

JB Hi-Fi Limited



**Macquarie Australia Conference Presentation
7 May 2010**

Agenda



1. Performance
2. Historical Performance
3. Trading Update
4. Store Update
5. CEO transition
6. What's New
7. Clive Anthonys
8. New Zealand
9. Investment Checklist

Terry Smart
COO

1. PERFORMANCE

Strong performance for 6 months to 31 December 2009



	HY09	HY10	Growth
❑ Sales	\$1.26b	\$1.55b	23.2% ↑
❑ Gross Margin	21.4%	21.1%	-26 bps ↓
❑ Cost of Doing Business	13.6%	13.2%	-39 bps ↓
❑ EBIT Margin	7.1%	7.2%	+10 bps ↑
❑ NPAT	\$59.0m	\$76.0m	28.8% ↑
❑ Earnings per share	55.3 cps	70.5 cps	27.4% ↑
❑ Return on Invested Capital	47.6%	49.3%	+1.7% ↑
❑ Interim dividend - fully franked	15.0 cps	33.0 cps*	120.0% ↑

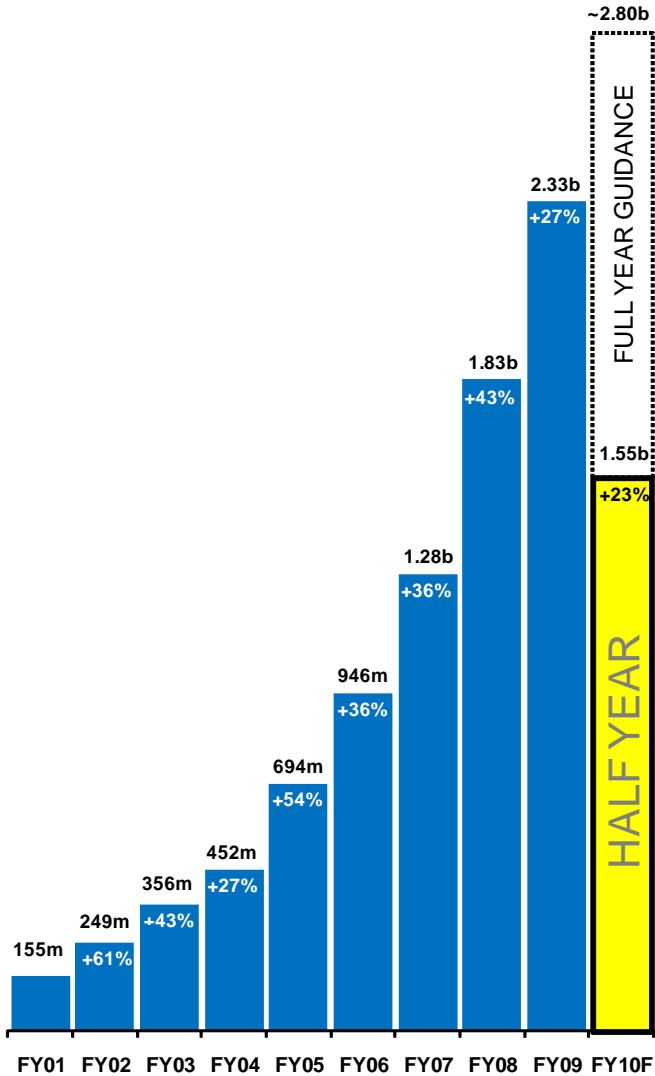
* paid on 5th March 2010 (record date 17th February 2010).

2. HISTORICAL PERFORMANCE

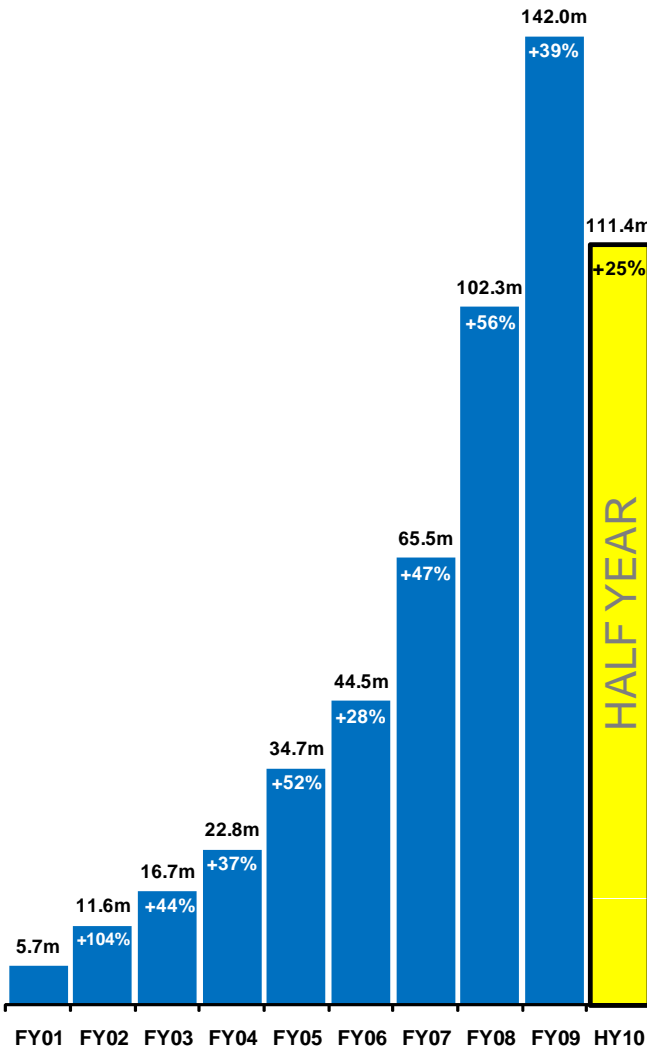
Strong growth in sales & earnings since MBI in July 2000



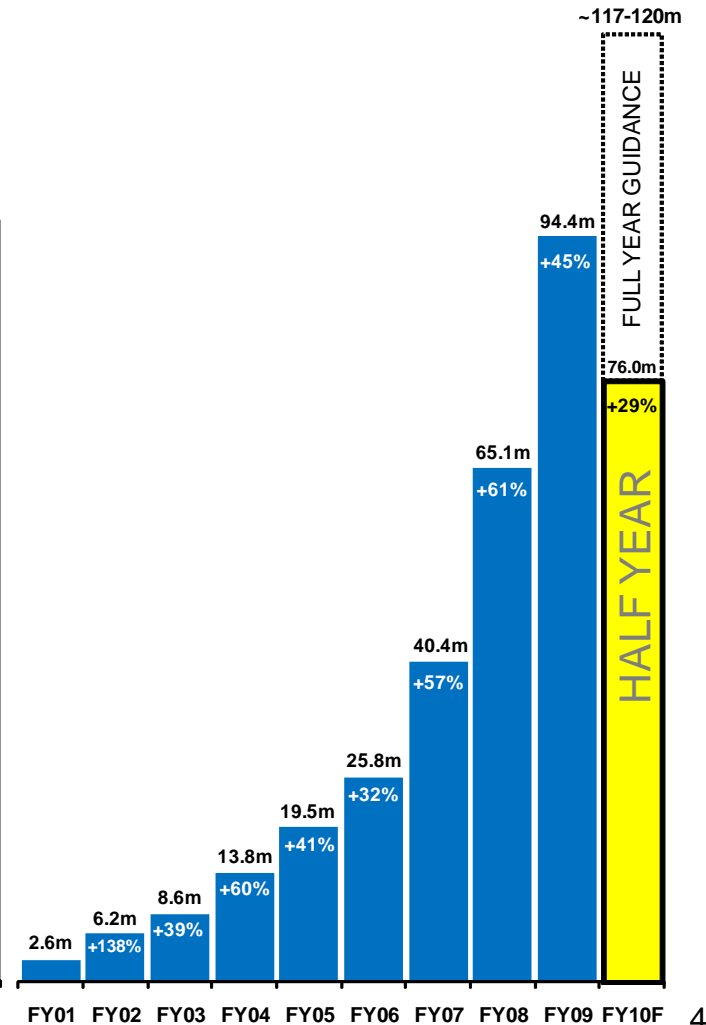
SALES +23%



EBIT +25%



NPAT +29%



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3. TRADING UPDATE

Trading Update



- Comparative store sales in 3rd quarter were positive, unlike many other retailers.
- Sales for March and April behind internal expectations.
- In hindsight, the government stimulus package supported sales last year more than we anticipated.
- We remain cautious that recent interest rate rises are impacting consumer spending.
- We feel that this could be somewhat offset going forward by the positive impacts of higher economic growth and lower unemployment.
- Gross margin percentage now ahead of last year due to:
 - Ongoing focus on margins;
 - Economies of scale in purchasing; and
 - Focus on shrinkage and obsolescence.
- 4th quarter sales should benefit from:
 - Avatar;
 - 3D TV launch; and
 - World Cup build up.
- Expect FY11 to be good year for sales and earnings growth as we open new stores and our recently opened stores mature.
- Company reiterates its previous guidance for FY10:
 - Sales will be circa \$2.8b; and
 - NPAT of \$117m-\$120m.

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4. STORE UPDATE

20 stores opened YTD



Now 23 stores (previously 22) to open in FY10

- YTD opened stores are trading to expectations although softer in March and April.
- New JB stores opened since HY10 are:
 - Artarmon (NSW)
 - Wagga Wagga (NSW)
 - Northland (VIC)
 - Bendigo (VIC)
 - Melrose (SA)
- New JB stores expected to open between now and the year end are:
 - Browns Plains (QLD);
 - Mt Ommaney (QLD); and
 - Palmerston North (NZ).

4. STORE UPDATE....

20 stores opened YTD....



▪ 23 new stores to open in FY10 (20 opened YTD)

▪ 23 JB Hi-Fi stores:

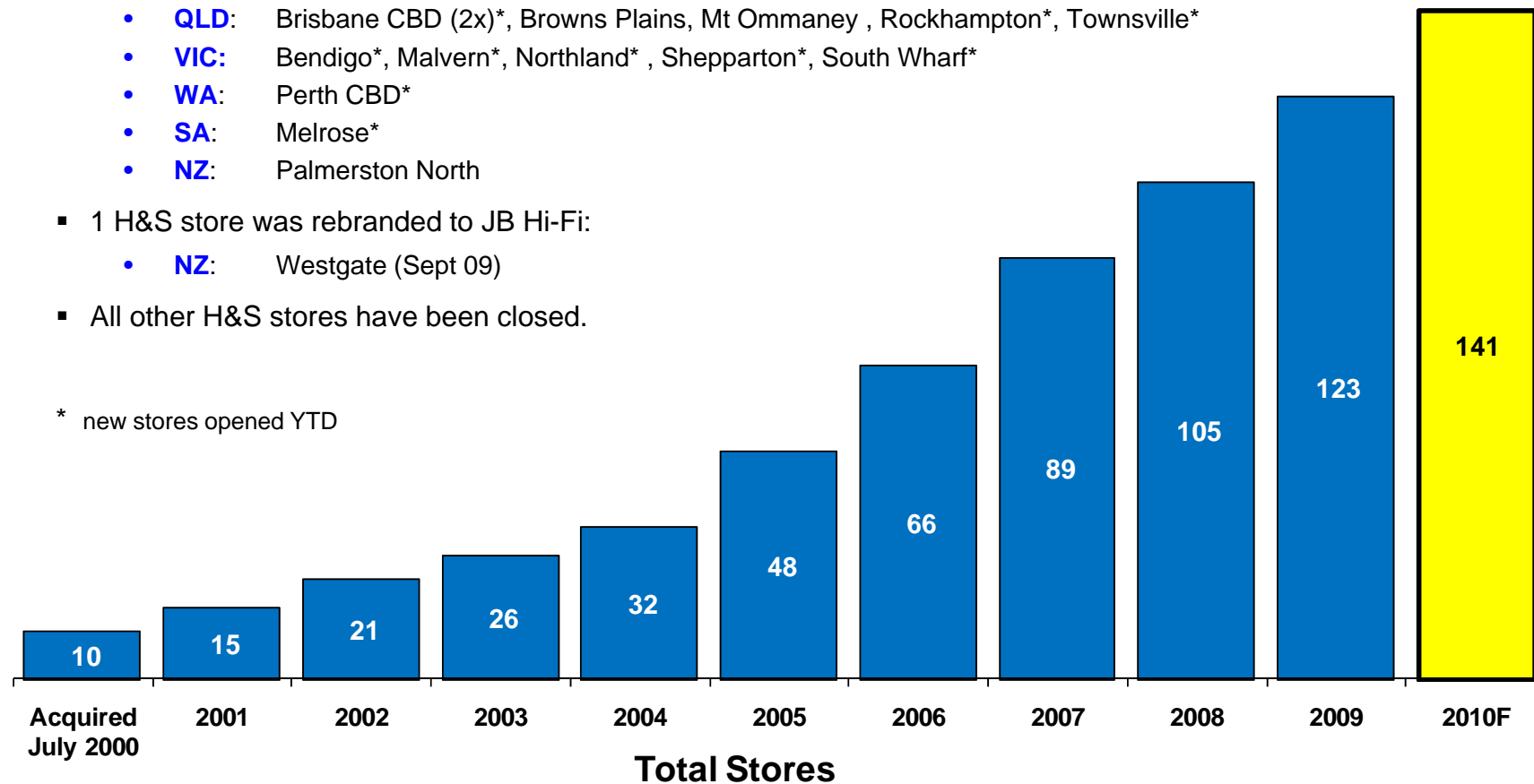
- **NSW:** Albury*, Artarmon*, Belrose*, Eastgardens*, Moore Park*, Top Ryde*, Wollongong Central*, World Square*, Wagga Wagga*
- **QLD:** Brisbane CBD (2x)*, Browns Plains, Mt Ommaney , Rockhampton*, Townsville*
- **VIC:** Bendigo*, Malvern*, Northland* , Shepparton*, South Wharf*
- **WA:** Perth CBD*
- **SA:** Melrose*
- **NZ:** Palmerston North

▪ 1 H&S store was rebranded to JB Hi-Fi:

- **NZ:** Westgate (Sept 09)

▪ All other H&S stores have been closed.

* new stores opened YTD



4. STORE UPDATE....

Store growth



- The company has a stated target of 210 JB stores for Australia & New Zealand.
- Taking into account the 23 new stores in FY10, we still have another 80 JB stores to open.
- Expect to open 13 – 15 per year.
- Many years of store rollouts ahead of us.
- Anticipate a solid pipeline of stores for FY11.
- In Australia, there are 88 shopping centres with annual turnover in excess of \$200m. JB is not represented in 33 of these centres¹.

¹ JB analysis and "Shopping Centre News", Vol 28, Number 1, 2010, p.44

4. STORE UPDATE....

Store ramp up profile & maturity mix

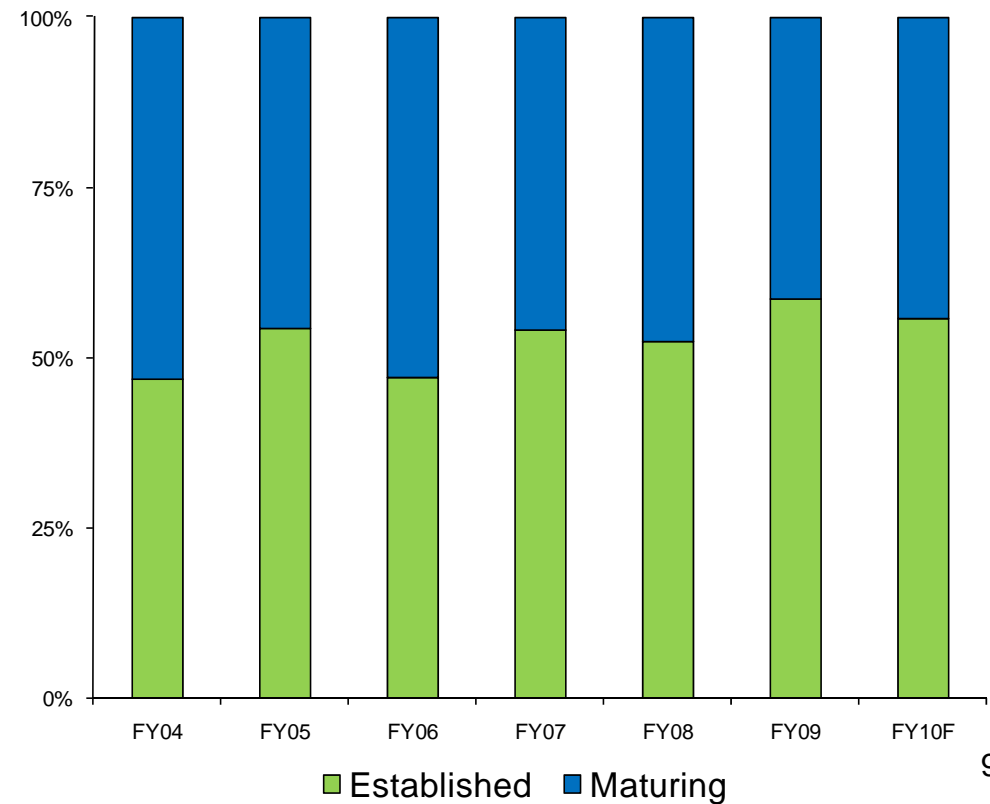


- Store Ramp Up Profile - a JB Hi-Fi store takes on average 2.5/3 years to mature, sales mature faster than earnings.
- Nearly half of our stores are still in their maturity ramp up and with many new stores expected to open in FY11, JB will continue to enjoy strong sales and earnings momentum as its recently opened stores mature.

Store ramp up profile



Store maturity mix



5. CEO Transition



CEO transition going very well

- All senior management positions, roles and responsibilities in place.
- Extensive contact with suppliers and other stakeholders.
- Richard Uechritz to retire at the end of May 2010.

WHAT'S NEW ?

- Movies – Avatar.
- 3D TV.
- World Cup 2010.
- Digital switchover.
- Visual – Merchandising improvements.
- E-Readers.
- Gaming category growth.
- Mobile payment solution.

7. CLIVE ANTHONYS

New shop fronts completed

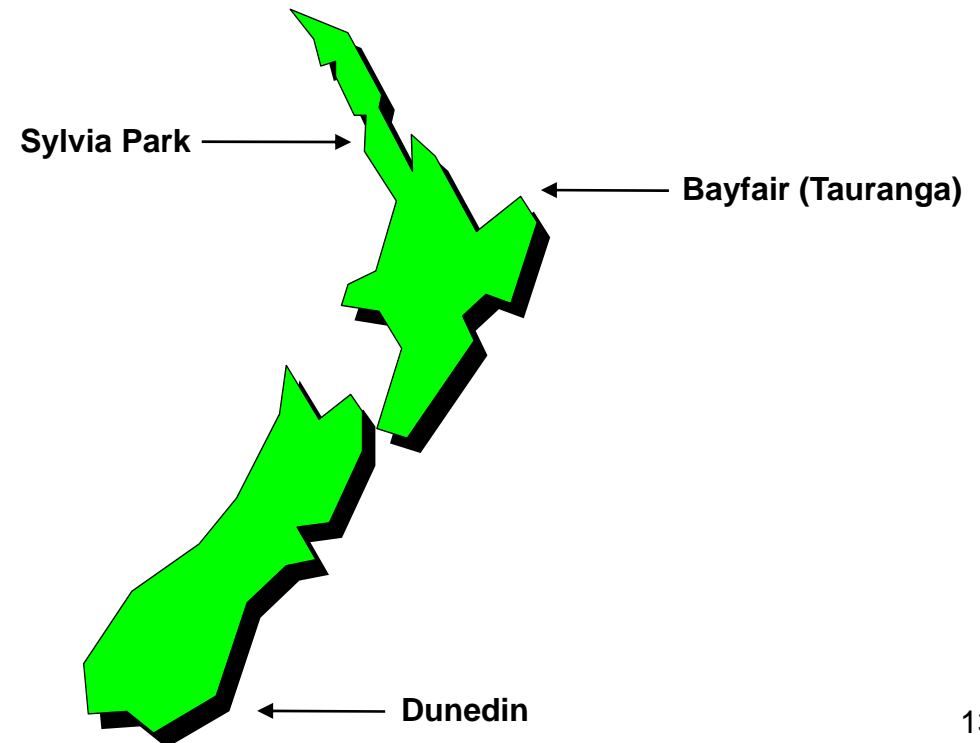


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8. NEW ZEALAND



- Good comparative store growth as the brand achieves increased awareness.
- Gaining scale resulting in improved supplier terms.
- H&S closure successfully completed.
- Local support office now focused on the JB stores only.
- 3 new stores expected to open in FY11:
 - Sylvia Park;
 - Dunedin; and
 - Bayfair (Tauranga).



9. INVESTMENT CHECKLIST



Why JB Hi-Fi should continue to grow and trade well.

- ☑ 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 210 (160 Tier 1 format and 50 Tier 2 format) in Australia and New Zealand (127 as at end April 10)
- ☑ Good growth potential from computer and mobile consumer electronics (telco) categories.
- ☑ Size and continued high growth gives us great buying power and advertising synergies.
- ☑ Low capital investment and high return on invested capital.
- ☑ Low gearing.
- ☑ Strength and depth of management.