



JB Hi-Fi Limited

Full Year Results Presentation – June 2006

16 August 2006



AGENDA

1. Performance
2. Historical Performance
3. Trading Update
4. Financial Detail
5. New Stores
6. Investment Scorecard

Richard Uechtritz
CEO

Richard Murray
CFO



1. PERFORMANCE

Strong performance for 12 months to 30 June 2006

Growth against previous corresponding period:

• Sales	\$945.8m	• 36.3%
• Comparable store sales growth	5.3%*	• 60bp
• EBIT	\$44.5m	• 28.5%
• NPAT	\$25.8m	• 32.5%

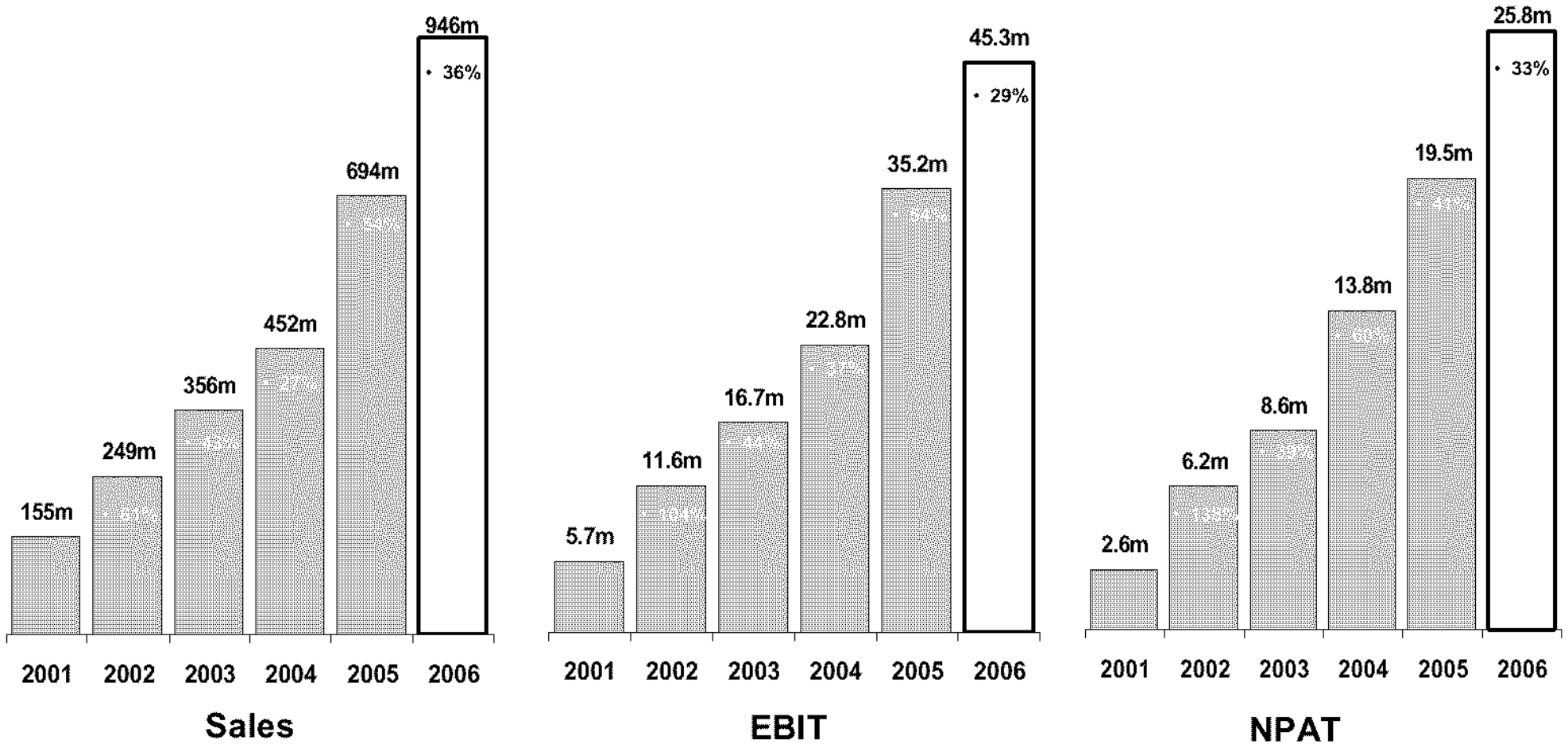
Final fully franked dividend of 4 cents per share declared, to be paid 18 October 2006 (record date 4 October 2006).

* JB Stores: 7.1%, CA Stores: -5.5%



2. HISTORICAL PERFORMANCE

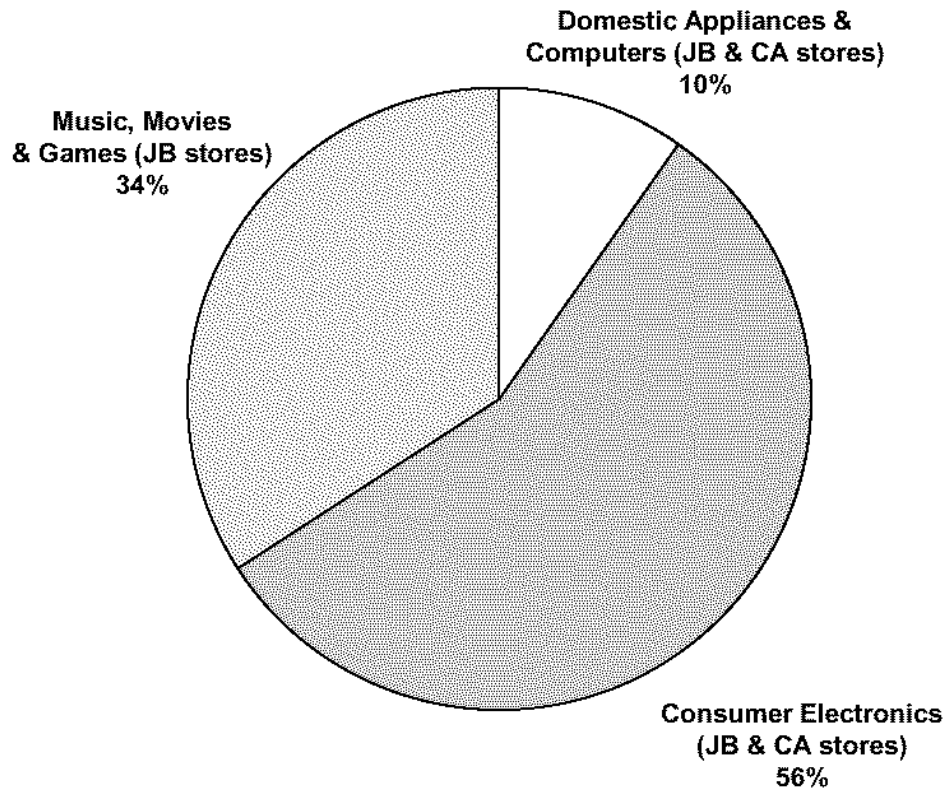
Strong growth in sales & earnings since MBI in July 2000





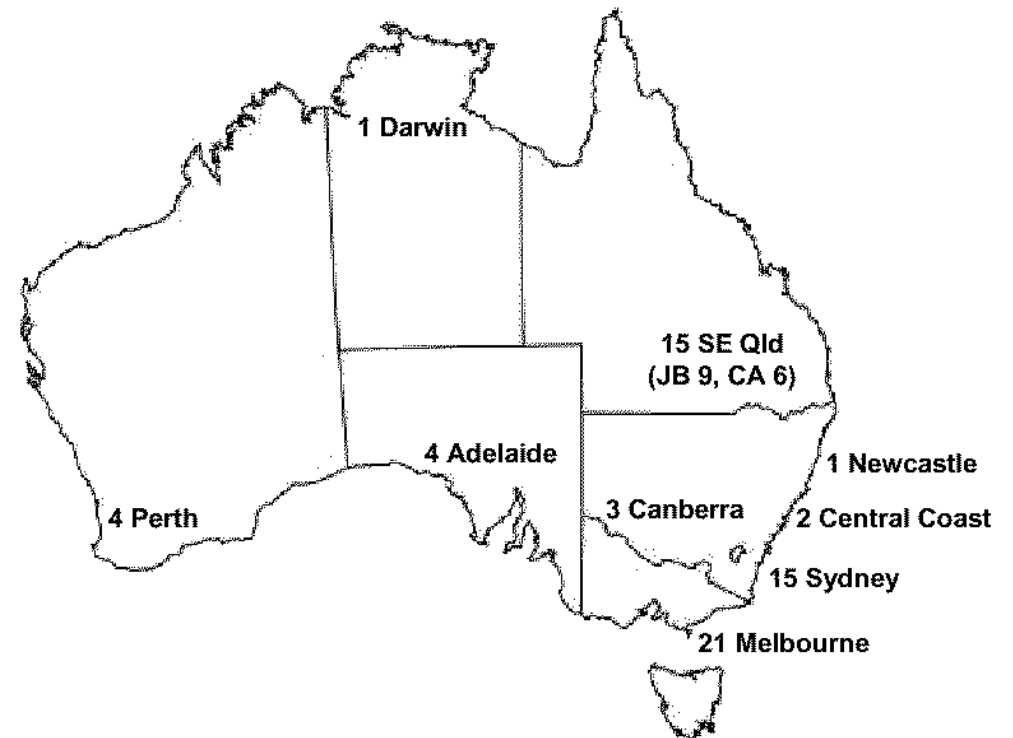
3. TRADING UPDATE

Sales Product Mix FY06



Total Stores: 66

(JB 60, CA 6)



Trading Overview

- FY06 was a challenging year for all retailers, thus it is a pleasing result.
 - Expect FY07 to be even more challenging with high petrol prices, interest rate rises and pending rises slowing retail spend.
 - Whilst discounting has been a feature of the overall market during the last 12 months, this has had relatively little impact on JB due to our already discounted offering combined with better buying from our suppliers, evidenced by our stable GP margin at 22.9% after backing out the impact of games.
 - JB's discount positioning, technology base and product should continue to somewhat offset above adverse factors. eg plasma/LCD TV's, games, portable audio and computers.
 - We continue to focus on the new product categories with JB with high growth potential such as games and computers.
 - Recent introduction of Games into JB has been a real success and will continue to grow with recent introduction of Xbox 360 and the coming launch of Playstation 3 and the Nintendo Wii.
 - Seeing very promising sales in computers from the recent introduction into the JB stores and should have about 37 stores with computers by Xmas. This should be a terrific category for JB in coming years.
 - Continued consolidation in the industry as smaller/medium players close or sell and suppliers align themselves to growth companies in good financial positions (eg Harvey Norman, Good Guys, JB Hi Fi, Woolworths, Coles and David Jones).
 - The slower market has provided increased property opportunities eg Coles pending closure of some Bi Lo stores. It is expected that JB will roll out approx 13 new stores this current year, 8 by this Xmas.
 - CA did not trade to expectations in 06 however we are confident of having an improved FY07.
 - There are no current plans to open additional CA stores this year, however will bring CA to Sydney in July 07.
 - We expect to open our first store in NZ in the second half of FY 07.
 - New store openings are comfortably funded by strong cash flow from existing stores and current debt facilities. Our confidence is underlined by our move to increase the dividend.
 - The maturing of recently opened stores (18 in FY06 and 11 in FY05) will be a significant driver of profit growth in the current year.
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4. FINANCIAL DETAIL

Profit and Loss Statement

\$m	FY06 Consolidated	FY05 Consolidated	Growth
Sales	945.8	693.9	36.3%
Comparative Store Sales	5.3%	4.7%	+60bp
Gross Profit	212.4	158.7	33.9%
Gross Margin	22.5%	22.9%	-41bp
EBITDA	52.0	39.7	31.0%
Depreciation & Amortisation	7.4	5.0	
EBIT	44.5	34.7	28.5%
EBIT Margin	4.7%	5.0%	-28bp
Net Profit After Tax (net of OEI)	25.8	19.5	32.5%
Headline Statistics:			
Earnings per share (cents)	25.0	19.0	31.9%
Stores at period end	66	48	+18
Cost of doing business	17.1%	17.2%	-15bp

Cashflow Statement

\$m	FY06 Consolidated	FY05 Consolidated
EBITDA	52.0	39.7
Change in Working Capital	(17.9)	(29.7)
Interest Paid	(5.7)	(5.1)
Income Tax Paid	(11.3)	(9.1)
Other	(1.4)	0.9
Net Cashflow from Operations	15.6	(3.4)
Purchases of F, F & E	(28.8)	(15.8)
Payments for Intangibles & Investments	-	(22.1)
Net Cashflow from Investing	(28.8)	(37.9)
Movement in Debt	22.9	33.6
Dividends Paid	(7.4)	(7.4)
Proceeds from issue of Equity	0.6	0.2
Net Cashflow from Financing	16.1	26.5
Net Change in Cash Position	2.9	(14.8)
Cash at the end of Period	4.5	1.6

Working Capital

\$m	FY06 Consolidated	FY05 Consolidated
(Increase)/Decrease in current assets		
Inventory	(59.0)	(22.2)
Receivables	(8.4)	(5.3)
Other Current Assets	(0.2)	(0.3)
Increase/(Decrease) in current liabilities		
Trade creditors	44.9	(2.9)
Other current liabilities	4.8	0.9
Net Movement in Working Capital	(17.9)	(29.7)

Continued proactive management of working capital position:

- Inventory management has been enhanced in all categories.
- Inventory has increased overall due to new store inventory of \$49.8m.
- The remaining increase is due to our expansion into games software and computers.
- The above factors have contributed to a reduction in our inventory turnover to 5.6 times (2005 5.9 times)
- Like for like inventory turnover was 6.1 times (2005 6.3 times).
- Working capital is an ongoing focus of management and is in line with current expectations.

Balance Sheet

\$m	FY06 Consolidated	FY05 Consolidated	Movement
Cash	4.5	1.6	2.9
Receivables	28.3	19.9	8.4
Inventories	161.1	102.2	59.0
Other	2.8	2.6	0.2
Total Current Assets	196.8	126.3	70.5
Fixed Assets	57.2	35.9	21.3
Brandname & Goodwill	66.7	66.7	-
Other	6.2	2.8	3.5
Total Non-Current	130.1	105.3	24.8
Total Assets	326.8	231.6	95.2
Payables	122.8	78.2	44.6
Borrowings	0.5	6.3	(5.8)
Provisions & Other	15.1	10.3	4.8
Total Current liabilities	138.3	94.8	43.6
Borrowings	100.0	71.3	28.8
Other	4.8	3.3	1.5
Total non-current liabilities	104.8	74.6	30.3
Total Liabilities	243.2	169.4	73.8
Net Assets (net of OEI)	79.0	58.6	20.4

Performance Indicators

JB Hi-Fi's balance sheet remains strong, and the group is well positioned for growth as evidenced by the following key ratios:

\$m	FY06 Consolidated	FY05 Consolidated
Stock Turnover	5.57	5.90
Creditors Days	50.0	54.3
Fixed Charge Ratio	2.76	2.82
Interest Cover (times)	6.9	6.1
Return on Equity	33%	33%
Return on Invested Capital	25%	26%
EBIT Margin	4.7%	5.0%

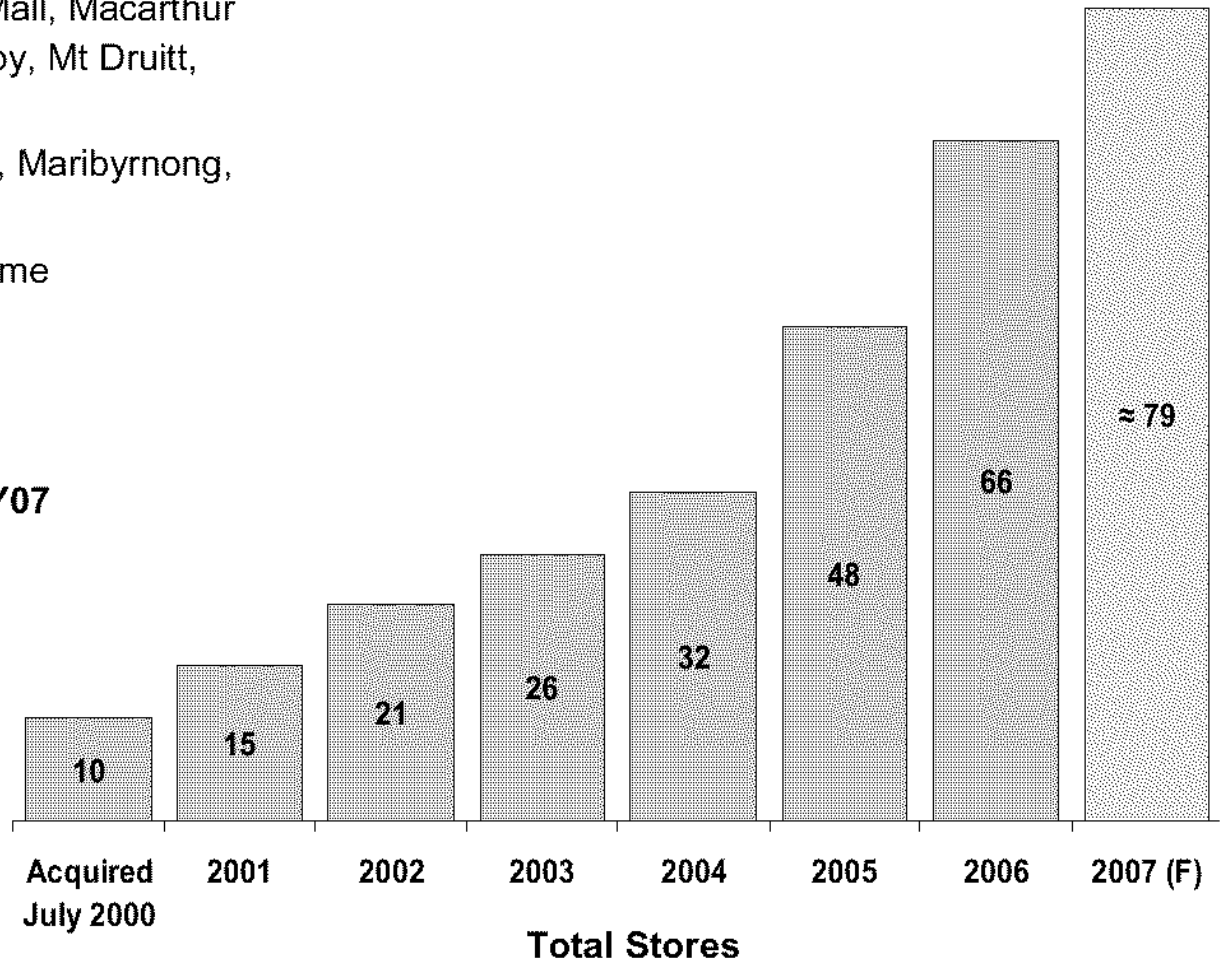


5. NEW STORES

18 JB stores opened in FY06:

- NSW: Tuggerah, Miranda, Chatswood, Castle Hill, Warringah Mall, Macarthur Square, Penrith, Hornsby, Mt Druitt, Liverpool
- VIC: Southland, Epping, Maribyrnong, Geelong
- QLD: Robina, Loganholme
- SA: Colonnades
- NT: Casuarina

Approx. 13 new JB stores in FY07



6. INVESTMENT SCORECARD

Strong growth, profitability & sustainable competitive advantage

Growth factors:

- Continued focused exposure to 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 of doing business at 17.1%, down 15bp from last year
- High stock turns at 5.6 times
- Low capital investment and high return on invested capital
- Buying power increasing as we grow

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