



JB Hi-Fi Limited

Half Year Results Presentation – December 2007

12 February 2008



AGENDA






- 1. Performance**
- 2. Historical Performance**
- 3. Trading Update**
- 4. Financial Detail**
- 5. Dividends**
- 6. Store Update**
- 7. Investment Checklist**

Richard Uechtritz
CEO

Richard Murray
CFO

1. PERFORMANCE

Strong performance for 6 months to 31 December 2007:

	HY08	Growth
q Sales	\$988.5m	50.0% 
q Comparable store sales growth (Aust: 19.6%, NZ: 0.4%)	18.8%	
q EBIT Margin	6.6%	+22 bps 
q NPAT	\$41.9m	60.2% 
q Earnings per share	40.0 cps	58.2% 
q Interim dividend - fully franked *	10.0 cps	100% 

* to be paid 19 March 2008 (record date 21 February 2008).



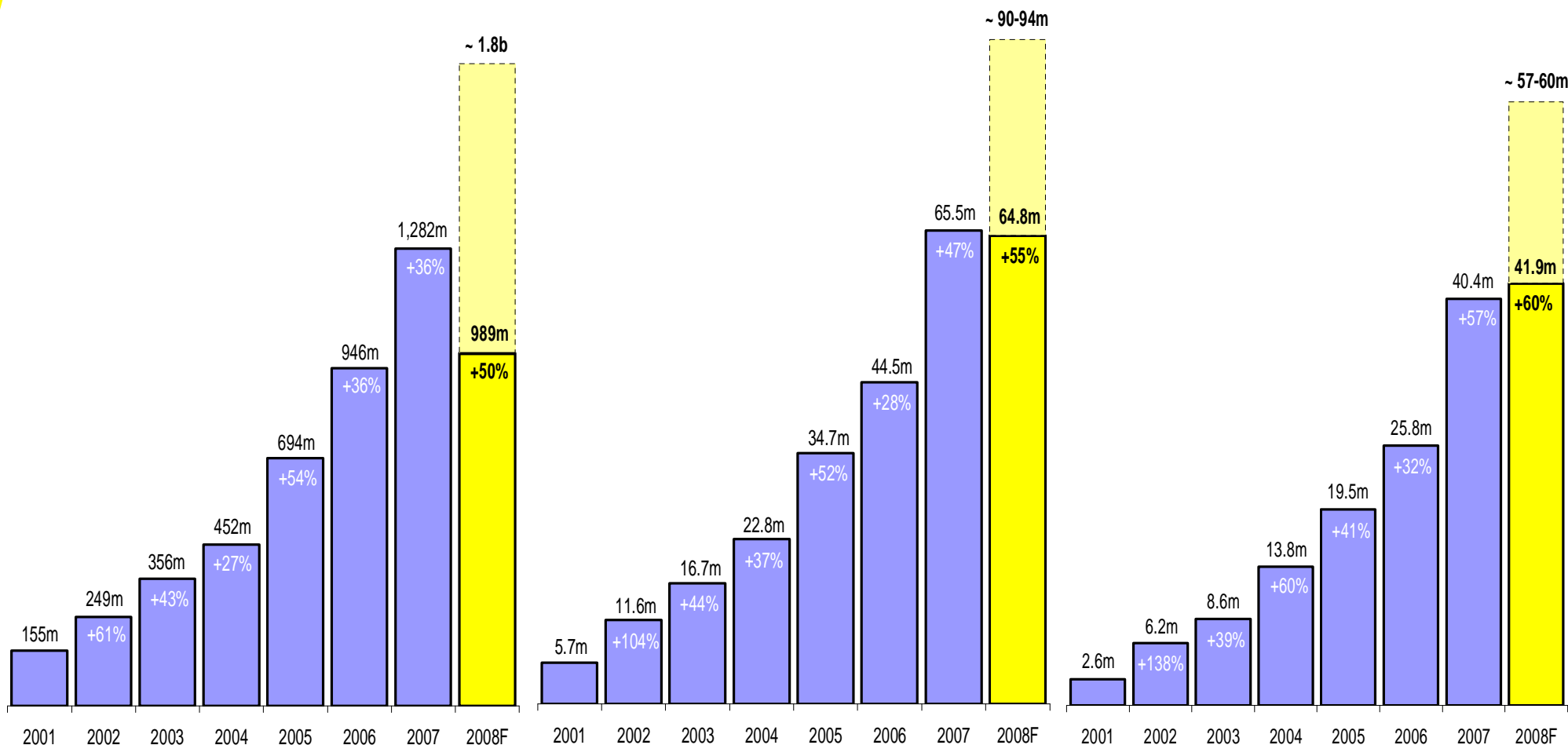
2. HISTORICAL PERFORMANCE

Strong growth in sales & earnings since MBI in July 2000

SALES HY08 +50%

EBIT HY08 +55%

NPAT HY08 +60%



3. TRADING UPDATE

Trading Performance

- § JB traded strongly throughout the first half with consolidated comparable store sales growth of 18.8% (JB Hi-Fi 20.1%, Clive Anthonys 15.0%, NZ (H&S) 0.4%).
- § Strong Christmas sales with all major product categories either meeting or exceeding expectations.
- § Games, DVD, Computers and Visual continue to grow strongly.
- § Computers/IT now a significant category in company – confident of continued solid growth from market share gains and industry growth
- § Mobile consumer electronics (telecommunications) rollout was completed in Victoria, NSW and some Queensland stores. The rollout to the remaining Australian states is expected to be completed by April 2008.

Financial Metrics

- § Gross margin at 21.6% was pleasing given the growth of lower margin product categories of games and computers combined with the launch of JB Hi-Fi New Zealand and the resulting price competition.
- § Cost of doing business was down 70 bps to 14.3% (pcp 15.0%), driven by our low cost culture, operating leverage, wage optimisation and marketing economics of scale.

New Stores

- § Opened 13 new JB Hi-Fi stores and 2 Clive Anthonys stores during the year which are all trading well.
- § 2 stores were relocated.
- § Planning to open approximately 5 JB Hi-Fi stores across Australia and New Zealand in the second half of FY08.

Clive Anthonys

- § The remaining 30% of Clive Anthonys was acquired on 2 July 2007 for circa \$7m.
- § Stronger trading conditions and closer alignment to the JB Hi-Fi way of operating have helped drive solid comparable store growth in the first half of 15.0%.
- § New stores were opened in Castle Hill (NSW) and Kedron (QLD), both are trading within expectations.
- § Currently negotiating on sites in Melbourne as well as Sydney and Brisbane.
- § Confident about a number of store rollout opportunities for the brand over the next few years.

New Zealand

- § Sales grew 62.5% to \$47.8m, with H&S comparable store sales flat at 0.4%, which was in line with expectations.
- § Comparable store sales of 0.4% reflects the tough trading conditions due to sluggish economy and fierce competition.
- § JB branded stores are trading well.
- § Company remains very positive about NZ in the future.
- § 3 JB Hi-Fi stores opened during the 1st half and one is expected to open in Hamilton in the 2nd half.
- § In total, 5 JB Hi-Fi stores are expected to be open by the end of FY08.
- § In July 2008 (FY09), another JB store will open at St Lukes.

Industry

- § Continues to consolidate – big getting bigger.
- § All categories remain very competitive.
- § Games, visual, DVD, navigation, computers have all good growth forecasts.

Trading Outlook

- § In Australia, the strong momentum experienced during the first half has continued into January and February MTD.
- § While our investment in computers and games continues to drive significant comparable store sales growth, underlying comparable store sales growth (ie excluding games and computers) still remains strong.
- § In NZ we will continue to invest in our JB store rollout strategy.
- § After continued investment in FY08, we expect Telco to contribute to earnings in first half of FY09.
- § Expect sales in FY08 of circa \$1.8 billion or a 40% increase (FY07: \$1.28b).
- § We note current analyst consensus forecast for FY08 of \$57.0m (refer Appendix II).
- § Expect NPAT in FY08 of between \$57 - \$60m, a 41% to 49% increase (FY07: \$40.4m).

4. FINANCIAL DETAIL

Profit and Loss Statement

\$m	HY08	HY07	Growth
Sales	988.5	658.9	50.0%
Comparative Store Sales Growth	18.8%	5.8%	
Gross Profit	213.3	145.9	46.2%
Gross Margin	21.6%	22.1%	-56 bps
EBITDA	71.6	46.8	52.9%
Depreciation & Amortisation	6.8	5.1	
EBIT	64.8	41.8	55.3%
EBIT Margin	6.6%	6.3%	+22 bps
Net Profit After Tax (net of OEI)	41.9	26.2	60.2%

Headline Statistics:

Earnings per share (basic, cents)	40.0	25.3	58.2%
Cost of doing business	14.3%	15.0%	-70 bps
Stores at period end	104	89*	+15 stores

* as at 30 June 2007

Delivering on our every day low prices strategy

- § Our lower cost of doing business (CODB) has allowed us to manage the impact of product mix on our gross margins; support our every day low pricing philosophy and improve our earnings margin.
- § Since listing, reductions in Gross Margin have been offset by a larger drop in our cost of doing business.
- § This reduction in CODB has been achieved whilst we have pursued an aggressive store rollout program, opening 62 new stores.
- § Whilst we believe we have the lowest cost base in the industry, we continue to focus on ways of improving even further.

Balance Sheet

\$m as at	31 Dec 07 HY08	31 Dec 06 HY07	Movement	30 Jun 07 FY07
Cash	46.4	83.4	(37.1)	23.7
Receivables	82.2	55.4	26.9	45.2
Inventories	272.5	188.7	83.8	211.3
Other Current Assets	4.4	3.2	1.2	3.5
Total Current Assets	405.5	330.7	74.8	283.7
Fixed Assets	105.1	69.7	35.3	80.9
Brandname & Goodwill	81.2	66.7	14.6	80.7
Other Non-Current	10.3	6.2	4.0	8.6
Total Non-Current Assets	196.6	142.6	54.0	170.2
Total Assets	602.1	473.3	128.8	454.0
Payables	307.0	237.9	69.1	185.3
Other	32.9	19.6	13.3	24.7
Total Current Liabilities	339.9	257.5	82.5	210.0
Borrowings	102.4	100.1	2.3	117.7
Other Non-Current Liabilities	8.6	7.7	1.0	7.5
Total Non-Current Liabilities	111.0	107.8	3.2	125.2
Total Liabilities	450.9	365.3	85.7	335.2
Net Assets	151.1	102.8*	48.3	113.1*

* net of OEI

§ In January 2008, the company finalised an expansion of its working capital facility to \$60m (a \$30m increase), with expanded seasonal facility of \$25m (a \$15m increase) – total working capital facilities are now \$85m. This increase was inline with recent sales growth and achieved at materially similar pricing to the current facility.

Cashflow Statement

\$m	HY08	HY07
EBITDA	71.6	46.8
Change in Working Capital	26.4	65.5
Net Interest Paid	(3.7)	(3.3)
Income Tax Paid	(14.0)	(8.5)
Other non cash items	1.3	(0.5)
Net Cashflow from Operations	81.7	100.1
Purchases of F,F & E	(31.9)	(17.9)
Investments	(7.5)	-
Net Cashflow from Investing	(39.4)	(17.9)
Net Borrowings	(16.1)	(0.3)
Proceeds from issue of Equity	2.8	1.1
Dividends Paid	(6.3)	(4.2)
Net Cashflow from Financing	(19.6)	(3.3)
Net Change in Cash Position	22.7	78.9
Cash at the end of Period	46.4	83.4

Working capital and key ratios:

\$m	HY08	HY07
(Increase)/Decrease in current assets		
Inventory	(60.0)	(27.5)
Receivables	(33.5)	(27.1)
Other current assets	(0.8)	(0.4)
Increase/(Decrease) in current liabilities		
Trade creditors	118.5	116.3
Other current liabilities	2.3	4.2
Net Movement in Working Capital	26.4	65.5

Performance Indicators:

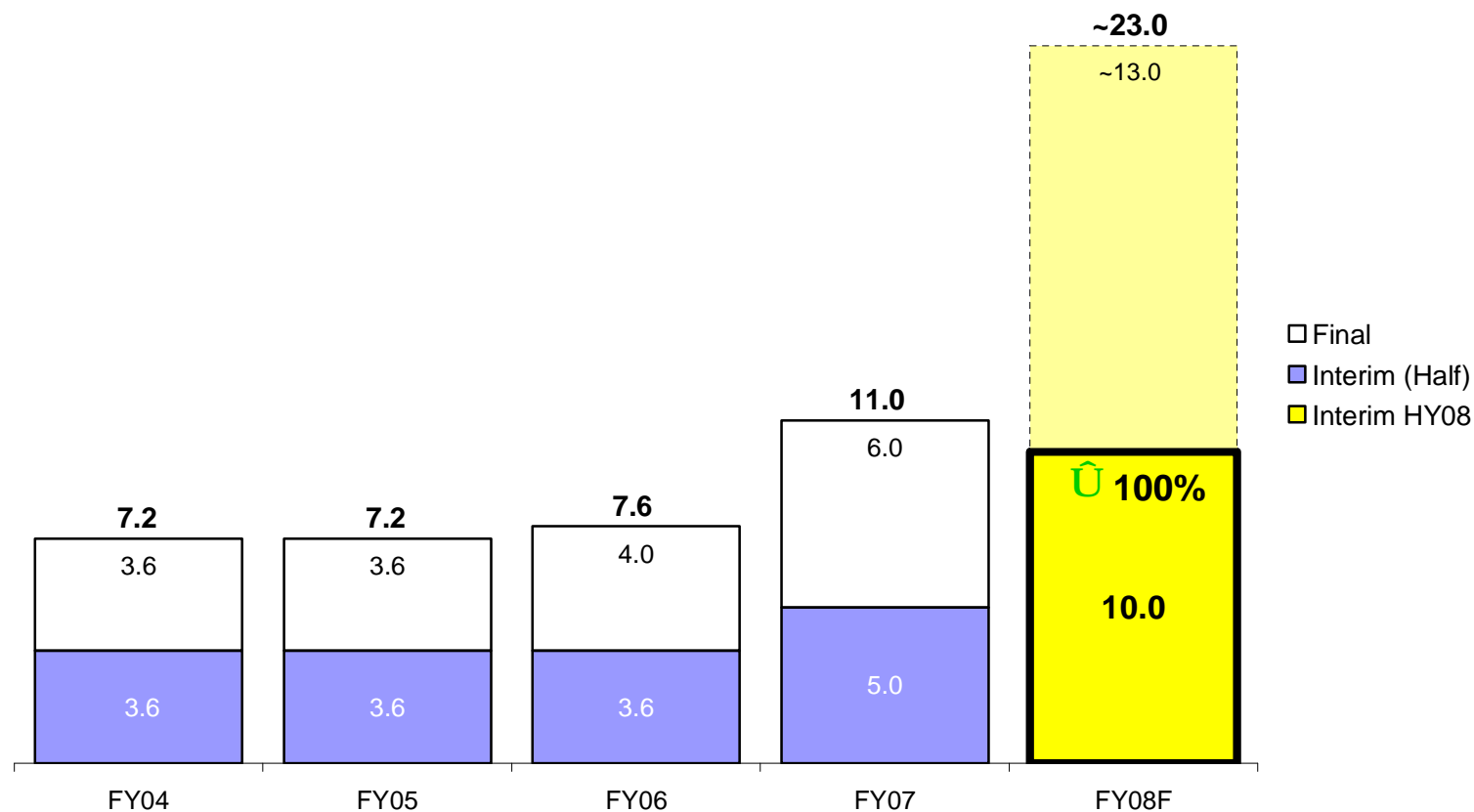
Stock Turnover	6.4	5.8
Creditors Days	58.4	64.7
Fixed Charge Ratio*	3.4	3.0
Interest Cover (times)	15.4	11.0
Return on Equity	27.8%	25.5%
Return on Invested Capital	31.3%	34.9%

* Based on rolling 12 month data

- § Inventory turnover has improved over the first half to 6.4 times (HY07: 5.8 times).
- § Like for like inventory turnover was 6.4 times (HY07: 5.7 times).
- § Inventory management has been enhanced in all categories.
- § Inventory has increased overall due to new store inventory of \$47.2m.
- § The remaining increase is due to our expansion into games software, computers and store expansions.
- § Receivables increase is in line with the overall growth in the business.
- § Working capital is an ongoing focus of management and is in line with current expectations.
- § ROI is impacted by fluctuations in working capital (particularly trade creditors) and the net investment in new stores in HY08.

5. DIVIDENDS

- § The half year dividend has been increased 100% to 10.0 cents per share fully franked.
- § The board is targeting a full year payout ratio of 40% in FY08. In FY07, JB's payout ratio was just under 30%.
- § The board is confident that continuing strong cashflows from existing stores and overall market growth will support the target payout ratio while continuing to invest in new stores and other growth opportunities.





6. STORE UPDATE

15 stores opened in HY08

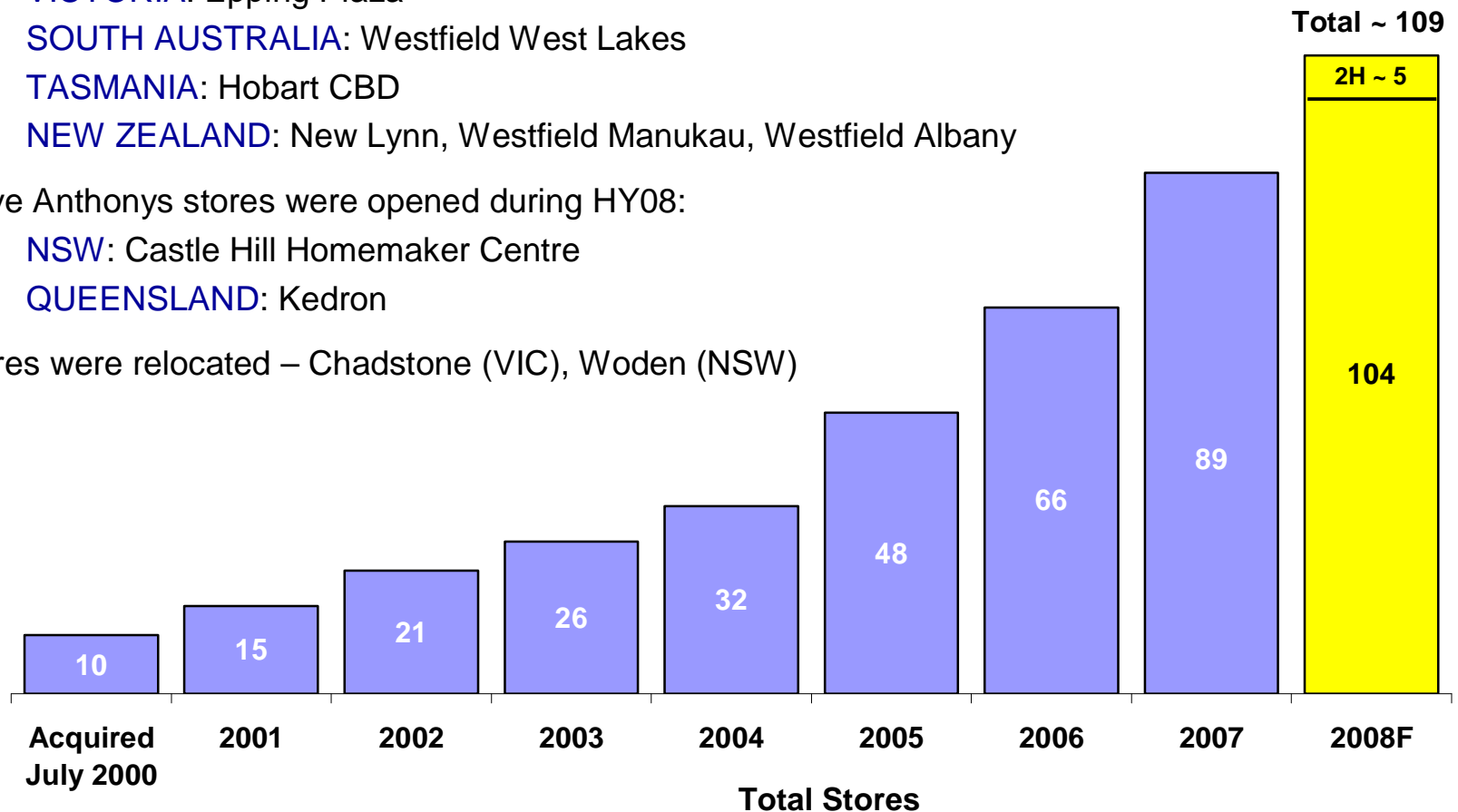
Ø 13 JB Hi-Fi stores were opened during HY08:

- § NSW: Rouse Hill, Westfield Kotara, Westpoint Blacktown, Westfield Parramatta
- § QUEENSLAND: Toowoomba, Westfield Strathpine, Townsville
- § VICTORIA: Epping Plaza
- § SOUTH AUSTRALIA: Westfield West Lakes
- § TASMANIA: Hobart CBD
- § NEW ZEALAND: New Lynn, Westfield Manukau, Westfield Albany

Ø 2 Clive Anthonys stores were opened during HY08:

- § NSW: Castle Hill Homemaker Centre
- § QUEENSLAND: Kedron

Ø 2 stores were relocated – Chadstone (VIC), Woden (NSW)



7. INVESTMENT CHECKLIST

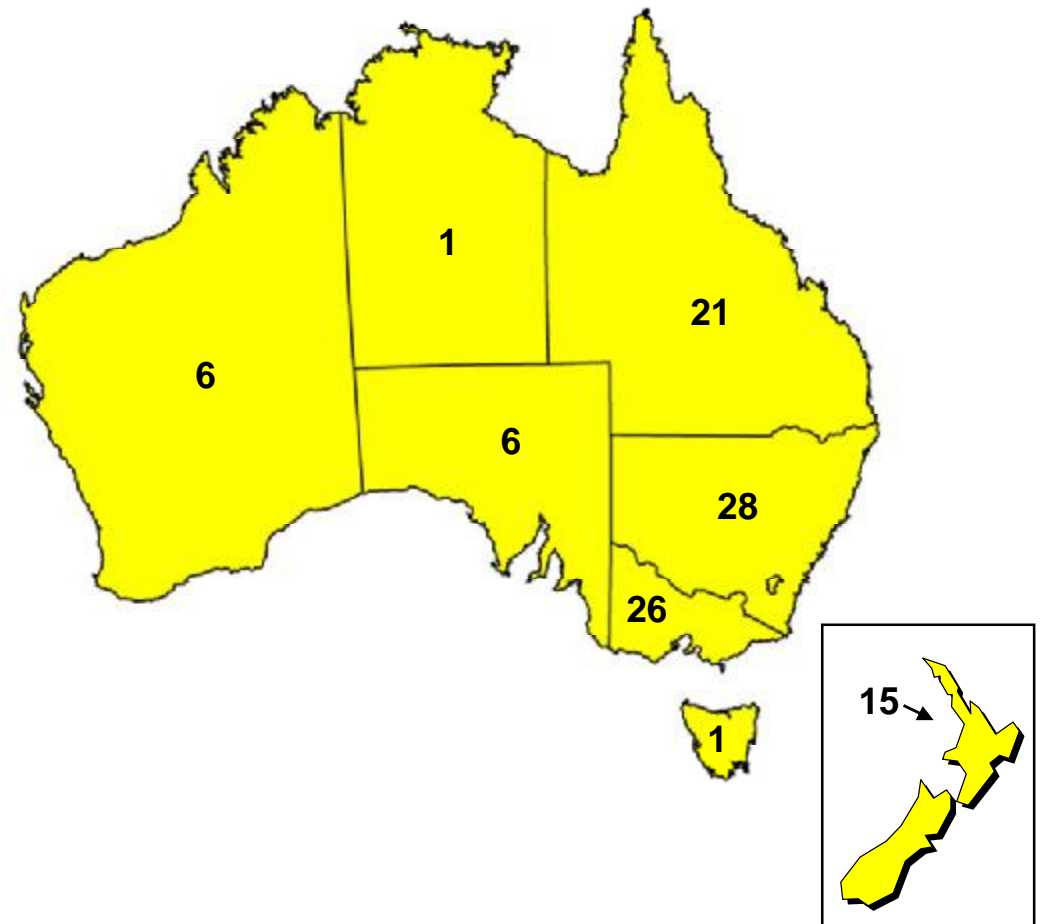
- ❑ Strong and unique retail model.
- ❑ Operates mainly in high growth home entertainment and technology sector.
- ❑ Low cost of doing business – best of listed retailers.
- ❑ Many new store opportunities
 - JB circa 120 in Australia and New Zealand (85 end HY08)
 - CA / H&S substantial growth potential
- ❑ Big growth potential from computer and mobile consumer electronics (telco) categories.
- ❑ Size gives us great buying power and advertising synergies.
- ❑ Low capital investment and high return on invested capital.
- ❑ Strength and depth of management. Same executive management team since IPO.

APPENDIX I

Store movements during HY08

	FY07	HY08			
		Opened	Acquired	Closed	Total
AUSTRALIA					
JB Hi-Fi	71	10	-	-	81
Clive Anthony's	6	2	-	-	8
	77	12	-	-	89
NEW ZEALAND					
JB Hi-Fi	1	3	-	-	4
Hill & Stewart	11	-	-	-	11
	12	3	-	-	15
	89	15	-	-	104
Store Format:					
Shopping centres	35	9	-	-	44
Other	54	6	-	-	60
	89	15	-	-	104

Geographic breakdown



APPENDIX II

Consensus Analyst Forecasts

Report Date	Analyst	NPAT FY08
14-Aug-07	ABN AMRO	57.4
15-Aug-07	Austock Securities	53.0
16-Jan-08	Citigroup	59.3
17-Jan-08	CommSec	59.6
11-Feb-08	Credit Suisse	59.5
15-Aug-07	CCZ Equities	57.6
15-Aug-07	Foresight Securities	54.9
18-Oct-07	Goldman Sachs JBWere	54.8
20-Sep-07	JP Morgan	57.1
15-Aug-07	Lodge Partners	59.2
22-Jan-08	Macquarie	60.1
14-Aug-07	Merrill Lynch	56.6
15-Aug-07	Ord Minnett	53.7
14-Aug-07	Shaw Stockbroking	57.1
19-Dec-08	UBS	57.2
15-Aug-07	Wilson HTM	55.1
CONSENSUS (\$m)		57.0