



# **JB HI-FI LIMITED**

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**Annual General Meeting**

**23<sup>rd</sup> October 2006**

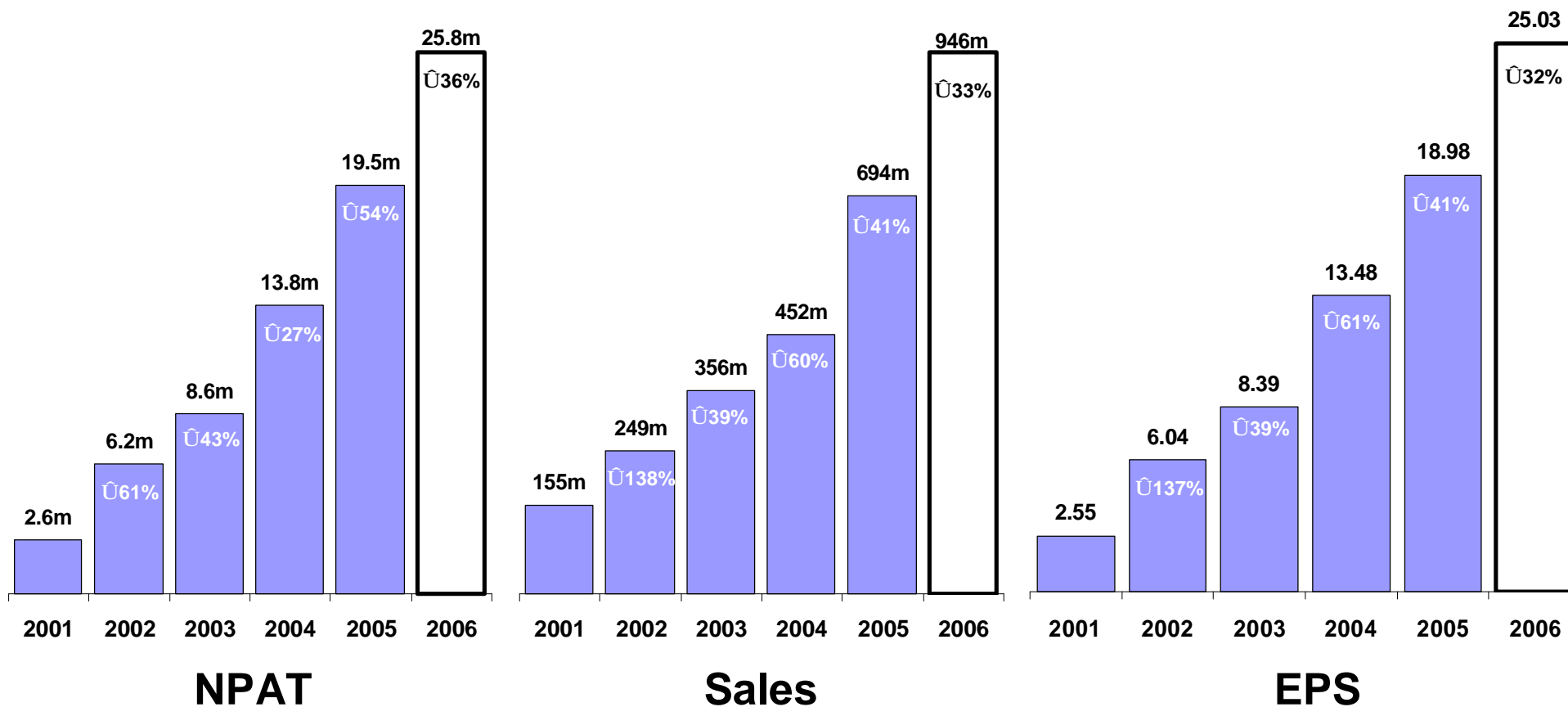
## **AGENDA**

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- **Presentations by Chairman and Chief Executive Officer**
- **Item 1: Tabling & Consideration of 2006 Financial Reports**
- **Item 2: Adoption of remuneration report**
- **Item 3: Re-election of directors**
- **Item 4: Approval of grant of Options to Executive Directors in 2006**
- **Other Business**

# CHAIRMAN'S ADDRESS

Mr James King



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## Strong Shareholder Return:

- | **Dividends of 7.6 cents per share up 5.6%.**
- | **Since the IPO in October 2003 annual compound growth of 48.5% vs. 18.9% for the ASX 200.\***

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## **Sustainable Competitive Advantage:**

### **The company's strategy:**

- | Every day focus on lowest cost of doing business.**
- | A broad range of every day low priced products for our customers.**
- | Operating costs to sales were 17.1% vs. 17.2%.**

**JB's unique product ranging, mix and branding that drives very high levels of store productivity and a real focus on cost control.**

### **This cost advantage is reinforced by:**

- | increasing store sales and the new store roll.**
  - | technology and training.**
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## Roll Out Continues:

- | **Continued expansion in Melbourne.**
  - | **Successful interstate expansion, including locations outside the major cities.**
  - | **Continued success in a variety of operation formats including shopping centres, home maker or big box centres and stand alone destination stores.**
  - | **Flexible format provides JB with the flexibility to secure the best possible locations in each area.**
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## Diversified Product Offering:

- | **Adoption and increasing penetration of new technology such as plasma and LCD TVs, MP3 players and DVD recorders.**
  - | **Shift of product mix to be an early leader in new technologies promising high growth and significant volume. E.g. Games market and the growing IT/computers market.**
  - | **Music and movies provide constant foot traffic.**
  - | **Speakers, hi-fi components and car audio represent a strong and profitable stream of business.**
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## Funding of Growth Plans:

- | **Funding of growth via strong levels of cash flow generated from established stores and a prudent level of borrowings.**
  
  - | **JB is one of the more conservatively geared listed retailers with fixed charges cover of 2.76 times.**
  
  - | **Interest earned multiple of 6.9.**
  
  - | **In determining level of debt, we consider both operational and financial leverage.**
  
  - | **JB enjoys one of the lowest rental burdens at 2% of sales.**
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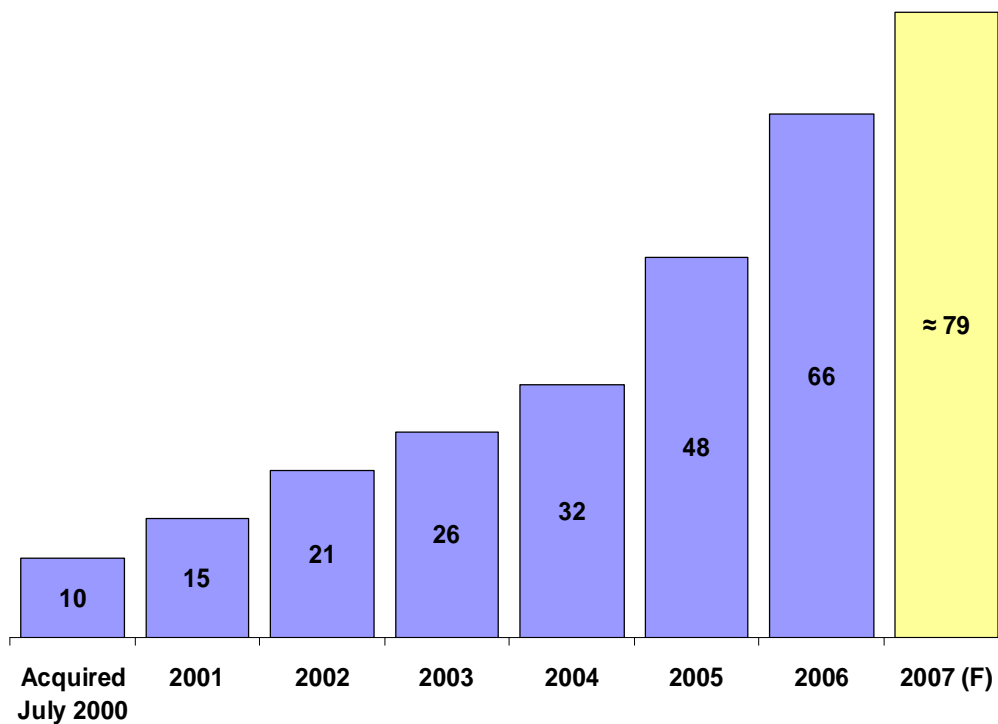
## People & Culture:

- | **Our ability to operate profitably and to expand as quickly and successfully as we have is a testament to our people and the company's continued ability to attract and retain them.**
  
  - | **Store staff are typically enthusiasts of the product categories they work in.**
  
  - | **Support staff are equally dedicated and responsible for our success to date.**
  
  - | **We continue to attract high calibre people and motivate them, and we are well positioned to maintain our growth for many more years.**
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# CHIEF EXECUTIVE OFFICER'S ADDRESS

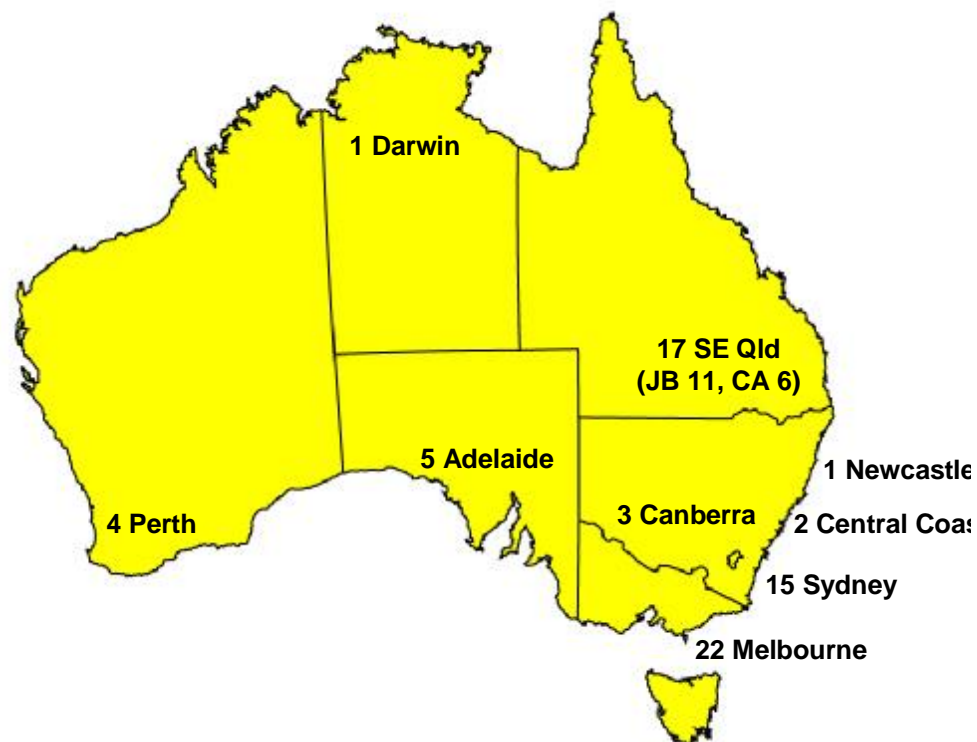
Mr Richard Uechtritz

## Store Growth



## Total Stores: 70

(JB 64, CA 6)



## **ITEM 1**

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### **Tabling & Consideration of 2006 Financial Reports:**

**To receive and consider the financial report of the Company for the financial year ended 30 June 2006 together with the directors' report and auditors' reports for the financial year ended 30 June 2006.**

## **ITEM 2**

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### **Adoption of remuneration report:**

**To adopt the Remuneration Report for year ending 30 June 2006.**

## **ITEM 3**

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### **Re-election of directors:**

**In accordance with the Company's Constitution:**

- (a) Mr Gary Levin retires by rotation and offers himself for re-election;**
- (b) Mr Terry Smart retires by rotation and offers himself for re-election.**

## **ITEM 4**

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### **Approval of grant of Options to Executive Directors in 2006:**

#### **(a) Approval of grant of Options to an Executive Director – Mr Richard Uechtritz**

**To consider and, if thought fit, to pass the following resolution as an ordinary resolution:**

**“That pursuant to ASX Listing Rule 10.11 and for all other purposes, approval be and is hereby given, to the grant of 200,000 Options over Shares in the Company to Mr Richard Uechtritz, exercisable at \$4.81 each, expiring on 15 August 2011, on the terms and conditions described in the Explanatory Notes.”**

#### **(b) Approval of grant of Options to an Executive Director – Mr Terry Smart**

**To consider and, if thought fit, to pass the following resolution as an ordinary resolution:**

**“That pursuant to ASX Listing Rule 10.11 and for all other purposes, approval be and is hereby given, to the grant of 150,000 Options over Shares in the Company to Mr Terry Smart, exercisable at \$4.81 each, expiring on 15 August 2011, on the terms and conditions described in the Explanatory Notes.”**

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## OTHER BUSINESS

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