



# JB Hi-Fi Limited

Half Year Results Presentation  
31 December 2011

13 February 2012



## Agenda

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1. Performance Summary
2. Profit and Loss Statement
3. Trading Performance
4. Outlook
5. Success Fundamentals
6. Cash Flow and Balance Sheet
7. Dividends
8. Store Update
9. Investment Checklist

Terry Smart  
CEO

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CFO

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# 1. PERFORMANCE SUMMARY

Sales up 5.5%, EBIT in line with guidance and EPS flat

	HY11	HY12	Growth
❑ Sales	\$1.68b	<b>\$1.77b</b>	+5.5% ↑
❑ Gross Margin	21.5%	<b>21.2%</b>	-30 bps ↓
❑ Cost of Doing Business	13.2%	<b>13.6%</b>	+37 bps ↑
❑ EBIT	\$127.0m	<b>\$120.7m</b>	-4.9% ↓
❑ EBIT Margin	7.5%	<b>6.8%</b>	-74 bps ↓
❑ NPAT (refer below - interest impact)	\$87.9m	<b>\$79.6m</b>	-9.4% ↓
❑ Earnings per share	80.6 cps	<b>80.7 cps</b>	+0.04% ↑
❑ Interim dividend - fully franked	48.0 cps	<b>49.0 cps</b>	+1.0 cps ↑

- HY12 NPAT has been impacted by funding costs of \$5.5m associated with the share buy-back in May 2011. Otherwise, the move in NPAT was in line with EBIT guidance.
- HY12 EPS has been maintained, driven by the positive impact of the buy-back of nearly 10% (10.8m) of shares on issue in May 2011.
- The interim dividend represents a payout ratio of 60% of HY12 NPAT - to be paid on 9<sup>th</sup> March 2012 (record date 23<sup>rd</sup> February 2012).



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## 2. PROFIT AND LOSS STATEMENT



AUDm	Australia			New Zealand (NZD) <sup>1</sup>			CONSOLIDATED		
	HY11	HY12	Growth	HY11	HY12	Growth	HY11	HY12	Growth
<b>Sales</b>	1,606.5	<b>1,677.3</b>	4.4%	97.5	<b>124.9</b>	28.1%	1,682.6	<b>1,774.7</b>	5.5%
<b>Gross Profit</b>	350.0	<b>360.7</b>	3.1%	15.9	<b>20.8</b>	30.9%	362.5	<b>377.0</b>	4.0%
Gross Margin	21.8%	<b>21.5%</b>	-28 bps	16.3%	<b>16.7%</b>	+35 bps	21.5%	<b>21.2%</b>	-30 bps
<b>EBITDA</b>	140.4	<b>133.4</b>	-4.9%	(0.1)	<b>3.4</b>	4338%	140.3	<b>136.1</b>	-3.0%
Depreciation & Amortisation	12.5	<b>14.4</b>		1.1	<b>1.2</b>		13.3	<b>15.4</b>	
<b>EBIT</b>	127.9	<b>119.0</b>	-6.9%	(1.1)	<b>2.2</b>	293.2%	127.0	<b>120.7</b>	-4.9%
EBIT Margin	8.0%	<b>7.1%</b>	-86 bps	(1.2%)	<b>1.8%</b>	+294 bps	7.5%	<b>6.8%</b>	-74 bps
<b>Net Profit After Tax</b>							87.9	<b>79.6</b>	-9.4%
<b>Headline Statistics:</b>									
Earnings per share (basic ¢)							80.6	<b>80.7</b>	0.04%
Cost of doing business	13.1%	<b>13.6%</b>	+50 bps	16.4%	<b>13.9%</b>	-247 bps	13.2%	<b>13.6%</b>	+37 bps
Stores <sup>2</sup>	144 <sup>3</sup>	<b>152</b>	+8 stores	13 <sup>3</sup>	<b>13</b>	-	157 <sup>3</sup>	<b>165</b>	+8 stores

<sup>1</sup> Refer to Appendix II(c) for NZ P&L in AUD.

<sup>2</sup> In HY12, 10 JB Hi-Fi stores opened (Aust: 10, NZ: Nil) and one JB Hi-Fi (Aust) store and one Clive Anthonys (Aust) store were closed.

<sup>3</sup> As at 30 June 2011.



### 3. TRADING PERFORMANCE



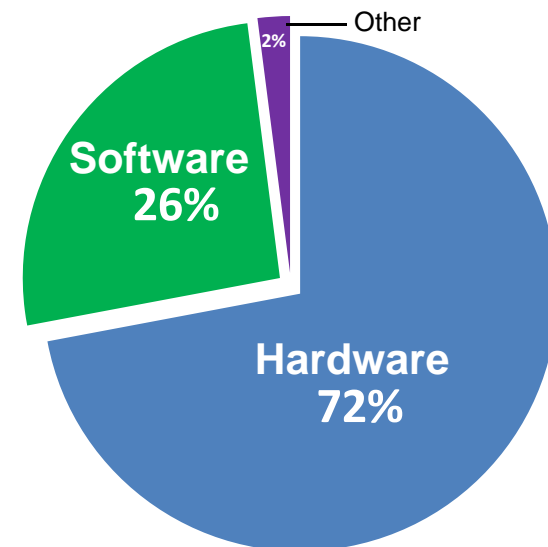
#### Sales – Total JB Hi-Fi branded store growth of 6.7%

##### Australia:

- JB Hi-Fi branded store sales grew by 5.6% to \$1.65b.
  - JB Hi-Fi branded store hardware<sup>1</sup> sales grew by 8.5% in the period with comparable sales growth of negative 0.9%.
    - Solid growth was achieved in Computers and Accessories.
    - Visual category was down 17.1% on a comp basis with panel units up 15% however ASP down 27%. Overall we continue to see good unit growth in both branded and private label panels.
  - JB Hi-Fi branded store software sales (Music, Movies and Games) were negative 0.7% and on a comparable store basis negative 7.7%.
    - Games – category has declined driven primarily by continued weak Nintendo Wii & DS sales. We however continue to see good comparable store growth in the core gaming platforms of the Sony PlayStation and Xbox.
    - Music – although category has declined, it is performing ahead of internal expectations.
- Continued market share gains in most categories.

	Total HY12	Sales Growth		
		Comps.		
		1Q12	2Q12	HY12
JB Hi-Fi				
- Australia	5.6%	(4.2%)	(2.3%)	(3.1%)
- New Zealand (NZD)	28.1%	11.4%	18.9%	16.0%
<b>Total JB Hi-Fi (AUD)</b>	<b>6.7%</b>	<b>(3.5%)</b>	<b>(1.3%)</b>	<b>(2.2%)</b>
Clive Anthonys	(43.9%)	(30.1%)	(36.6%)	(33.6%)
<b>Consolidated (AUD)</b>	<b>5.5%</b>	<b>(4.1%)</b>	<b>(1.9%)</b>	<b>(2.8%)</b>

Category Splits by Value (JB Hi-Fi Brand)



<sup>1</sup> Hardware category includes consumer electronics, games hardware and white goods.



### 3. TRADING PERFORMANCE...

#### New Zealand – Gaining traction

- Sales grew by 28.1% to NZ\$124.9m.
- Comp stores grew 16%.
- We are getting good traction with the JB Hi-Fi Brand resonating with the NZ consumer.
- Solid market share gains.
- Market remained aggressive.



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### 3. TRADING PERFORMANCE...

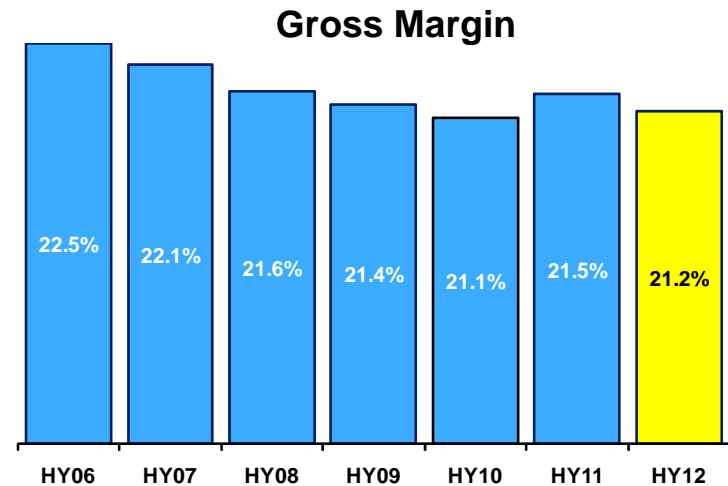


#### Gross Margin – Competitive environment

- Consolidated gross margin was 21.2%, a 30 bps<sup>1</sup> decrease on the prior period.
- In Australia gross margin was impacted by two factors:
  - Aggressive discounting - while we continued to gain improved levels of supplier support, the majority of this was passed on to customers in the form of lower prices; and
  - Ability to achieve volume based incentive targets with suppliers - in a challenging trading environment achieving the top tier of targets is more difficult, this impacted our gross margin by 19 bps.
- We continue to remain passionate about our low price promise and based on regular monitoring of competitor activity, we review our pricing daily.

	HY11	HY12	Growth
Australia	21.8%	21.5%	-28 bps
New Zealand	16.3%	16.7%	+35 bps
<b>Consolidated</b> <sup>1</sup>	<b>21.5%</b>	<b>21.2%</b>	<b>-30 bps</b>

<sup>1</sup> Refer to Appendix II(d) for reconciliation of the gross margin.





### 3. TRADING PERFORMANCE...

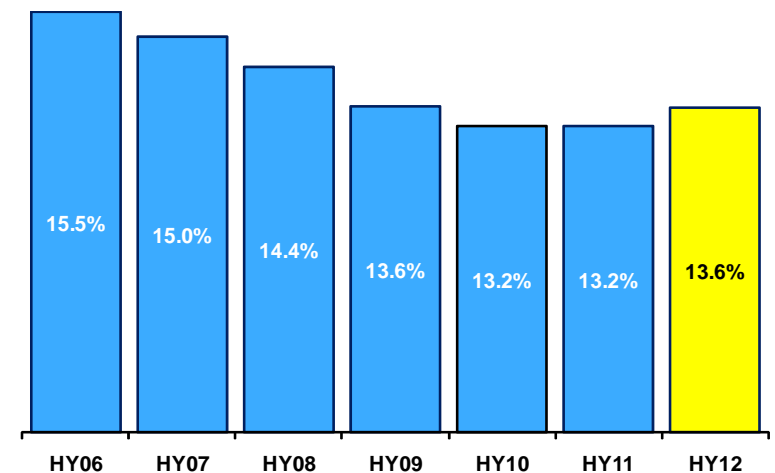


#### Cost of Doing Business (CODB) – Customer service is the key

- Consolidated CODB was up 37 bps to 13.6%.
- We have maintained our high levels of service to ensure a continued positive customer experience.
- Store wages have been well controlled as we have managed the impact of 2 recent award wage increases<sup>1</sup>. The cumulative impact on our CODB over the last eighteen months of these increases on a standalone basis is 49 bps, of which approximately 21 bps is HY12. The impact of these increases has been somewhat offset by our continued focus on wage productivity across our store base.
- New Zealand CODB reduced by 247 bps driven by continued improvement in operating leverage as sales grew.

	HY11	HY12	Growth
Australia	13.1%	13.6%	+50 bps
New Zealand	16.4%	13.9%	-247 bps
<b>Consolidated</b>	<b>13.2%</b>	<b>13.6%</b>	<b>+37 bps</b>

#### CODB



<sup>1</sup> 4.28% in July 2010 and 3.4% in July 2011.





### 3. TRADING PERFORMANCE...

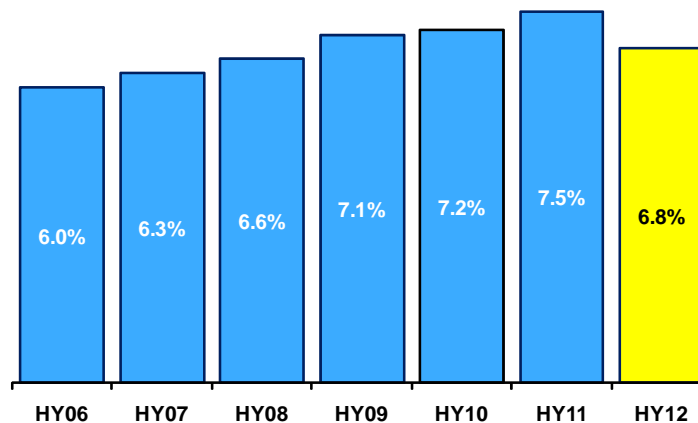


#### Earnings – In line with December trading update

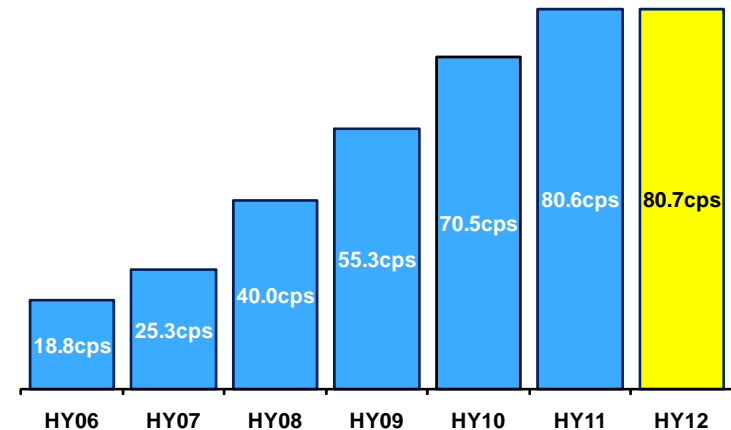
- Consolidated EBIT decreased 4.9% to \$120.7m.
- This was a pleasing result considering the impact of negative comparative store sales on operating leverage.
- In New Zealand, EBIT increased by 293% to NZ\$2.2m driven by improved gross margins and lower cost of doing business.
- Net interest expense increased by \$5.5m due to the higher borrowings resulting from our off-market share buy-back.
- Effective tax rate was consistent with the prior period at 30.0%.

	HY11	HY12	Growth
Australia (\$m)	127.9	119.0	-6.9%
- margin (%)	8.0%	7.1%	-86 bps
New Zealand (NZ\$m)	(1.1)	2.2	293.2%
- margin (%)	(1.2%)	1.8%	+294 bps
<b>Consolidated (\$m)</b>	<b>127.0</b>	<b>120.7</b>	<b>-4.9%</b>
<b>- margin (%)</b>	<b>7.5%</b>	<b>6.8%</b>	<b>-74 bps</b>

EBIT Margin



EPS





### 3. TRADING PERFORMANCE...

#### Online – 87.7% growth!

- Our multichannel strategy continues to develop and has delivered some good results for the half.
- Vital to give customers a choice on how they wish to shop with JB Hi-Fi – making transacting as easy as possible.
- Online sales grew 87.7% on the prior period with December up 109%.
- Total sales for the half were \$25.7m or 1.4% of sales.
- High number of unique visitations averaging 1.4m per week in December 2011 and 957,000 over HY12.
- We continued to innovate online with the addition of “Direct Import” for cameras and “Factory Scoop”.
- Focussed on ensuring that our unique brand personality is consistent across all mediums (i.e. in store, online, mobile and print media).





### 3. TRADING PERFORMANCE...



#### Digital – Future growth opportunity

- ❑ JB HI-FI NOW music subscription streaming service was launched on 13 December 2011.
  - JB HI-FI NOW Music is part of our ongoing innovation and future growth opportunities.
  - Key to the success of our music service is the launch of the mobile app which is expected in the next 4 weeks.
  - Advertising of JB HI-FI NOW will intensify with the launch of the mobile service.
  - While relatively new to Australia, the popularity of streaming services is picking up momentum overseas and therefore we expect this type of music consumption to gain traction in Australia over the next 12 to 24 months.
  - JB Hi-Fi has some key competitive advantages which will assist in the success of our digital strategy:
    - One of the largest sellers of portable devices in Australia
    - Strong youth following
    - Ability to package and promote the JB HI-FI NOW service with many of the products we sell.
  - The service has grown to now have circa 5 million tracks from more than 100,000 artists and this will continue to grow over time.
  - The music service will continue to evolve over time with the later addition of music downloads and the sale of physical albums.
- ❑ The continued development of the JB HI-FI NOW digital platform, which is scalable and will provide us with opportunities to leverage our existing strong supplier relationships and new digital opportunities.



**JB HI-FI  
NOW**



## 4. OUTLOOK

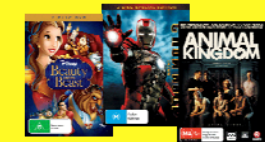
### Outlook – 16 new stores in FY12

#### Store Rollout:

- We anticipate opening 16 new JB Hi-Fi stores in FY12 (Aust: 16, NZ: 0) with 10 opened in the first half.
- Stores opened in the past 6 months have achieved a return on assets in line with stores opened in prior periods. These returns are comfortably ahead of our cost of capital. New stores continue to mature in line with expectations.
- With 53 JB Hi-Fi stores yet to open, the Company can look forward to many years of good organic sales growth. Target of 214 JB Hi-Fi branded stores (164 Tier 1 and 50 Tier 2 format) in Australia and New Zealand.

#### Trading Outlook:

- The traditional three week post-Christmas sales period was challenging, as in our view, consumers were suffering from “promotional fatigue” and therefore did not react as well to our promotional offers as in previous years.
- In particular, this weakness was driven by the lower than anticipated sales in TV panels, a category in which sales are traditionally driven by heavy promotions in this period.
- Further weakness was also experienced in IT Accessories and Cameras which have continued to suffer from inventory supply shortages due to the Thailand floods.
- As a result, January sales were soft, with JB Hi-Fi branded comparable store sales negative 5.5%.
- While still early, we have seen an improvement in February sales which for the month to date for JB Hi-Fi branded stores grew 8.4% and on a comparable store basis sales grew 1.0%.
- As a result, for the first six weeks of the second half, sales for JB Hi-Fi branded stores grew 3.3% and on a comparable store basis sales were negative 3.9%.
- The market will remain challenging, we will continue to focus on delivering customers a unique and engaging shopping experience both in store and online.
- 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 best value and are positioned to continue to capture market share as the industry further consolidates.
- Assuming trading conditions in 2HY12 are comparable with the first half of FY12, the Company expects sales in FY12 to be circa \$3.1 billion, a 5% increase on the prior year.



### 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 – Ultrabooks drive further replacement, continued growth in tablets.
- Accessories – leverage off recent merchandising upgrades to this area.
- Cameras – improved stock availability post the Thailand floods. Direct import / lower Australian prices will drive volume.
- IT / Computer Accessories – will benefit from improvements in storage memory stock availability post the Thailand floods.
- Telecommunications – continued share gains, growth in new 4G devices.
- Gaming – PSP Vita launch in February.
- Entry in the Musical Instruments category will provide future growth opportunities.





## 4. OUTLOOK...

### Innovation – Continues both in store and out of store.

#### □ We continue to innovate

- We have a proven history of constant innovation
  - Store evolution
  - Online transactional site since September 2005
  - Use of PDAs to assist transactional productivity
  - In store merchandising techniques
  - STARS – ‘Staff Training and Recognition System’ to drive sales and staff training
- Store evolution – continues i.e. headphones, computers, musical instruments.
- Online – recent launch of “Direct Import” cameras and “Factory Scoop”.
- JB Hi-Fi NOW – launch of digital music streaming service, provides a scalable platform for moves into expanded digital services complimentary/relevant to JB Hi-Fi’s offer.





## 5. SUCCESS FUNDAMENTALS

### JB Hi-Fi Key Competitive Advantages

We will continue to innovate and adapt to changing markets but our past success fundamentals will always remain!

- Market Position – Value.
- Unique Brand Personality.
- Low Cost Operating Model.
- Great People – Motivated / Passionate / Knowledgeable.
- Flexible Locations.
- Keep It Simple – It's a simple business!





## 6. CASH FLOW & BALANCE SHEET

### Cash Flow Statement

AUDm	HY11	HY12	Mvt
<b>EBITDA</b>	<b>140.3</b>	<b>136.1</b>	<b>(3.0%)</b>
Change in Working Capital	97.7	107.5	
Net Interest Paid	(2.1)	(7.2)	
Income Tax Paid	(22.4)	(23.9)	
Other	5.1	3.4	
<b>Net Cash Flow from Operations</b>	<b>218.5</b>	<b>215.9</b>	<b>(1.2%)</b>
Purchases of P&E	(27.4)	(29.8)	
<b>Net Cash Flow from Investing</b>	<b>(27.4)</b>	<b>(29.8)</b>	<b>8.7%</b>
<b>Free Cash Flow<sup>(i)</sup></b>	<b>191.1</b>	<b>186.1</b>	<b>(2.6%)</b>
Borrowings / (Repayments)	(35.0)	(129.3)	
Proceeds from issue of Equity	7.9	3.3	
Dividends Paid	(35.9)	(28.6)	
<b>Net Cash Flow from Financing</b>	<b>(63.0)</b>	<b>(154.6)</b>	<b>145.3%</b>
Net Change in Cash Position	128.1	31.5	
Effect of exchange rates	0.2	(0.1)	
<b>Cash at the end of Period</b>	<b>180.0</b>	<b>58.7</b>	<b>(67.4%)</b>

<sup>(i)</sup> Free Cash Flow = Net Cash Flow from Operations less payments for store related assets (excludes investments).



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### Working Capital

AUDm	HY11	HY12
(Increase)/decrease in current assets		
Inventory	(55.1)	(9.2)
Receivables	(67.2)	(67.8)
Other current assets	(0.5)	0.7
Increase/(decrease) in current liabilities		
Trade creditors	219.3	184.1
Other current liabilities	1.3	(0.2)
<b>Net Movement in Working Capital</b>	<b>97.7</b>	<b>107.5</b>
<b>Performance Indicators:</b>		
Inventory Turnover	7.2x	6.7x
Creditor Days	55.5	51.8

#### Inventory Management:

- Inventory levels and mix are in line with internal expectations.
- Average inventory per store was flat at \$2.5m.
- Like for like inventory turnover was 7.1x (pcp: 7.5x).
- Total inventory turnover was 6.7x (pcp: 7.2x).
- The movement in total inventory was due to a combination of:
  - \$26.1m invested in HY12 new store inventory;
  - \$8.6m increase in prepaid private label inventory;
  - The remaining decrease of \$25.5m is a result of managing inventory levels in line with sales performance.
- Receivables relate predominately to supplier rebates which are in line with expectations.
- Creditor days were down from the prior period which reflects earlier buying when compared to the prior period and is in line with expectations. We expect creditor days at year end to be in line with the prior year.





## 6. CASH FLOW & BALANCE SHEET...

### Key Ratios

AUDm

HY11

HY12

**Performance Indicators:**

Fixed Charge Ratio <sup>1</sup>	4.2x	3.7x
Interest Cover	48.6x	16.7x
Return on Equity	24.9%	38.4%
Return on Invested Capital	61.2%	47.9%

- \$173.3m buyback was completed in May 2011:
  - Resulted in the purchase of 10.8 million shares, representing approximately 9.9% of the shares on issue.
  - The buy-back was funded through an increase in our term debt facilities. The new facility has a term of 3 years and expires in March 2014.
- Fixed charges ratio at 3.7x, coupled with high interest cover is a good indication of JB Hi-Fi's strong balance sheet and low financial and operational leverage.
- Return on Equity has improved predominantly due to the higher debt levels driven by the share buy-back in May 2011.
- Our Return on Invested Capital remains strong at 48%. It is lower than the prior period as a result of the funding of the share buyback in May 2011.

<sup>1</sup> Rolling 12 months. On a statutory basis, the HY12 Fixed Charges ratio was 3.2x (includes the Clive Anthonys one-off restructuring charge in 2HY11).

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## 6. CASH FLOW & BALANCE SHEET...

### Balance Sheet

AUDm	HY11	HY12	FY11
Cash	180.0	58.7	27.2
Receivables	130.3	125.7	58.3
Inventories	388.1	415.7	406.9
Other	5.1	8.0	8.6
<b>Total Current Assets</b>	<b>703.4</b>	<b>608.2</b>	<b>501.1</b>
Fixed Assets	176.8	183.2	169.6
Brandname & Goodwill	83.0	78.5	78.7
Other	14.0	18.4	17.8
<b>Total Non-Current Assets</b>	<b>273.8</b>	<b>280.1</b>	<b>266.1</b>
<b>Total Assets</b>	<b>977.3</b>	<b>888.3</b>	<b>767.1</b>
Payables	507.4	484.8	301.6
Other	56.9	55.2	44.3
<b>Total Current Liabilities</b>	<b>564.3</b>	<b>540.1</b>	<b>345.9</b>
Borrowings	34.6	103.5	232.6
Other	25.6	37.6	36.3
<b>Total Non-Current Liabilities</b>	<b>60.2</b>	<b>141.1</b>	<b>268.9</b>
<b>Total Liabilities</b>	<b>624.5</b>	<b>681.1</b>	<b>614.8</b>
<b>Net Assets</b>	<b>352.8</b>	<b>207.2</b>	<b>152.3</b>
<i>Net Debt / (Net Cash)</i>	<i>(145.4)</i>	<i>44.8</i>	<i>205.3</i>

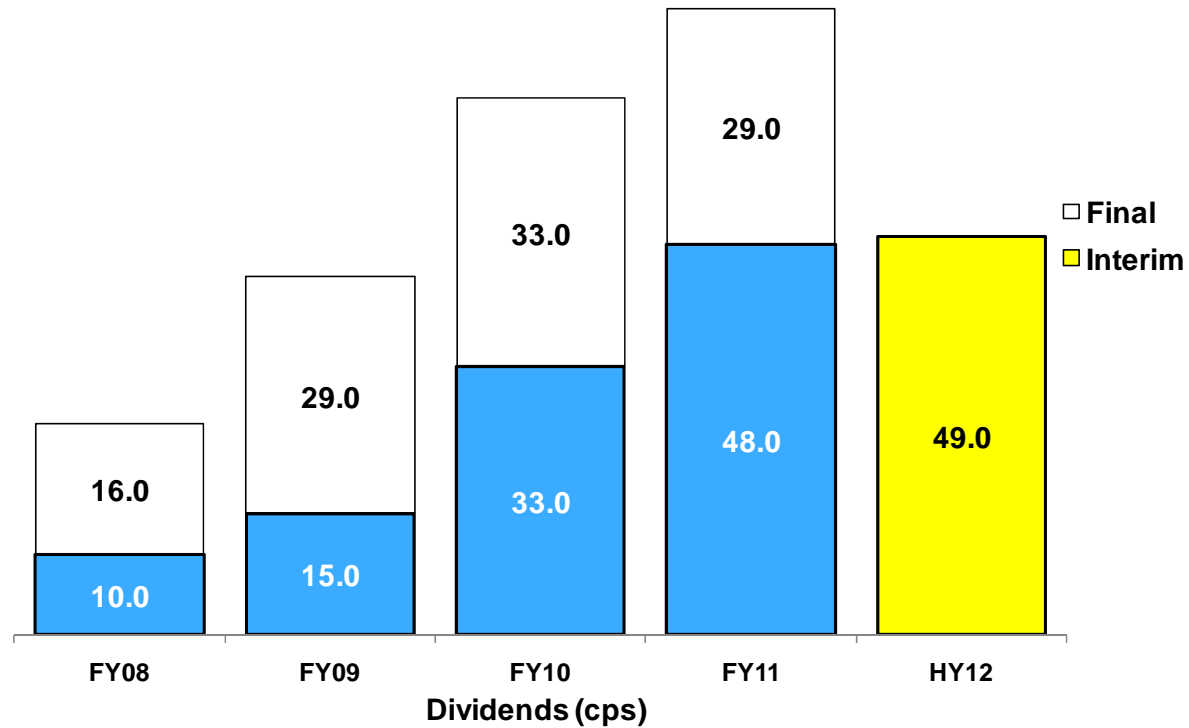


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## Dividends

- The interim dividend is 49.0 cents per share fully franked, up 1.0 cps from the prior period.
- This represents a payout ratio of 60% of HY12 earnings and further underlines the Board's confidence in our strong cash flow generation.
- Our strong balance sheet has enabled us to return \$254.4m<sup>(i)</sup> to shareholders in the past 12 months.



<sup>(i)</sup> Final FY11 dividend of 29 cps (\$28.6m), interim FY11 dividend of 48 cps (\$52.5m) and the buy-back (\$173.3m).

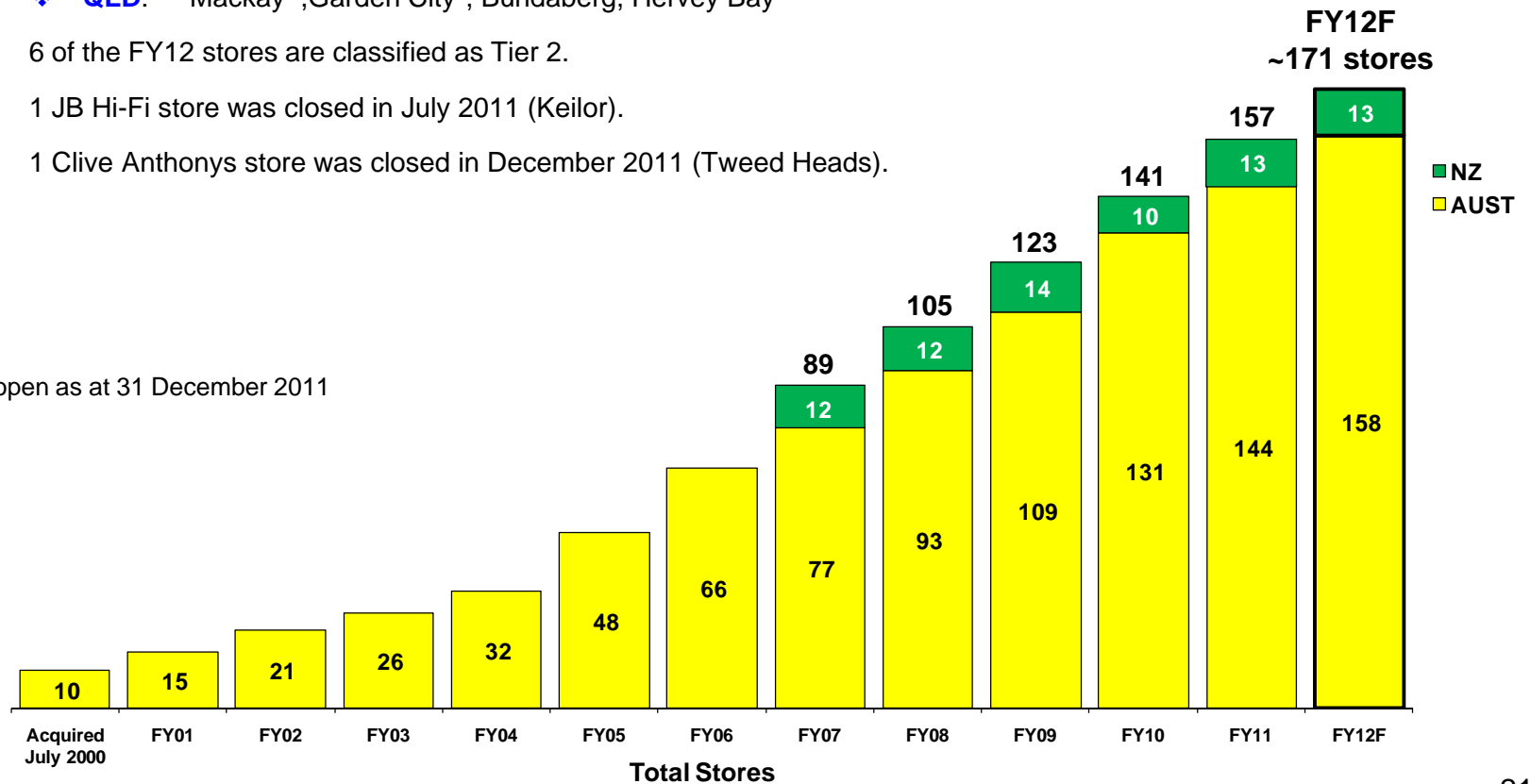


## 8. STORE UPDATE

### 10 new JB Hi-Fi stores opened in HY12

- 16 JB Hi-Fi stores to be opened in FY12 including:
  - ❖ **VIC:** Greensborough#, Hoppers Crossing#, Traralgon#, Thomastown#, Springvale#, Waurm Ponds
  - ❖ **NSW:** Caringbah#, Bankstown#, Jamisontown#, North Sydney, Shellharbour, Port Macquarie
  - ❖ **QLD:** Mackay #, Garden City#, Bundaberg, Hervey Bay
- 6 of the FY12 stores are classified as Tier 2.
- 1 JB Hi-Fi store was closed in July 2011 (Keilor).
- 1 Clive Anthonyms store was closed in December 2011 (Tweed Heads).

# open as at 31 December 2011





## 9. INVESTMENT CHECKLIST



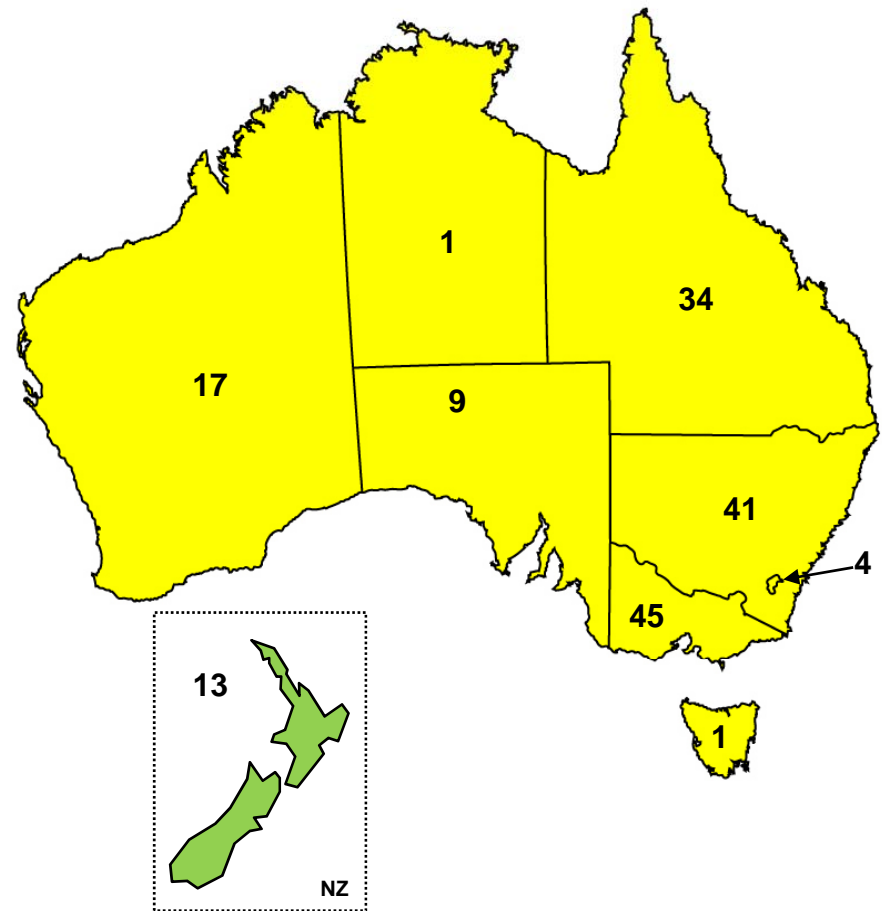
- ✓ Strong and unique retail model.
- ✓ Operates mainly in the dynamic home entertainment and technology sector.
- ✓ Low cost of doing business – best of listed retailers.
- ✓ Many new store opportunities
  - JB Hi-Fi branded stores circa 214 (164 Tier 1 format and 50 Tier 2 format) in Australia and New Zealand (total of 161 as at HY12).
- ✓ 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 high 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.



## Store movements during HY12

	FY11	HY12		
		Opened	Closed	Total
<b>Australia</b>				
JB - Tier 1	123	8	-	131
JB - Tier 2	16	2	(1)	17
	139	10	(1)	148
Clive Anthonys	5	-	(1)	4
	144	10	(2)	152
<b>New Zealand</b>				
JB - Tier 1	9	-	-	9
JB - Tier 2	4	-	-	4
	13	-	-	13
<b>TOTAL</b>	<b>157</b>	<b>10</b>	<b>(2)</b>	<b>165</b>
<b>JB Hi-Fi store type:</b>				
Tier 1	132	8	-	140
Tier 2	20	2	(1)	21
	152	10	(1)	161
<b>Store format:</b>				
Shopping centres	78	4	-	82
Other	79	6	(2)	83
	157	10	(2)	165

## Geographic breakdown#



# as at 31 December 2011



## a) EBIT reconciliation

AUDm	HY11	HY12
Profit for the year (App 4D)	87.9	79.6
<i>add back</i>		
- income tax expense (App 4D)	37.7	34.2
Profit before Tax	125.6	113.8
<i>add back</i>		
- interest received	(1.2)	(0.3)
- interest expense (App 4D)	2.6	7.2
- net interest expense	1.4	6.9
<b>Earnings before interest and tax (EBIT)</b>	<b>127.0</b>	<b>120.7</b>

## b) CODB reconciliation

AUDm	HY11	HY12
Other income (ex interest received)	(0.04)	(0.02)
Sales and marketing expenses (App 4D)	147.9	160.6
Occupancy expenses (App 4D)	56.8	64.0
<i>less depreciation &amp; amortisation</i>	(9.9)	(11.7)
Administration expenses (App 4D)	13.7	14.6
<i>less depreciation &amp; amortisation</i>	(3.4)	(3.7)
Other expenses (App 4D)	17.1	17.0
Cost of Doing Business (CODB)	222.2	240.9
Sales	1,682.6	1,774.7
<b>CODB (% of sales)</b>	<b>13.2%</b>	<b>13.6%</b>

## c) NZ Profit and Loss statement (AUD)

AUDm	New Zealand (AUD)		
	HY11	HY12	Growth
<b>Sales</b>	76.1	97.4	28.0%
<b>Gross Profit</b>	12.4	16.2	30.7%
Gross Margin	16.3%	16.7%	+35 bps
<b>EBITDA</b>	(0.1)	2.7	4333%
Depreciation & Amortisation	0.8	0.9	
<b>EBIT</b>	(0.9)	1.7	293.0%
EBIT Margin	(1.2%)	1.8%	+294 bps
<b>Headline Statistics:</b>			
Cost of doing business	16.4%	13.9%	-247 bps
Stores	13	13	-

## d) Gross Margin reconciliation

AUDm	HY11	HY12	Growth
<b>Australia</b>			
- Sales	1,606.5	1,677.3	4.4%
- GP	350.0	360.7	3.1%
- GM%	21.8%	21.5%	-28 bps
<b>NZ (AUD)</b>			
- Sales	76.1	97.4	28.0%
- GP	12.4	16.2	30.7%
- GM%	16.3%	16.7%	+35 bps
<b>Consolidated</b>			
- Sales	1,682.6	1,774.7	5.5%
- GP	362.5	377.0	4.0%
- GM%	21.5%	21.2%	-30 bps





### Profit and Loss Statement (5 years)

AUDm	HY08	HY09	HY10	HY11	HY12
<b>Sales</b>	<b>988.5</b>	<b>1,261.6</b>	<b>1,553.8</b>	<b>1,682.6</b>	<b>1,774.7</b>
<b>Gross Profit</b>	<b>213.3</b>	<b>269.5</b>	<b>327.8</b>	<b>362.5</b>	<b>377.0</b>
Gross Margin	21.6%	21.4%	21.1%	21.5%	21.2%
<b>EBITDA</b>	<b>71.6</b>	<b>97.9</b>	<b>122.6</b>	<b>140.3</b>	<b>136.1</b>
Depreciation & Amortisation	6.8	8.7	11.2	13.3	15.4
<b>EBIT</b>	<b>64.8</b>	<b>89.2</b>	<b>111.4</b>	<b>127.0</b>	<b>120.7</b>
EBIT Margin	6.6%	7.1%	7.2%	7.5%	6.8%
<b>Net Profit After Tax</b>	<b>41.9</b>	<b>59.0</b>	<b>76.0</b>	<b>87.9</b>	<b>79.6</b>
<b>Headline Statistics:</b>					
Earnings per share (basic ¢)	40.0	55.3	70.5	80.6	80.7
Cost of doing business	14.4%	13.6%	13.2%	13.2%	13.6%
Stores at period end	104	119	137	153	165



### Balance Sheet (5 years)

AUDm	HY08	HY09	HY10	HY11	HY12
Cash	46.4	90.8	127.4	180.0	58.7
Receivables	82.2	97.3	113.4	130.3	125.7
Inventories	272.5	300.3	373.3	388.1	415.7
Other	4.4	4.6	6.4	5.1	8.0
<b>Total Current Assets</b>	<b>405.5</b>	<b>493.0</b>	<b>620.4</b>	<b>703.4</b>	<b>608.2</b>
Fixed Assets	105.1	131.4	155.1	176.8	183.2
Brandname & Goodwill	81.2	81.8	82.8	83.0	78.5
Other	10.3	16.6	16.1	14.0	18.4
<b>Total Non-Current Assets</b>	<b>196.6</b>	<b>229.8</b>	<b>254.0</b>	<b>273.8</b>	<b>280.1</b>
<b>Total Assets</b>	<b>602.1</b>	<b>722.8</b>	<b>874.4</b>	<b>977.3</b>	<b>888.3</b>
Payables	307.0	377.0	447.0	507.4	484.8
Other	32.9	50.5	53.6	56.9	55.2
<b>Total Current Liabilities</b>	<b>339.9</b>	<b>427.4</b>	<b>500.6</b>	<b>564.3</b>	<b>540.1</b>
Borrowings	102.4	69.3	69.5	34.6	103.5
Other	8.6	17.3	20.5	25.6	37.6
<b>Total Non-Current Liabilities</b>	<b>111.0</b>	<b>86.6</b>	<b>90.0</b>	<b>60.2</b>	<b>141.1</b>
<b>Total Liabilities</b>	<b>450.9</b>	<b>514.0</b>	<b>590.6</b>	<b>624.5</b>	<b>681.1</b>
<b>Net Assets</b>	<b>151.1</b>	<b>208.8</b>	<b>283.8</b>	<b>352.8</b>	<b>207.2</b>



## Cash Flow Statement (5 years)

AUDm	HY08	HY09	HY10	HY11	HY12
<b>EBITDA</b>	<b>71.6</b>	<b>97.9</b>	<b>122.6</b>	<b>140.3</b>	<b>136.1</b>
Change in Working Capital	26.4	108.5	73.6	97.7	107.5
Net Interest Paid	(3.7)	(4.4)	(2.7)	(2.1)	(7.2)
Income Tax Paid	(14.0)	(21.5)	(29.4)	(22.4)	(23.9)
Other	1.3	9.1	4.4	5.1	3.4
<b>Net Cashflow from Operations</b>	<b>81.7</b>	<b>189.6</b>	<b>168.4</b>	<b>218.5</b>	<b>215.9</b>
Purchases of P&E	(31.9)	(29.1)	(30.3)	(27.4)	(29.8)
Investments	(7.5)	-	-	-	-
Payments for intangible assets	-	-	(1.4)	-	-
<b>Net Cashflow from Investing</b>	<b>(39.4)</b>	<b>(29.1)</b>	<b>(31.7)</b>	<b>(27.4)</b>	<b>(29.8)</b>
<b>Free Cash Flow <sup>(i)</sup></b>	<b>49.8</b>	<b>160.5</b>	<b>136.7</b>	<b>191.1</b>	<b>186.1</b>
Borrowings / (Repayments)	(16.1)	(55.0)	(20.0)	(35.0)	(129.3)
Proceeds from issue of Equity	2.8	3.9	6.3	7.9	3.3
Dividends Paid	(6.3)	(17.1)	(31.3)	(35.9)	(28.6)
<b>Net Cashflow from Financing</b>	<b>(19.6)</b>	<b>(68.2)</b>	<b>(45.1)</b>	<b>(63.0)</b>	<b>(154.6)</b>
Net Change in Cash Position	22.7	92.3	91.6	128.1	31.5
Effect of exchange rates	-	-	-	0.2	(0.1)
<b>Cash at the end of Period</b>	<b>46.4</b>	<b>90.8</b>	<b>127.4</b>	<b>180.0</b>	<b>58.7</b>

<sup>(i)</sup> Free Cash Flow = Net Cash Flow from Operations less payments for store related assets (excludes investments).