JB Hi-Fi Limited

Full Year Results Presentation
30 June 2012

13 August 2012

AGENDA

1. Performance Summary
2. Profit and Loss Statement
3. Trading Performance
4. Looking Forward
5. Competitive Advantages
6. Future Growth Opportunities
7. Challenges Ahead
8. Outlook
9. Cash Flow and Balance Sheet
10. Dividends
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Terry Smart
CEO

Richard Murray
CFO

1. PERFORMANCE SUMMARY – HIGHLIGHTS

- JB Hi-Fi branded store sales up 7.0%
- 2nd half sales showed an improving trend
- Online sales up 77.3%
- NZ sales up 17.8% and EBIT up 330.6%
- Company NPAT in line with guidance

1. PERFORMANCE SUMMARY

	Normalised[1]			Statutory		
	FY11	FY12	Mvt	FY11	FY12	Mvt
Sales	$2.96b	$3.13b	+5.7%↑	$2.96b	$3.13b	+5.7%↑
Gross Margin	22.0%	21.1%	-94 bps↓	22.0%	21.1%	-94 bps↓
Cost of Doing Business	14.5%	14.9%	+43 bps↑	15.6%	14.9%	-70 bps↓
EBIT	$196.0m	$161.5m	-17.6%↓	$162.6m	$161.5m	-0.7%↓
EBIT Margin	6.6%	5.2%	-146 bps↓	5.5%	5.2%	-33 bps↓
NPAT[2]	$134.4m	$104.6m	-22.1%↓	$109.7m	$104.6m	-4.6%↓
Earnings per share[3]	124.7 cps	105.9 cps	-15.1%↓	101.8 cps	105.9 cps	+4.1%↑
Total dividend - fully franked[4]	77.0 cps	65.0 cps	-12.0 cps↓	77.0 cps	65.0 cps	-12.0 cps↓

[1] During FY11, the Company announced it would pursue a restructuring of its Clive Anthonys business and booked a restructuring charge of $24.7m post tax. FY11 Normalised excludes this Clive Anthonys charge. There are no normalisation adjustments in FY12.

[2] FY12 NPAT has been impacted by incremental funding costs of $9.1m associated with the share buy-back in May 2011.

[3] FY12 EPS has been driven by the buy-back of nearly 10% (10.8m) of shares on issue in May 2011.

[4] Final FY12 dividend is 16.0 cents per share and represents a payout ratio of 60% of 2HY12 earnings, to be paid on 7th September 2012 (record date 24th August 2012).

2. PROFIT AND LOSS STATEMENT

$m	AUST			NZ (NZD)[1]			CONSOLIDATED		
	FY11 Normalised	FY11 Statutory	FY12 Statutory	FY11 Normalised	FY11 Statutory	FY12 Statutory	FY11 Normalised	FY11 Statutory	FY12 Statutory
Sales	2,814.6	2,814.6	**2,954.6**	188.7	188.7	**222.2**	2,959.3	2,959.3	**3,127.8**
Gross Profit	627.0	627.0	**629.3**	32.6	32.6	**39.2**	652.0	652.0	**659.8**
Gross Margin	22.3%	22.3%	21.3%	17.3%	17.3%	17.7%	22.0%	22.0%	21.1%
EBITDA	222.7	189.3	**187.5**	0.8	0.8	**6.0**	223.3	189.9	**192.2**
Depreciation & Amortisation	25.5	25.5	28.9	2.3	2.3	2.4	27.3	27.3	30.8
EBIT	197.2	163.8	**158.7**	(1.6)	(1.6)	**3.6**	196.0	162.6	**161.5**
EBIT Margin	7.0%	5.8%	5.4%	(0.8%)	(0.8%)	1.6%	6.6%	5.5%	5.2%
NPAT							134.4	109.7	**104.6**
Headline Statistics:									
Earnings per share (basic ¢)							124.7	101.8	105.9
Cost of doing business[2]	14.4%	15.6%	14.9%	16.9%	16.9%	15.0%	14.5%	15.6%	14.9%
Stores[3]	144	144	155	13	13	13	157	157	168

[1] Refer to Appendix II(b) for NZ P&L in AUD.

[2] Refer to Appendix II(d) for reconciliation of CODB.

[3] In FY12, 15 JB Hi-Fi stores opened (Aust: 15, NZ: Nil), one JB Hi-Fi (Aust) store and three Clive Anthonys (Aust) stores were closed.

3. TRADING PERFORMANCE

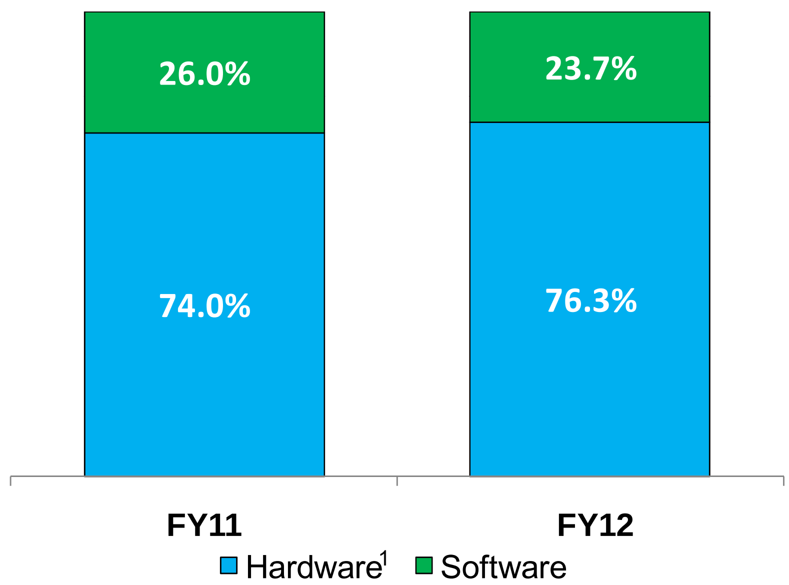
Sales – Total JB Hi-Fi branded store growth of 7.0%

Australia:

- JB Hi-Fi branded store sales grew by 6.3% to $2.92b.
  - JB Hi-Fi branded store comparable sales improved during the second half of the year, up from negative 3.1% in the first half to negative 0.1% in the second half.
  - Hardware[1] sales for JB Hi-Fi branded store grew by 9.5% in the period with comparable sales growth of 0.8%:
    - Solid growth continues to be achieved in Computers and Accessories;
    - Visual category was down 15.0% on a comparable store basis with panel unit sales up 12.7% and ASP down 24.1%. Overall we continue to see good unit growth in both branded and private label panels.
  - Software sales (Music, Movies and Games) for JB Hi-Fi branded store were negative 2.9% and on a comparable store basis negative 9.3%. The rate of decline in software sales on a comparable store basis is in line with the prior year.

	Sales Growth			
	FY12		Comps.	
	Total	Comps.	1HY12	2HY12
JB Hi-Fi				
- Australia	6.3%	(1.8%)	(3.1%)	(0.1%)
- New Zealand (NZD)	17.8%	11.7%	16.0%	6.4%
Total JB Hi-Fi (AUD)	**7.0%**	**(1.0%)**	**(2.2%)**	**0.5%**
Clive Anthonys	(46.9%)	(24.6%)	(33.6%)	(20.0%)
Consolidated (AUD)	**5.7%**	**(1.3%)**	**(2.8%)**	**0.3%**

Category Splits by Value (JB Hi-Fi Brand - AUST)



[1] Hardware category includes all non-software sales (i.e. excludes music, movies and games software categories).

3. TRADING PERFORMANCE...

New Zealand – Sales momentum continued

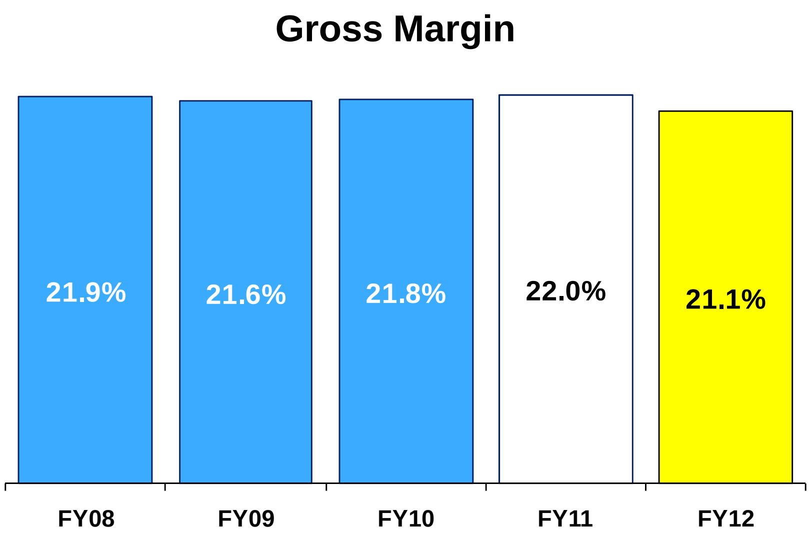
- Sales grew by 17.8% to NZ$222.2m.
- Comparable store sales grew 11.7%.
- We are getting good traction with the JB Hi-Fi brand resonating with NZ consumers.
- Solid market share gains across most categories.
- Market pricing remained aggressive during FY12.

	Sales Growth			
	FY12		Comps.	
	Total	Comps.	1HY12	2HY12
JB Hi-Fi				
- Australia	6.3%	(1.8%)	(3.1%)	(0.1%)
- New Zealand (NZD)	**17.8%**	**11.7%**	**16.0%**	**6.4%**
Total JB Hi-Fi (AUD)	7.0%	(1.0%)	(2.2%)	0.5%
Clive Anthonys	(46.9%)	(24.6%)	(33.6%)	(20.0%)
Consolidated (AUD)	**5.7%**	**(1.3%)**	**(2.8%)**	**0.3%**

Gross Margin – Competitive environment

- Consolidated gross margin was 21.1%, a 94 bps decrease on the prior period.
- In Australia, the gross margin in FY12 was impacted by the following factors:
  - Our ability to achieve our volume based incentive targets in a challenging trading environment was more difficult. This has impacted our gross margin by 25 bps;
  - Increased shrinkage levels which impacted gross margin by 13 bps;
  - Competitors chasing market share have driven higher and more aggressive levels of discounting; and
  - Store closures by competition (i.e. WOW Sight & Sound, Dick Smith and Game) as they cleared stock.
- In New Zealand, the gross margin continued to grow, increasing 38 bps to 17.7%. This was achieved through a combination of increased volumes and improved terms with suppliers.

	FY11	1HY12	2HY12	FY12
Australia	22.3%	21.5%	21.0%	21.3%
New Zealand	17.3%	16.7%	18.9%	17.7%
Consolidated	22.0%	21.2%	20.9%	**21.1%**

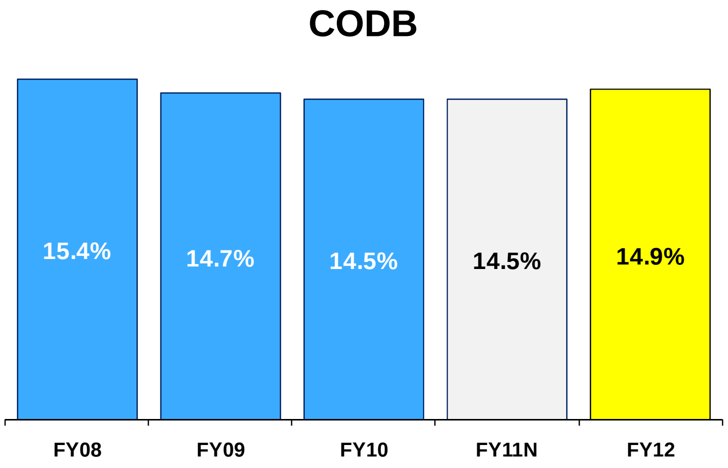


3. TRADING PERFORMANCE...

Cost of Doing Business (CODB) – Customer service is the key

- Consolidated CODB was 14.9% (Aust: 14.9%, NZ: 15.0%).
- We have maintained our high levels of service to ensure a continued positive customer experience.
- **Australia:**
  - In store productivity improved as labour rosters were driven to align with individual store sales.
  - 55 bps increase was a pleasing result in an environment with negative comparable store sales and increasing wage costs driven by the combined Fair Work award increases over the past three years of over 10%.
- **New Zealand:**
  - 192 bps reduction driven by continued improvement in operating leverage as sales grew.

	FY11 Normalised	FY12 Statutory
Australia	14.4%	14.9%
New Zealand	16.9%	15.0%
Consolidated	14.5%	**14.9%**



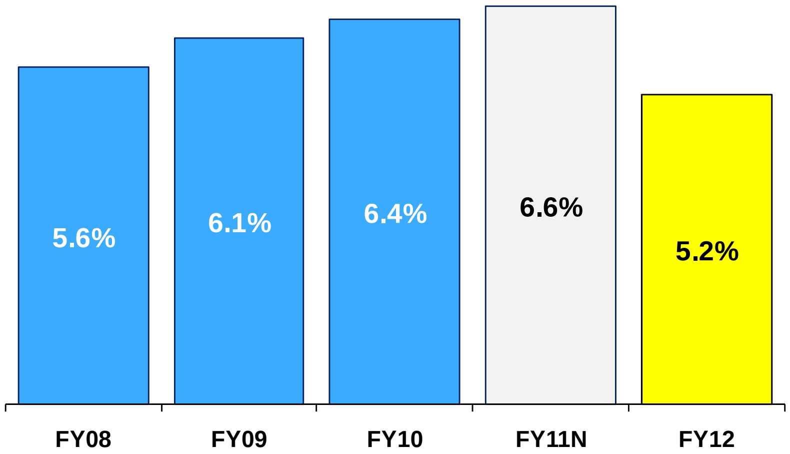
3. TRADING PERFORMANCE...

Earnings – Competitive trading environment.

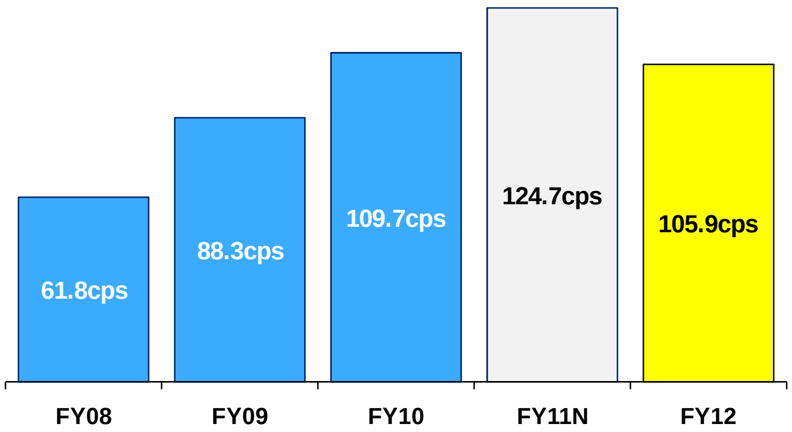
- Consolidated EBIT was $161.5m (Aust: $158.7m, NZ: NZ$3.6m).
- In Australia, earnings were impacted by gross margin pressures.
- In New Zealand, EBIT increased by 330.6% to NZ$3.6m driven by strong sales, improved gross margins and good operating cost leverage.
- Even at this point in the cycle, our business remains highly profitable with only 2 JB Hi-Fi stores out of 129 established stores not contributing to profit[1] in FY12.

	FY11 Normalised	FY12 Statutory
Australia ($m)	197.2	158.7
- margin (%)	7.0%	5.4%
New Zealand (NZ$m)	(1.6)	3.6
- margin (%)	(0.8%)	1.6%
Consolidated ($m)	196.0	**161.5**
- margin (%)	6.6%	**5.2%**

EBIT Margin



EPS



[1] At the EBITDA level in FY12 (established stores have been open longer than 2 years).

3. TRADING PERFORMANCE...

Out of Store

- Our multi channel strategy continues to develop and has delivered some good results in FY12.
- Strategy is to give customers a choice on how they wish to shop with JB Hi-Fi and to also make transacting as easy as possible.

❑ Online

- Online sales grew 77.3% on the prior period to $50.8m or 1.62% of sales.
- Unique visitations grew 41.1% over the previous year to an average of 927k per week in FY12 (FY11: 657k).

❑ Digital

- Launched JB HI-FI NOW music service in December 2011, with the mobile apps following in April 2012.
- Concept of music subscription streaming services is gaining traction as market players increase.
- NOW platform will provide longer term growth as it expands into other categories.

❑ Commercial and Insurance

- 31.7% increase in sales in Australia.
- Continued market share gains.
- Continue to expand national footprint.

Note: screen shot taken from the JB Hi-Fi website on 9 August 2012 (prices current as at that date).

Market to remain challenging, however we are very well positioned for any rebound in consumer spending

- Operating in an environment with both cyclical and structural challenges, however quantifying the impact of each is difficult.
- Not all retailers will be impacted by these challenges to the same degree.
- Some will benefit as the strong get stronger and less efficient retailers close.
- JB Hi-Fi can pick up share as the difficult trading environment takes its toll on those retailers unable to absorb the impact (i.e. higher cost retailers).
- “Structural change” has always been evident within our business, with categories such as Car Audio, Speakers and Component stereos once representing a large proportion of sales.
- We managed the decline of these categories in line with customer demand as we will do with our current software categories.
- Even at this point in the cycle, our business remains highly profitable with only 2 JB Hi-Fi stores out of 129 established stores not contributing to profit[1] in FY12.
- We have maintained a focused model with a very clear customer proposition - we are leveraging this to grow additional online and new digital sales.
- We believe “The JB Hi-Fi Model” is best positioned to maximise the outcomes in this sector.

[1] At the EBITDA level in FY12 (established stores have been open longer than 2 years).

5. COMPETITIVE ADVANTAGES

We continue to drive innovation within our model but passionately maintain our fundamental competitive advantages

JB Hi-Fi Key Competitive Advantages

❑ Market Position	–	Value / low price focus, we have always been a discount retailer supported by our low cost model.
❑ Unique Brand Personality	–	Very distinctive brand personality that is unlike most other local or overseas consumer electronic retailers.
❑ Low Cost Operating Model	–	Low cost culture, innovative in driving costs down and maintaining the lowest CODB of any major listed Australian retailer.
	–	Lower CODB than our perceived international peers (i.e. JB Hi-Fi: 14.9% Best Buy: 20.4%[1], Amazon: 20.65%[2]).
❑ Great People	–	Motivated, passionate and knowledgeable staff.
	–	Busy and enjoyable working environment ensures we continue to attract high calibre staff.
❑ High traffic locations	–	Our unique offer ensures we remain a desired destination for the customer however our location strategy has always been about positioning the stores in high foot traffic precincts.
	–	This strategy has allowed us to provide both convenient access for customers and to maximise impulse traffic.
❑ Highly productive floor space	–	Stores are compact when compared to local and international peers.
	–	A JB Hi-Fi store is 2.5x smaller than a traditional Best Buy store[3].
	–	High sales per square metre of $22.2k (Best Buy: $9.0k[1] per square metre).

[1] Source: Best Buy Q4 and FY12 Results release. [2] Refer to Appendix II(e). [3] Source: Morgan Stanley Research (20 November 2011).

6. FUTURE GROWTH OPPORTUNITIES

Growth will continue both in store and out of store!

❑ Existing Stores	▪ Continued expansion and enhancement of existing Hardware categories. ▪ Ongoing technological innovation will drive new and replacement sales. ▪ Computer category, in particular tablets and ultrabooks, will continue to drive sales into the future. ▪ Proactive management of store portfolio will see 3 smaller sales stores to close as their respective leases expire. ▪ Industry consolidation expected to continue and should assist comparable store growth.
❑ New Store Rollout	▪ 16 new JB Hi-Fi stores are expected to open in FY13. ▪ New store locations are selected for their high foot traffic, convenience for customers and minimal potential cannibalisation of the existing JB Hi-Fi store network. ▪ New stores continue to deliver in excess of their cost of capital. ▪ Shorter lease terms to be considered where appropriate to provide further flexibility.
❑ Commercial & Insurance	▪ Expansion in size and experience of the team to further drive sales. ▪ New markets and the consolidation of our existing segments to drive further growth.
❑ Online	▪ New JB Hi-Fi online site to be launched in FY13 which will provide an improved user experience across multiple platforms. ▪ Online provides the opportunity to expand into new adjacent categories. ▪ Expanding product range and depth beyond what is feasible in store.
❑ Digital	▪ Expansion of "NOW" platform into other digital categories. ▪ Drive growth by leveraging our entertainment heritage. ▪ Will assist in maintaining brand engagement with customers outside the store. ▪ Utilise our #1 Hardware position to add on digital services.

7. CHALLENGES AHEAD

There is no doubt that electrical retail faces some structural challenges however different models will be affected to varying degrees and we believe JB Hi-Fi is best positioned to face these challenges!

INDUSTRY CONCERNS	JB Hi-Fi Positioning / Response	
❑ Continued lower discretionary spending	➢ Grow market share through customer consideration, innovation and location strategy	▪ Maintain relevance through our market leadership with our everyday low price proposition. ▪ Convenient high foot traffic locations enables us to maximise additional impulse sales. ▪ Our unique model ensures we remain a destination store for home entertainment. ▪ Industry consolidation should help drive further increases in market share. ▪ As more retail spend moves online and consumer confidence remains low, we must ensure that our service, product range, price and in store experience remains best in class.
❑ Price transparency / globalisation of pricing	➢ Drive suppliers for lower wholesale pricing in affected categories	▪ CE categories are not as exposed as other retail sectors (i.e. apparel). ▪ Our large sales categories already internationally competitive (i.e. visual, computers). ▪ Have tackled head on and led the CE market on new lower prices. (i.e. cameras and gaming).

7. CHALLENGES AHEAD…

There is no doubt that electrical retail faces some structural challenges however different models will be affected to varying degrees and we believe JB Hi-Fi is best positioned to face these challenges!

INDUSTRY CONCERNS	JB Hi-Fi Positioning / Response	
❑ Digitisation of physical software	➢ Maintain presence in store while leveraging our software heritage to maximise digital sales	▪ Maintain range to appeal to enthusiasts (i.e. as demonstrated with music). ▪ Work with suppliers to reduce inventory risk / investment. ▪ Maintain in store presence while category is still providing solid returns. ▪ We will continue to move and adapt to new technology with the establishment of new digital platforms to leverage off our software heritage. ▪ Will use current space to over time expand / grow existing hardware categories when appropriate.
❑ Growth of online players	➢ Ensure competitiveness and quality of our online offer, while leveraging the benefits of our B&M stores	▪ Continued investment in online to ensure we give consumers options on how to transact with JB Hi-Fi (i.e. in store, online or mobile). ▪ Our market leadership drives significant buying power which enables us to compete successfully with online players. ▪ Low cost of doing business (~15%) enable us to maintain low price and therefore compete effectively. ▪ An integrated high quality in store and online offer is critical as retail continues to evolve. ▪ Benefit of the store network will provide confidence for after sales service and support to online purchasers.

7. CHALLENGES AHEAD...

There is no doubt that electrical retail faces some structural challenges however different models will be affected to varying degrees and we believe JB Hi-Fi is best positioned to face these challenges!

INDUSTRY CONCERNS	JB Hi-Fi Positioning / Response	
❑ Excess store fronts	➢ Remain relevant to customers through price, service and convenient locations	▪ Convenient high foot traffic locations will be favoured by consumers. ▪ B&M retailers need to maintain relevance with price, service and range. ▪ Store closures by competitors already started. While a long term benefit there is a potential for further short term impact to gross margin as they clear stock.
❑ Price deflation	➢ Maximise average selling price	▪ This has always been a feature of electrical retailing but has mostly been mitigated by increased volume.

8. OUTLOOK

Trading Outlook:

- FY13 sales update:
  - Total consolidated sales growth for the JB Hi-Fi branded stores in July was 4.9%; and
  - Consolidated comparable store sales growth for the JB Hi-Fi branded stores in July was -1.4%.
- While still early in the year, gross margin is currently in line with the prior comparative period.
- The short term outlook for gross margin remains uncertain due to the ongoing impact of industry consolidation combined with the possibility of further inventory clearances.
- The recent increase to the award wage will put pressure on costs however we are proactively managing store rosters to drive productivity improvements while maintaining customer service levels.
- Our continued focus on customer service through our passionate and knowledgeable staff, combined with our low cost operating model, will mean we can continue to offer the best value and are positioned to continue to capture market share as the industry further consolidates.
- The Company expects sales in FY13 to be circa $3.30 billion, a 5.5% increase on the prior year. This guidance implies JB Hi-Fi branded comparable store sales of circa negative 1% in FY13.

8. OUTLOOK…

Category Outlook – Continued technology innovation

- The market is expected to remain very competitive across all categories.
- Constant technology innovation will drive continued industry growth.

❑ Computers / IT	▪ Windows 8 operating platform to be launched in October 2012. New touch features will drive sales. ▪ Continued growth in tablet range (i.e. Samsung Galaxy tab, Nexus 7 Google Asus). ▪ 2nd generation of Ultrabooks drive further replacement.
❑ Telco	▪ New iPhone 5 rumoured to be released in September 2012. ▪ Continued growth in new 4G devices.
❑ TV	▪ OLED likely to be launched in 2nd or 3rd quarter of FY13. ▪ Large Screen TVs (55 inch +) from most vendors starting in late August and September (e.g. Samsung 75 inch and Sharp 80 inch). ▪ Continued growth of "Private Label" panels to drive unit growth.
❑ Games	▪ Nintendo 3DS XL handheld gaming console due early September 2012. ▪ Nintendo Wii U gaming console planned for late 2012 release. ▪ More competitive local pricing to drive volume growth.
❑ Cameras	▪ Lower Australian prices will drive volume growth, particularly in higher value DSLRs. ▪ Growth in mirrorless compact camera category.

9. CASH FLOW AND BALANCE SHEET

Cash Flow Statement

AUDm	FY11	FY12
EBITDA[1]	223.3	**192.2**
Change in Working Capital	(62.2)	80.3
Net Interest Paid	(3.8)	(12.2)
Income Tax Paid	(52.2)	(49.3)
Other	4.8	3.9
Net Cash Flow from Operations	109.9	**215.0**
Purchases of P&E	(43.9)	(44.8)
Net Cash Flow from Investing	(43.9)	**(44.8)**
Free Cash Flow[2]	66.0	**170.2**
Borrowings / (Repayments)	162.4	(84.2)
Share Buy-Back	(174.1)	-
Proceeds from issue of Equity	9.3	3.5
Dividends Paid	(88.4)	(77.0)
Other	-	(0.1)
Net Cash Flow from Financing	(90.9)	**(157.7)**
Net Change in Cash Position	(24.8)	12.4
Effect of exchange rates	0.3	0.02
Cash at the end of Period	27.2	**39.7**

[1] FY11 EBITDA excludes the Clive Anthonys one-off restructuring charge.

[2] Free Cash Flow = Net Cash Flow from Operations less payments for store related assets (excludes investments).

Working Capital

AUDm	FY11	FY12
(Increase)/decrease in current assets		
Inventory	(73.4)	(21.0)
Receivables	5.1	(0.4)
Other current assets	(4.1)	1.0
Increase/(decrease) in current liabilities		
Trade creditors	12.6	99.4
Other current liabilities	(2.3)	1.4
Net Movement in Working Capital	(62.2)	**80.3**

Performance Indicators:	FY11	FY12
Inventory Turnover	6.2x	5.9x
Creditor Days	46.8d	51.9d

- Inventory Management:
  - Inventory levels and mix are in line with internal expectations.
  - Average inventory per store was down 1.6% at $2.55m per store.
  - Like for like inventory turnover was 6.2x (pcp: 6.7x).
  - Total inventory turnover was 5.9x (pcp: 6.2x).
  - The movement in total inventory was due to a combination of:
    - $39.6m invested in FY12 new store inventory;
    - $5.9m increase in prepaid private label inventory;
    - The remaining decrease of $24.5m is a result of managing inventory levels in line with sales performance.
- Receivables relate predominately to supplier rebates which are in line with expectations and fluctuate based on timing of agreements.
- Creditor days were influenced by timing differences. With the end of the financial year falling on a weekend, approximately $82m of creditor payments were made on the following Monday. This will also be case at the end of FY13. If the timing impact of these payments was included, creditor days would have been broadly in line with the prior year.

9. CASH FLOW AND BALANCE SHEET…

Key Ratios

Performance Indicators:	FY11 Normalised	FY11 Statutory	FY12 Statutory
Fixed Charge Ratio	4.0x	3.5x	3.1x
Interest Cover	31.3x	25.9x	11.8x
Return on Equity	75.9%	72.0%	56.7%
Return on Invested Capital	50.1%	45.5%	54.8%

- Our balance sheet remains strong even after the challenging trading environment.
- Our low financial and operating leverage is evidenced by solid fixed charges cover of 3.1x and interest cover of 11.8x.
- The movement in our key ratios in FY12 has been impacted by our $173m share buy-back in May 2011. The buy-back was predominantly debt funded, as a result interest expense has increased due to the impact of the higher debt levels for the full financial year.
- Our Return on Equity and Invested Capital remain strong. Adding back the previously discussed $82m creditor payment, the Return on Invested Capital would have been 42.9%.

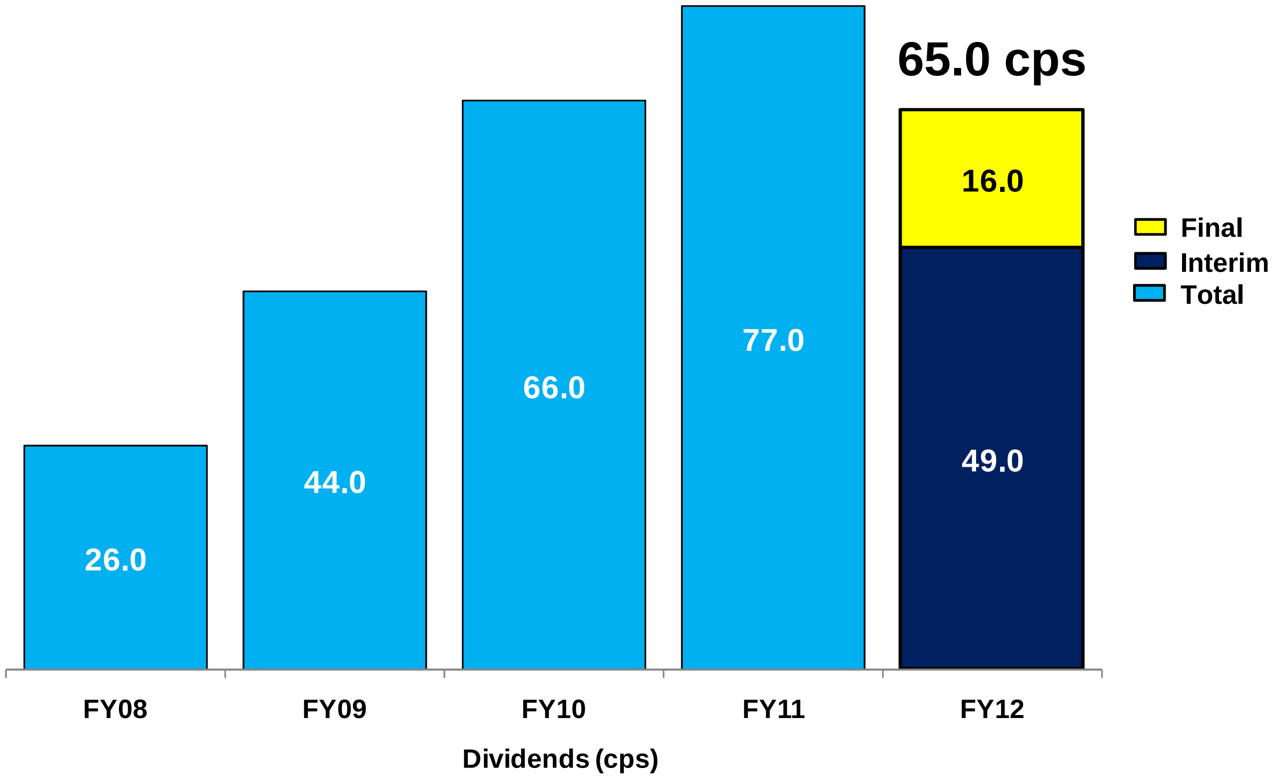
9. CASH FLOW AND BALANCE SHEET…

Balance Sheet

AUDm	FY11	FY12
Cash	27.2	39.7
Receivables	58.3	58.4
Inventories	406.9	428.3
Other	8.6	7.7
Total Current Assets	501.1	**534.1**
Fixed Assets	169.6	182.0
Intangibles & Goodwill	78.7	78.8
Other	17.8	16.2
Total Non-Current Assets	266.1	**277.1**
Total Assets	767.1	**811.2**
Payables	301.6	400.8
Other	44.3	38.7
Total Current Liabilities	345.9	**439.5**
Borrowings	232.6	149.8
Other	36.3	37.4
Total Non-Current Liabilities	268.9	**187.2**
Total Liabilities	614.8	**626.6**
Net Assets	152.3	**184.5**
Net Debt / (Net Cash)	*205.3*	***110.1***

Dividends

- The final dividend is 16.0 cents per share fully franked, bringing the total dividends for FY12 to 65.0 cents per share.
- This represents a payout ratio of 60% of FY12 earnings which is in line with our dividend policy. The Board is confident that the group's strong cash flow generation will continue to support our payout ratio.



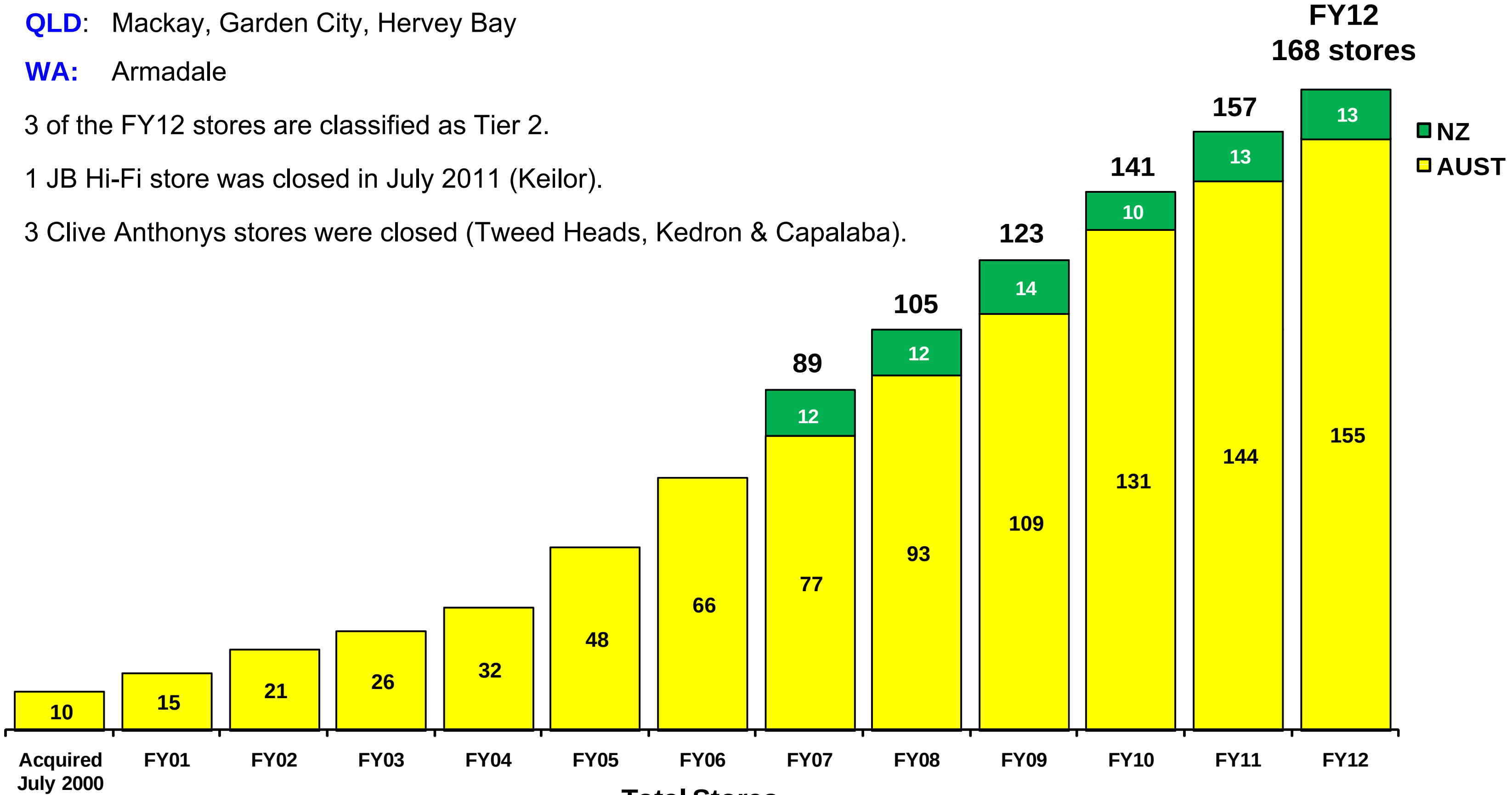
11. STORE UPDATE

15 new JB Hi-Fi stores opened in FY12

Australia

- **VIC:** Greensborough, Hoppers Crossing, Traralgon, Thomastown, Springvale, Waurn Ponds, Chirnside
- **NSW**: Caringbah, Bankstown, Jamisontown, Shellharbour
- **QLD**: Mackay, Garden City, Hervey Bay
- **WA:** Armadale

- 3 of the FY12 stores are classified as Tier 2.
- 1 JB Hi-Fi store was closed in July 2011 (Keilor).
- 3 Clive Anthonys stores were closed (Tweed Heads, Kedron & Capalaba).



Total Stores

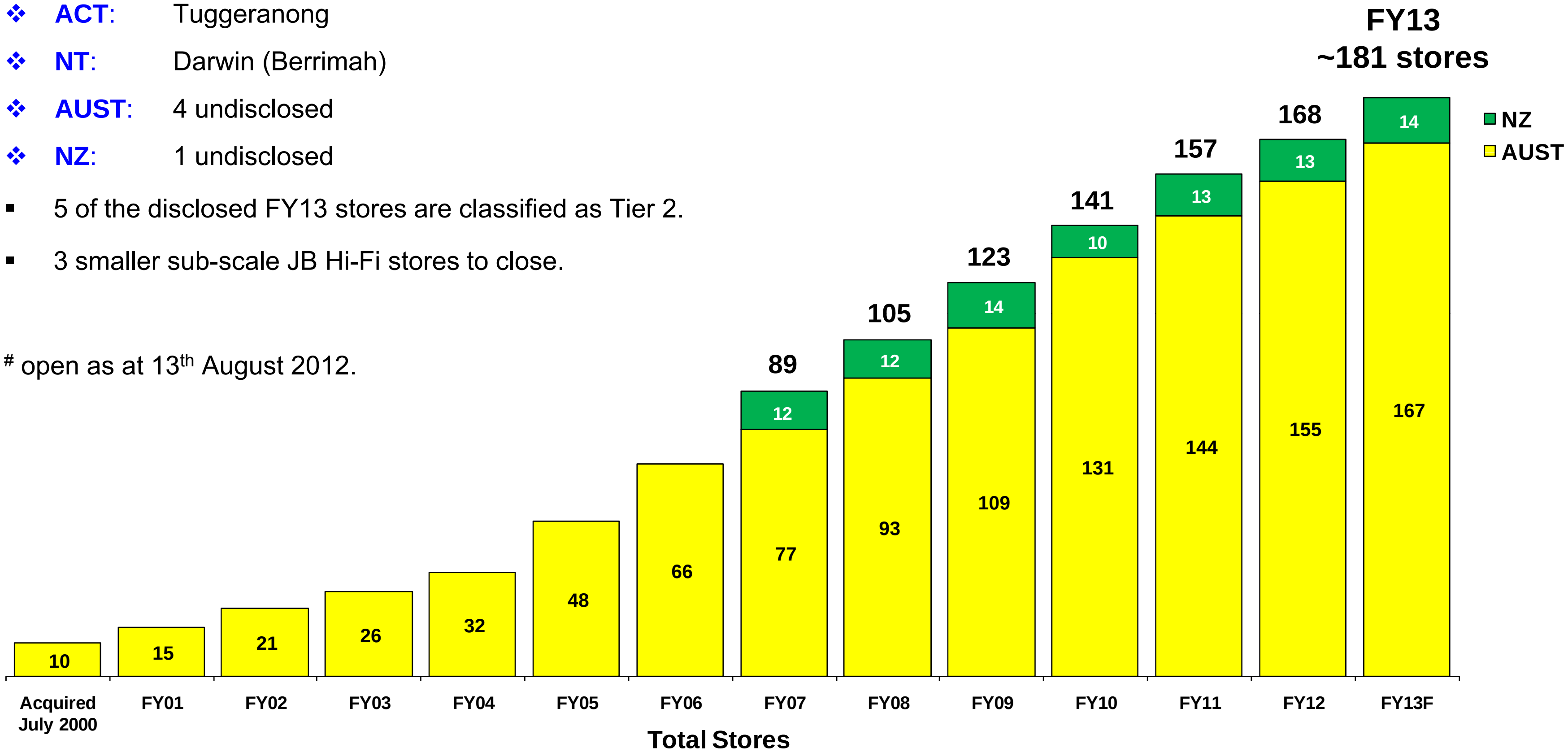
11. STORE UPDATE...

16 new JB Hi-Fi stores to be opened in FY13

- **NSW**: Port Macquarie#, Coffs Harbour, North Sydney, Tamworth, Broadway
- **VIC**: Fountain Gate, The Glen
- **QLD**: Bundaberg#, Oxley
- **ACT**: Tuggeranong
- **NT**: Darwin (Berrimah)
- **AUST**: 4 undisclosed
- **NZ**: 1 undisclosed

- 5 of the disclosed FY13 stores are classified as Tier 2.
- 3 smaller sub-scale JB Hi-Fi stores to close.

open as at 13th August 2012.



12. INVESTMENT CHECKLIST

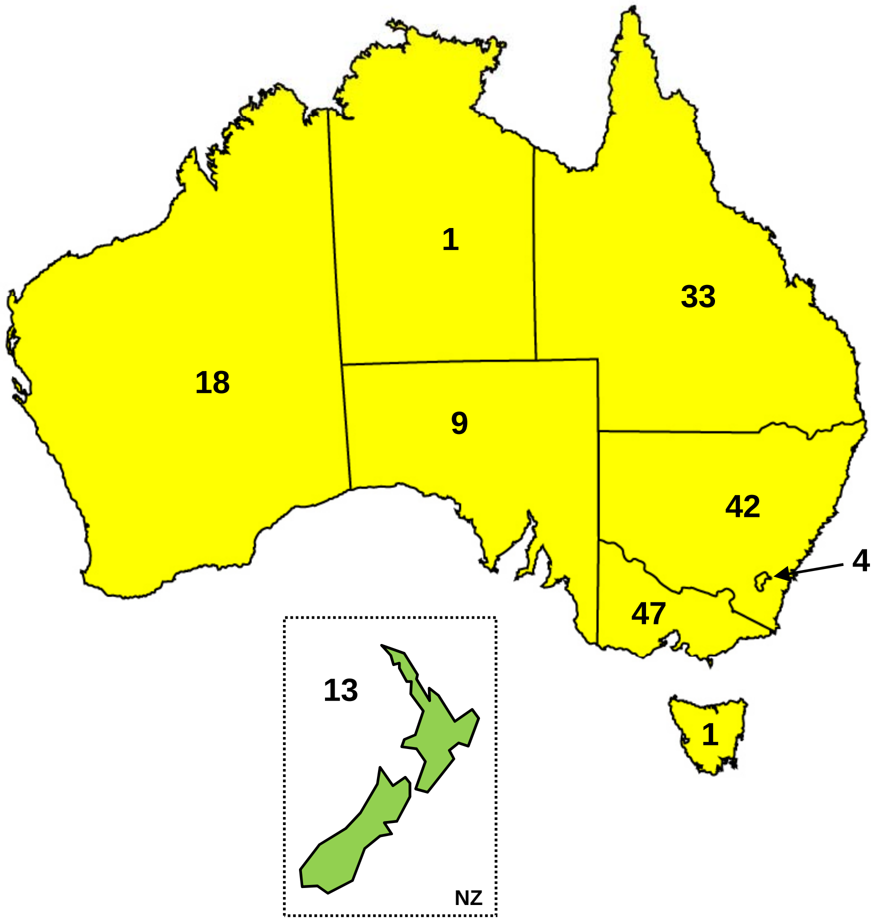
- ☑ Strong and unique retail model.
- ☑ Operates mainly in the dynamic home entertainment and technology sector.
- ☑ Low cost of doing business – best of major listed retailers.
- ☑ Many new store opportunities
  - JB Hi-Fi branded stores circa 214 (164 Tier 1 format and 50 Tier 2 format) in Australia and New Zealand (total of 166 as at FY12).
- ☑ Good continued growth from existing categories, such as computers and telco.
- ☑ Online and digital strategies designed to leverage off existing strong brand heritage.
- ☑ Size and continued growth gives us great buying power and advertising synergies.
- ☑ Low capital investment and high return on invested capital.
- ☑ Proactive capital management initiatives including 60% dividend payout ratio.
- ☑ Strength and depth of board and management.

Appendix I

Store movements during FY12

	FY11	FY12 Opened	FY12 Closed	FY12 Total
Australia				
JB - Tier 1	123	12	-	135
JB - Tier 2	16	3	(1)	18
	139	15	(1)	153
Clive Anthonys	5	-	(3)	2
	144	**15**	**(4)**	**155**
New Zealand				
JB - Tier 1	9	-	-	9
JB - Tier 2	4	-	-	4
	13	**-**	**-**	**13**
TOTAL	**157**	**15**	**(4)**	**168**
JB Hi-Fi store type:				
Tier 1	**132**	12	-	**144**
Tier 2	**20**	3	(1)	**22**
	152	**15**	**(1)**	**166**
Store format:				
Shopping centres	**78**	5	-	**83**
Other	**79**	10	(4)	**85**
	157	**15**	**(4)**	**168**

Geographic breakdown#



as at 30 June 2012

Appendix II

a) EBIT reconciliation

AUDm	FY11 Normalised	FY11 Statutory	FY12 Statutory
Profit for the year (App 4E)	109.7	109.7	**104.6**
add back			
- income tax expense (App 4E)	48.9	48.9	43.7
Profit before Tax	158.6	158.6	**148.4**
add back			
- interest received	(2.2)	(2.2)	(0.6)
- interest expense (App 4E)	6.3	6.3	13.7
- net interest expense	4.0	4.0	13.1
Earnings before interest and tax (EBIT)	162.6	162.6	**161.5**
add back Significant Item	33.4	-	**-**
EBIT	196.0	162.6	**161.5**

b) NZ Profit and Loss statement (AUD)

$m	NZ (AUD)		
	FY11 Normalised	FY11 Statutory	FY12 Statutory
Sales	144.6	144.6	**173.2**
Gross Profit	25.0	25.0	**30.6**
Gross Margin	17.3%	17.3%	**17.7%**
EBITDA	0.6	0.6	**4.7**
Depreciation & Amortisation	1.8	1.8	**1.9**
EBIT	(1.2)	(1.2)	**2.8**
EBIT Margin	(0.8%)	(0.8%)	**1.6%**
Headline Statistics:			
Cost of doing business	16.9%	16.9%	**15.0%**
Stores	13	13	**13**

c) Other items

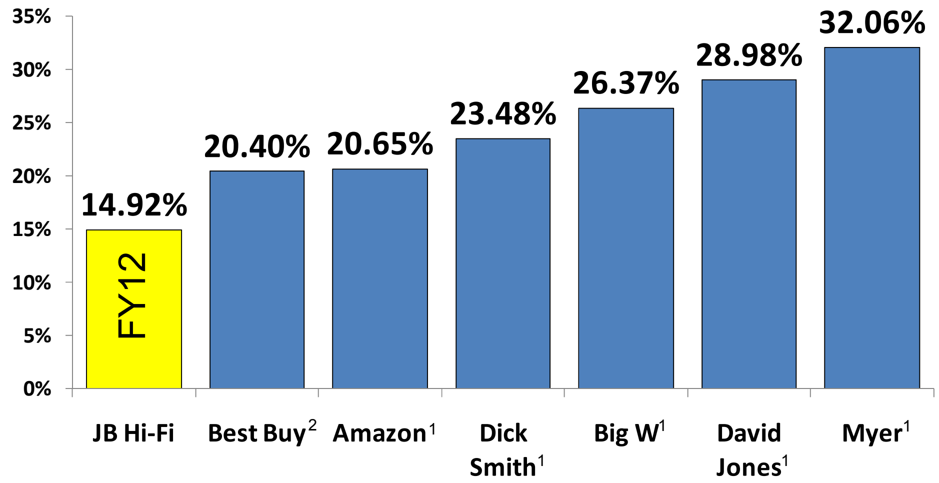
- Net interest expense increased by $9.1m due to the higher borrowings resulting from our off-market share buy-back in May 2011.
- Included in the FY12 result were two items which on a net basis contributed $1.2m (after tax) to NPAT:
  - Write back of $1.9m (post tax) of Share Based Payments that had been expensed in previous financial years; and
  - Provision of $0.7m (post tax) for the fixed assets at a store.
- Effective tax rate was down 49 bps to 29.5%.

Appendix II…

d) CODB reconciliation

AUDm	FY11 Normalised	FY11 Statutory	FY12 Statutory
Other income (ex interest received)	(0.1)	(0.1)	(0.05)
Sales and marketing expenses (App 4E)	286.8	286.8	309.5
Occupancy expenses (App 4E)	114.8	114.8	129.3
less depreciation & impairment	(20.2)	(20.2)	(24.7)
Administration expenses (App 4E)	26.9	26.9	26.7
less depreciation & amortisation	(7.1)	(7.1)	(7.1)
Other expenses (App 4E)	27.7	27.7	32.9
Significant item (App 4E)	33.4	33.4	-
Cost of Doing Business (CODB)	462.1	462.1	**466.6**
less Significant item	33.4	-	**-**
Cost of Doing Business (CODB)	428.8	462.1	**466.6**
Sales	2,959.3	2,959.3	3,127.8
CODB (% of sales)	14.5%	15.6%	**14.9%**

e) CODB as % of sales



[1] F2011, Morgan Stanley Research (30 April 2012).
[2] Best Buy Q4 and FY12 Results release.

Appendix III

Profit and Loss Statement (5 years)

AUDm	FY08 Statutory	FY09 Statutory	FY10 Statutory	FY11 Normalised	FY11 Statutory	FY12 Statutory
Sales	1,828.6	2,327.3	2,731.3	2,959.3	2,959.3	**3,127.8**
Gross Profit	399.7	503.6	594.2	652.0	652.0	**659.8**
Gross Margin	21.9%	21.6%	21.8%	22.0%	22.0%	21.1%
EBITDA	117.0	160.7	198.4	223.3	189.9	**192.2**
Depreciation & Amortisation	14.7	18.7	23.3	27.3	27.3	30.8
EBIT	102.3	142.0	175.1	196.0	162.6	**161.5**
EBIT Margin	5.6%	6.1%	6.4%	6.6%	5.5%	5.2%
Net Profit After Tax	65.1	94.4	118.7	134.4	109.7	**104.6**
Headline Statistics:						
Earnings per share (basic ¢)	61.8	88.3	109.7	124.7	101.8	105.9
Cost of doing business	15.4%	14.7%	14.5%	14.5%	15.6%	14.9%
Stores at period end	105	123	141	157	157	168

Balance Sheet (5 years)

AUDm	FY08	FY09	FY10	FY11	FY12
Cash	(1.5)	35.8	51.7	27.2	39.7
Receivables	53.0	60.3	63.5	58.3	58.4
Inventories	271.9	324.5	334.8	406.9	428.3
Other	5.3	5.7	4.5	8.6	7.7
Total Current Assets	328.7	426.2	454.5	501.1	**534.1**
Fixed Assets	112.9	136.1	164.0	169.6	182.0
Brandname & Goodwill	81.2	81.4	83.9	78.7	78.8
Other	11.5	18.0	12.0	17.8	16.2
Total Non-Current Assets	205.6	235.4	259.8	266.1	**277.1**
Total Assets	534.3	661.7	714.3	767.1	**811.2**
Payables	206.1	274.0	289.5	301.6	400.8
Borrowings	-	-	35.0	-	-
Other	31.8	49.8	38.6	44.3	38.7
Total Current Liabilities	237.9	323.7	363.1	345.9	**439.5**
Borrowings	123.0	89.4	34.6	232.6	149.8
Other	9.5	19.3	23.3	36.3	37.4
Total Non-Current Liabilities	132.5	108.7	57.9	268.9	**187.2**
Total Liabilities	370.4	432.4	421.0	614.8	**626.6**
Net Assets	163.9	229.3	293.3	152.3	**184.5**

Appendix III…

Cash Flow Statement (5 years)

AUDm	FY08	FY09	FY10	FY11	FY12
EBITDA[1]	117.0	160.7	198.4	223.3	**192.2**
Change in Working Capital	(44.8)	19.6	1.2	(62.2)	80.3
Net Interest Paid	(8.9)	(6.7)	(5.0)	(3.8)	(12.2)
Income Tax Paid	(28.0)	(41.3)	(53.5)	(52.2)	(49.3)
Other	7.1	13.3	11.0	4.8	3.9
Net Cashflow from Operations	42.4	145.6	152.1	109.9	**215.0**
Purchases of P&E	(51.3)	(43.9)	(53.4)	(43.9)	(44.8)
Investments	(8.2)	-	-	-	-
Payments for intangible assets	-	-	(2.4)	-	-
Net Cashflow from Investing	(59.5)	(43.9)	(55.8)	(43.9)	**(44.8)**
Free Cash Flow[2]	(8.9)	101.7	96.3	66.0	**170.2**
Borrowings / (Repayments)	5.8	(35.3)	(20.0)	162.4	(84.2)
Share Buy-Back	-	-	-	(174.1)	-
Proceeds from issue of Equity	3.0	4.2	6.8	9.3	3.5
Dividends Paid	(16.9)	(33.2)	(67.1)	(88.4)	(77.0)
Other	-	-	-	-	(0.1)
Net Cashflow from Financing	(8.1)	(64.3)	(80.2)	(90.9)	**(157.7)**
Net Change in Cash Position	(25.2)	37.4	16.1	(24.8)	12.4
Effect of exchange rates	-	(0.1)	(0.1)	0.3	0.02
Cash at the end of Period	(1.5)	35.8	51.7	27.2	**39.7**

[1] FY11 EBITDA excludes the Clive Anthonys one-off restructuring charge.

[2] Free Cash Flow = Net Cash Flow from Operations less payments for store related assets (excludes investments).