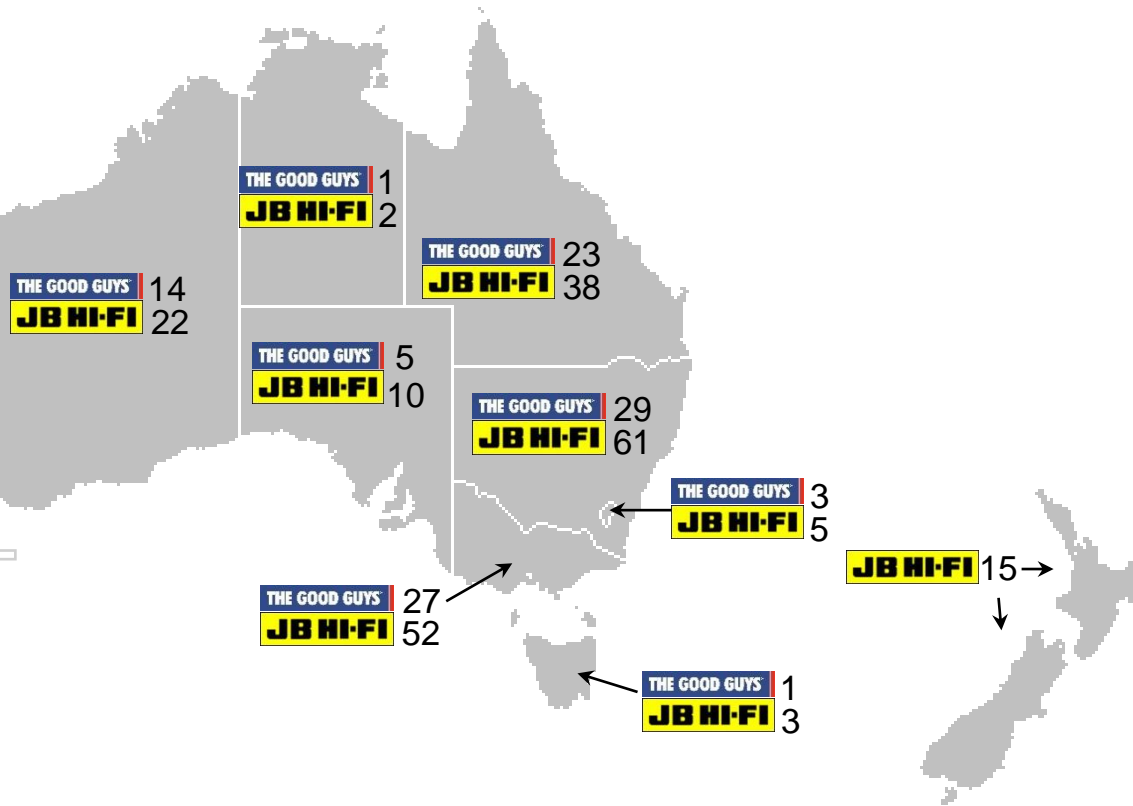
## d) Group CODB reconciliation

AUDm	FY18	FY17 <sup>1</sup>
Other income (ex interest received)	(0.6)	(0.3)
Sales and marketing expenses (App 4E)	695.1	580.1
Occupancy expenses (App 4E)	305.7	248.6
<i>less depreciation, amortisation &amp; impairment</i>	(56.0)	(50.0)
Administration expenses (App 4E)	42.2	36.2
<i>less depreciation &amp; impairment</i>	(5.1)	(5.0)
Other expenses (App 4E)	77.2	75.3
<i>less impairment</i>	-	(14.7)
<b>CODB</b>	<b>1,058.4</b>	<b>870.2</b>
Sales	6,854.3	5,628.0
<b>CODB (% of sales)</b>	<b>15.44%</b>	<b>15.46%</b>

<sup>1</sup> Underlying results (refer to note 1 on page 3)

# Appendix III

## 311 stores across Australia and New Zealand<sup>1</sup>



### Group store reconciliation<sup>1</sup>

	FY17	FY18			Total
		Opened	Converted	Closed	
<b>Australia</b>					
JB HI-FI	126	8	-	-	134
JB HI-FI HOME	59	-	-	-	59
	<b>185</b>	<b>8</b>	-	-	<b>193</b>
<b>New Zealand</b>					
JB HI-FI	12	-	4	(1)	15
JB HI-FI HOME	4	-	(4)	-	-
	<b>16</b>	-	-	<b>(1)</b>	<b>15</b>
<b>JB HI-FI TOTAL</b>	<b>201</b>	<b>8</b>	-	<b>(1)</b>	<b>208</b>
<b>THE GOOD GUYS</b>	<b>102</b>	<b>2</b>	-	<b>(1)</b>	<b>103</b>
<b>TOTAL</b>	<b>303</b>	<b>10</b>	-	<b>(2)</b>	<b>311</b>
<b>Store type:</b>					
JB HI-FI	138	8	4	(1)	149
JB HI-FI HOME	63	-	(4)	-	59
THE GOOD GUYS	102	2	-	(1)	103
	<b>303</b>	<b>10</b>	-	<b>(2)</b>	<b>311</b>
<b>Store format:</b>					
Shopping centre	117	4	-	(1)	120
Other	186	6	-	(1)	191
	<b>303</b>	<b>10</b>	-	<b>(2)</b>	<b>311</b>

<sup>1</sup> As at 30 June 2018



# Appendix IV

## a) Group Profit and Loss

AUDm	FY18	FY17 <sup>1</sup>	FY16	FY15	FY14
<b>Sales</b>	<b>6,854.3</b>	<b>5,628.0</b>	<b>3,954.5</b>	<b>3,652.1</b>	<b>3,483.8</b>
Gross Profit	1,470.3	1,230.5	865.4	798.3	756.0
<i>Gross Margin</i>	<i>21.45%</i>	<i>21.86%</i>	<i>21.88%</i>	<i>21.86%</i>	<i>21.70%</i>
EBITDA	411.7	360.3	262.1	240.0	226.7
Depreciation & Impairment	61.1	53.9	40.9	39.1	35.5
<b>EBIT</b>	<b>350.6</b>	<b>306.3</b>	<b>221.2</b>	<b>200.9</b>	<b>191.1</b>
<i>EBIT Margin</i>	<i>5.11%</i>	<i>5.44%</i>	<i>5.59%</i>	<i>5.50%</i>	<i>5.49%</i>
Net Interest	16.1	9.0	3.3	5.4	8.4
Profit before Tax	334.5	297.3	217.8	195.5	182.7
Tax Expense	101.3	89.6	65.7	59.0	54.2
<b>NPAT</b>	<b>233.2</b>	<b>207.7</b>	<b>152.2</b>	<b>136.5</b>	<b>128.4</b>
<b>Headline Statistics:</b>					
Dividends per share (¢)	132.0	118.0	100.0	90.0	84.0
Earnings per share (basic ¢)	203.1	186.0	151.9	137.9	128.4
Cost of doing business	15.44%	15.46%	15.24%	15.25%	15.19%

<sup>1</sup> Underlying results (refer to note 1 on page 3)

# Appendix IV

## b) Group Balance Sheet

AUDm	FY18	FY17 <sup>1</sup>	FY16	FY15	FY14
Cash	72.0	72.8	51.9	49.1	43.4
Receivables	204.7	193.6	98.0	81.5	70.7
Inventories	891.1	859.7	546.4	478.9	458.6
Other	42.7	41.4	6.1	7.4	5.3
<b>Total Current Assets</b>	<b>1,210.5</b>	<b>1,167.5</b>	<b>702.4</b>	<b>616.9</b>	<b>578.1</b>
Fixed Assets	198.0	208.2	183.6	176.2	181.6
Intangibles & Goodwill	1,037.3	1,037.3	98.5	84.5	85.2
Other	45.9	46.8	7.8	17.4	14.9
<b>Total Non-Current Assets</b>	<b>1,281.2</b>	<b>1,292.3</b>	<b>289.9</b>	<b>278.1</b>	<b>281.7</b>
<b>Total Assets</b>	<b>2,491.7</b>	<b>2,459.8</b>	<b>992.3</b>	<b>895.0</b>	<b>859.8</b>
Payables	665.3	644.7	339.9	325.6	303.0
Other	251.9	240.7	106.9	54.7	49.2
<b>Total Current Liabilities</b>	<b>917.2</b>	<b>885.4</b>	<b>446.8</b>	<b>380.3</b>	<b>352.2</b>
Borrowings	469.4	558.8	109.7	139.5	179.7
Other	157.5	162.1	31.1	31.7	33.4
<b>Total Non-Current Liabilities</b>	<b>626.9</b>	<b>720.9</b>	<b>140.8</b>	<b>171.2</b>	<b>213.0</b>
<b>Total Liabilities</b>	<b>1,544.1</b>	<b>1,606.3</b>	<b>587.6</b>	<b>551.5</b>	<b>565.2</b>
<b>Net Assets</b>	<b>947.6</b>	<b>853.5</b>	<b>404.7</b>	<b>343.5</b>	<b>294.6</b>
<b>Net Debt / (Net Cash)</b>	<b>397.4</b>	<b>486.0</b>	<b>57.9</b>	<b>90.3</b>	<b>136.2</b>

<sup>1</sup> The comparative balances have been restated to reflect the finalisation of the accounting for the acquisition of The Good Guys

# Appendix IV

## c) Group Cash Flow

AUDm	FY18	FY17	FY16	FY15	FY14
<b>Statutory EBITDA</b>	<b>411.7</b>	<b>337.9</b>	<b>262.1</b>	<b>240.0</b>	<b>226.7</b>
Change in Working Capital	(6.6)	(52.7)	(15.9)	(4.6)	(122.0)
Net Interest Paid	(14.5)	(7.6)	(3.1)	(5.1)	(7.1)
Income Tax Paid	(114.8)	(98.5)	(66.2)	(59.9)	(60.6)
Other	16.3	11.4	8.3	9.5	4.4
<b>Net Cash Flow from Operations</b>	<b>292.1</b>	<b>190.6</b>	<b>185.1</b>	<b>179.9</b>	<b>41.3</b>
Purchases of P&E (net)	(54.0)	(48.9)	(52.0)	(42.0)	(35.2)
Investments (net of cash acquired)	-	(836.6)	-	(2.4)	(3.0)
<b>Net Cash Flow from Investing</b>	<b>(54.0)</b>	<b>(885.5)</b>	<b>(52.0)</b>	<b>(44.4)</b>	<b>(38.2)</b>
<b>Free Cash Flow</b>	<b>238.1</b>	<b>141.7</b>	<b>133.1</b>	<b>137.9</b>	<b>6.1</b>
Borrowings / (Repayments)	(89.7)	450.0	(30.0)	(40.6)	54.0
Proceeds from issue of Equity	3.0	395.9	6.0	3.1	21.5
Share buy-back	-	-	(13.2)	(5.0)	(25.9)
Share issue costs	-	(9.2)	-	-	-
Dividends Paid	(151.6)	(119.1)	(93.2)	(87.2)	(77.2)
Other	(0.8)	(1.7)	(0.1)	-	-
<b>Net Cash Flow from Financing</b>	<b>(239.1)</b>	<b>715.9</b>	<b>(130.5)</b>	<b>(129.6)</b>	<b>(27.6)</b>
Net Change in Cash Position	(1.0)	21.0	2.6	5.9	(24.5)
Effect of exchange rates	0.2	(0.1)	0.2	(0.2)	0.6
<b>Cash at the end of Period</b>	<b>72.0</b>	<b>72.8</b>	<b>51.9</b>	<b>49.1</b>	<b>43.4</b>