

# JB Hi-Fi Limited

## FY21 Results Presentation



# Agenda

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1. Group CEO Transition
2. Group Overview
3. JB HI-FI Australia and JB HI-FI New Zealand
4. The Good Guys
5. Group Balance Sheet and Cash Flow
6. Group FY22 Trading Update
7. Investment Checklist

**Terry Smart**

Incoming Group CEO

**Nick Wells**

Group CFO

**1.**

## **Group CEO Transition Update**

# Group CEO Transition

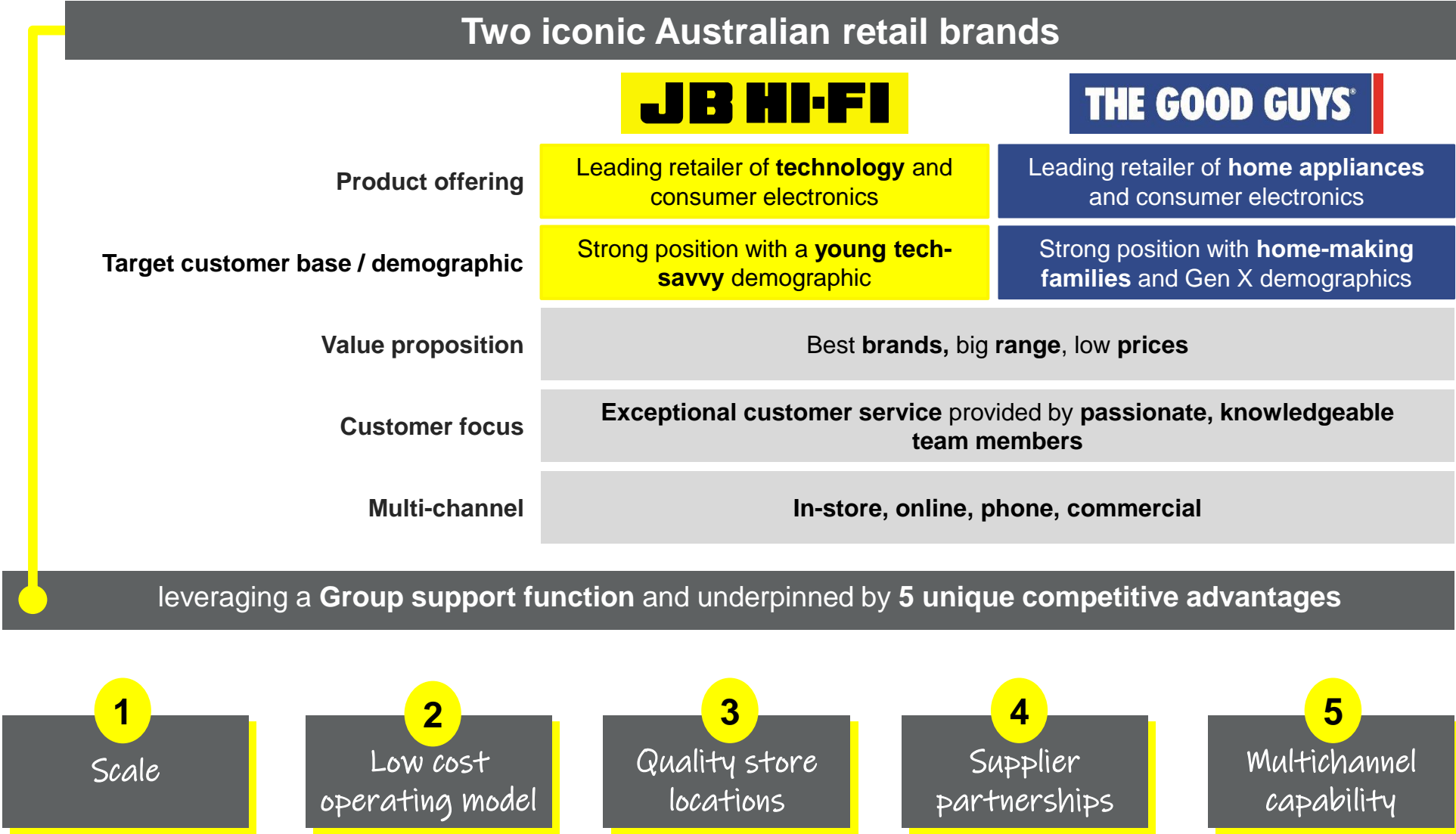
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- As previously announced:
  - Richard Murray to leave JB HI-FI for a new role;
  - Terry Smart to succeed Richard Murray as Group Chief Executive Officer;
  - Nick Wells, the Group's Chief Financial Officer, will join the Board as an Executive Director; and
  - Biag Capasso appointed as Managing Director of The Good Guys
- Tania Garonzi has been appointed as Merchandise Director of The Good Guys. Tania joins The Goods Guys from Hisense Australia where she was the General Manager for 15 years and oversaw the introduction and successful establishment of the Hisense brand in the Australian market
- All transitions have progressed well with Terry to formally commence as Group Chief Executive Officer at the end of August 2021

# 2.

## Group Overview

# Group Model

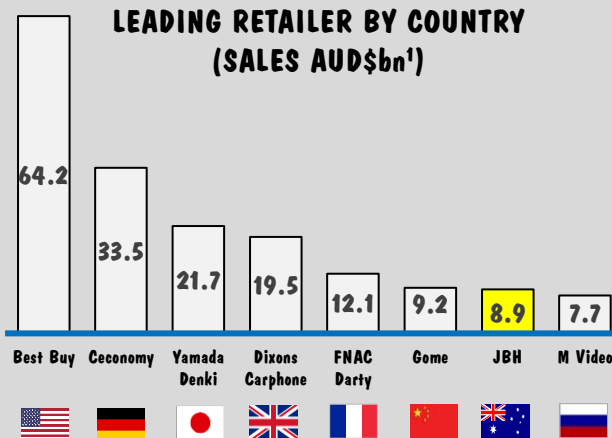


# Group Model

## Underpinned by 5 unique competitive advantages

### 1 Scale

- #1 player in Australian market with opportunity for further consolidation
- Global supplier relevance
- Spread investments across a large base and drive efficiencies



<sup>1</sup>Source: Sales as reported in each company's most recent full year result translated to AUD.

### 2 Low Cost Operating Model

- Low CODB relative to retail peers driven by:
  - Productive floor space with high sales per square metre
  - Continued focus on productivity and minimising unnecessary expenditure
- Enabler for maintaining low prices (gross margins of ~22%) and responding to market prices

### 4 Supplier Partnerships

- Strong partnerships with all major suppliers, both locally and globally
- Store locations and high traffic websites provide suppliers with high visibility for their product
- Knowledgeable team members assist and inform the customer of product benefits
- Dual brand retail approach provides:
  - Ranging and merchandising optionality
  - Ability to execute strategic initiatives at scale

### 3 Quality Store Locations

#### JB HI-FI

- Major shopping centres, CBD, homemaker centres, airports
- High foot traffic and convenient locations

#### The Good Guys

- Leading homemaker centres and standalones
- Destination locations, easily accessible

### 5 Multichannel Capability

- Integrated, high quality in-store, online and phone offer that provides customers with choice on how to transact with us
- Store network provides:
  - Fast online fulfilment, via delivery from store or click and collect
  - Online customers with after sales service and support
- National Commercial business supporting corporate, government and education customers

# Generating sustainable long-term growth

The Group today released its FY21 Sustainability Report, outlining our commitment to having a positive impact on our people, our community and our environment

## Sustainability Policy focus areas

## FY21 Achievements

### Our People & Culture



- Diversity & inclusion
- Employee health and safety
- Employee engagement, communication and employment practices
- Responsible business

- Prioritised the safety of team members through Covid-19
- Roll out of an updated Equal Opportunity and Workplace Behaviour policy to all team members
- Launched a set of Diversity and Inclusion initiatives, to continue to improve diversity in leadership and inclusion

### Our Communities



- Community investment
- Ethical Sourcing

- FY21 workplace giving donations totalling \$3.7 million and \$28.1 million since inception, with JB HI-FI's Helping Hands program winning Workplace Giving Australia's 2020 Best Overall Program and Best Innovation awards
- Completed our first Modern Slavery Statement outlining the actions that we are taking to address the risk of modern slavery to our business and supply chain
- Continued to work with suppliers to embed our ethical sourcing policy

### Our Environment



- Product & waste recycling
- Packaging
- Emissions & energy

- The Group is committing to net-zero direct carbon emissions by 2030, and recently installed solar power generation at our JB HI-FI Chadstone Homemaker Centre store
- Continued to explore waste reduction, re-use and recycling initiatives led by the Group's operational waste and recycling working group
- Continuous improvements in sustainable packaging

The FY21 Sustainability Report can be found on the Group's investor website (<https://investors.jbhifi.com.au/>)



# Group FY21 Performance

## FY21 Group Performance

AUD	FY21	FY20	Growth		
Total sales (\$m)	8,916.1	7,918.9	997.2	12.6%	▲
Earnings before interest and tax (\$m)	743.1	483.3	259.8	53.8%	▲
Net profit after tax (\$m)	506.1	302.3	203.8	67.4%	▲
Earnings per share (basic ¢)	440.8	263.1	+178 cps	67.5%	▲
Dividend per share (¢)	287.0	189.0	+98 cps	51.9%	▲

# Group FY21 Performance

## FY21 Divisional Performance

	FY21	FY20	Growth	
			\$m	%
<b>Sales (\$m)</b>				
- JB HI-FI Australia	5,956.8	5,318.9	638.0	12.0% ▲
- JB HI-FI New Zealand (NZD)	261.6	222.8	38.8	17.4% ▲
- The Good Guys	2,715.7	2,388.8	326.9	13.7% ▲
<b>Total Sales (AUDm)</b>	<b>8,916.1</b>	<b>7,918.9</b>	<b>997.2</b>	<b>12.6% ▲</b>
<b>EBIT (\$m)</b>				
- JB HI-FI Australia	523.0	391.5	131.5	33.6% ▲
- JB HI-FI New Zealand (NZD)	5.8	(22.3)	28.1	n/m ▲
- The Good Guys	214.7	112.9	101.8	90.2% ▲
<b>Total EBIT (AUDm)</b>	<b>743.1</b>	<b>483.3</b>	<b>259.8</b>	<b>53.8% ▲</b>
<b>EBIT Margin (%)</b>				
- JB HI-FI Australia	8.78%	7.36%	+142 bps	▲
- JB HI-FI New Zealand	2.23%	(10.01%)	+1224 bps	▲
- The Good Guys	7.90%	4.72%	+318 bps	▲
<b>Total EBIT Margin (%)</b>	<b>8.33%</b>	<b>6.10%</b>	<b>+223 bps</b>	<b>▲</b>

# Group Highlights

## Group FY21 Financial achievements

- Sales up 12.6% to \$8.9 billion, with continued heightened customer demand for consumer electronics and home appliance products
- Exceptional growth Online, with sales up 78.1% to \$1.1 billion, representing 11.9% of total sales (FY20: 7.5%). Excluding Victorian sales where stores were temporarily closed during 1HY21, Online sales represented 10.3% of total sales
- EBIT up 53.8% to \$743.1 million. Strong operating leverage from elevated sales, gross margin expansion and disciplined cost control
- NPAT up 67.4% to \$506.1 million
- EPS up 67.5% to 440.8cps
- Final Dividend per share up 17.0 cps or 18.9% to 107.0 cps, bringing the total dividend for FY21 to 287.0 cps, up 98.0 cps or 51.9%

## Group Operational achievements

- The health, safety and wellbeing of our team members, customers, business partners and the wider community remained the Group's highest priority
- Continued to respond and adapt to the challenges resulting from Covid-19, with a well executed promotional program and a high level of customer service maintained across stores, online and supply chain
- Key executive appointments from internal promotions with Terry Smart as Group CEO and Biag Capasso as Managing Director of The Good Guys, demonstrating the depth and strength of the management team
- Continued investments in online and supply chain operations, including upgrades to the websites and expanded delivery and warehouse options
- Continued investment in sustainability initiatives including committing to net-zero direct (scope 1 and 2) carbon emissions by 2030
- Continued expansion of and investment in our Group Commercial businesses' product and service offering



**3.**

**JB HI-FI Australia and  
New Zealand**

# JB HI-FI Australia FY21 Performance

AUD	FY21	FY20	Growth
Sales (\$m)	5,956.8	5,318.9	12.0% ▲
Gross Profit (\$m)	1,325.2	1,169.0	13.4% ▲
Gross Margin (%)	22.25%	21.98%	+27 bps ▲
Cost of Doing Business (%)	11.19%	12.10%	(91 bps) ▼
EBITDA (\$m)	658.5	525.6	25.3% ▲
EBITDA Margin (%)	11.06%	9.88%	+117 bps ▲
EBIT (\$m)	523.0	391.5	33.6% ▲
EBIT Margin (%)	8.78%	7.36%	+142 bps ▲

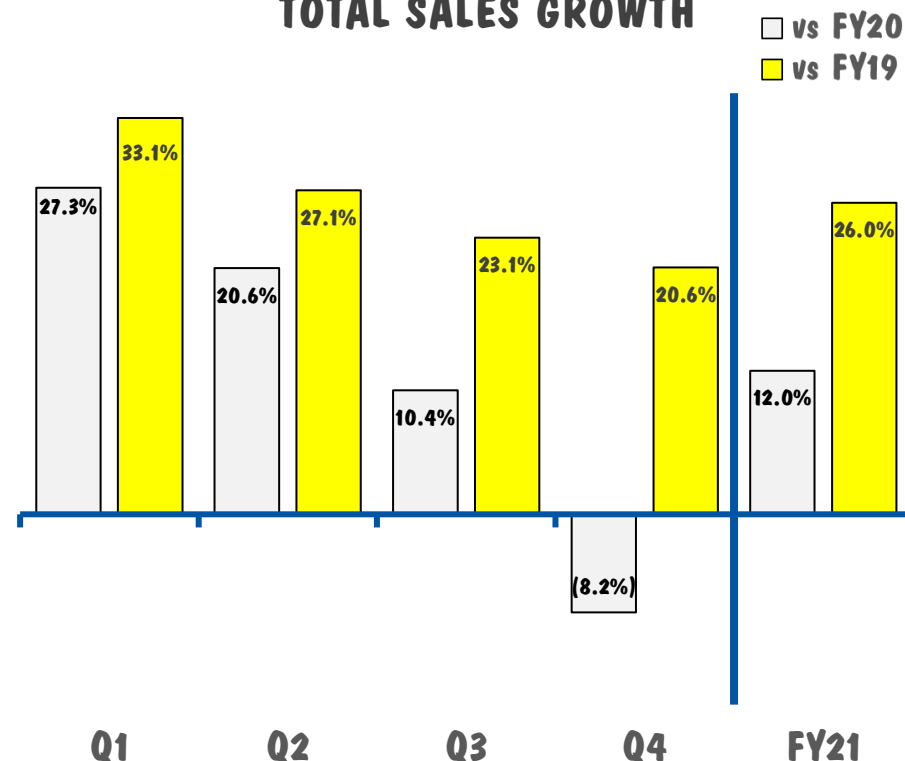
# JB HI-FI Australia FY21 Performance

## FY21 Sales

- Total sales grew by 12.0% to \$5.96 billion, with comparable sales up 13.0%. Sales momentum was strong through the year, with heightened customer demand for consumer electronics and home appliance products
- Hardware and Services<sup>1</sup> sales were up 14.1%, with comparable sales up 15.1% driven by the Communications, Computers, Games Hardware, Visual and Small Appliances categories
- Software sales were down 14.5% with comparable sales down 14.2% as a result of a decline in the Movies and Games Software categories offset by growth in Music. Software sales were 5.5% of total sales (FY20: 7.3%)
- Online sales grew 93.0% (FY20: 56.6%) to \$780.0 million or 13.1% of total sales (FY20: 7.6%). Excluding Victorian sales during the period where stores were temporarily closed during 1HY21, Online sales represented 11.1% of total sales. Our ability to scale and maintain a high level of customer service and on-time delivery throughout the year was very pleasing
- The Commercial business recorded solid sales growth as we continue to expand our product and service offering

<sup>1</sup> Hardware & Services is defined as all sales excluding the Movies, Music and Games Software categories

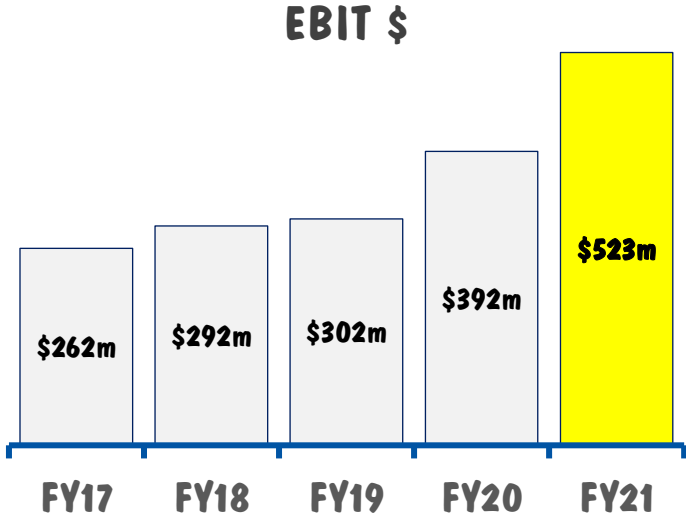
## TOTAL SALES GROWTH



# JB HI-FI Australia FY21 Performance

## FY21 Earnings

- FY21 gross profit increased by 13.4% to \$1.33 billion whilst gross margin was up 27 bps at 22.2%, driven by strong improvements in key categories
- CODB was 11.2%, down 91 bps. CODB in absolute terms grew 3.6% with disciplined cost control throughout the year
- Depreciation grew by 1.0% with an increase in both depreciation on right-of-use assets and fixed assets
- EBIT was up 33.6% to \$523.0 million with EBIT margin up 142 bps to 8.8%



# JB HI-FI New Zealand FY21 Performance

NZD	FY21	FY20	Growth
Sales (\$m)	261.6	222.8	17.4% ▲
Gross Profit (\$m)	46.6	36.8	26.6% ▲
Gross Margin (%)	17.83%	16.54%	+129 bps ▲
Cost of Doing Business (%)	13.12%	14.21%	(109 bps) ▼
EBITDA (\$m)	12.3	5.2	137.5% ▲
EBITDA Margin (%)	4.70%	2.32%	+238 bps ▲
EBIT (\$m)	5.8	(22.3)	n/m ▲
EBIT Margin (%)	2.23%	(10.01%)	+1224 bps ▲
Underlying EBIT (\$m)	6.0 <sup>2</sup>	(1.2) <sup>1</sup>	n/m ▲
Underlying EBIT Margin (%)	2.28%	(0.52%)	+280 bps ▲

<sup>1</sup> FY20 Underlying EBIT excludes a NZD21.1m non-cash impairment of JB HI-FI New Zealand right of use assets and fixed assets

<sup>2</sup> FY21 Underlying EBIT excludes the benefit of a NZD6.3m reduction to depreciation expense arising from the FY20 impairment offset by a NZD6.5m non-cash impairment of JB HI-FI New Zealand right of use assets and fixed assets

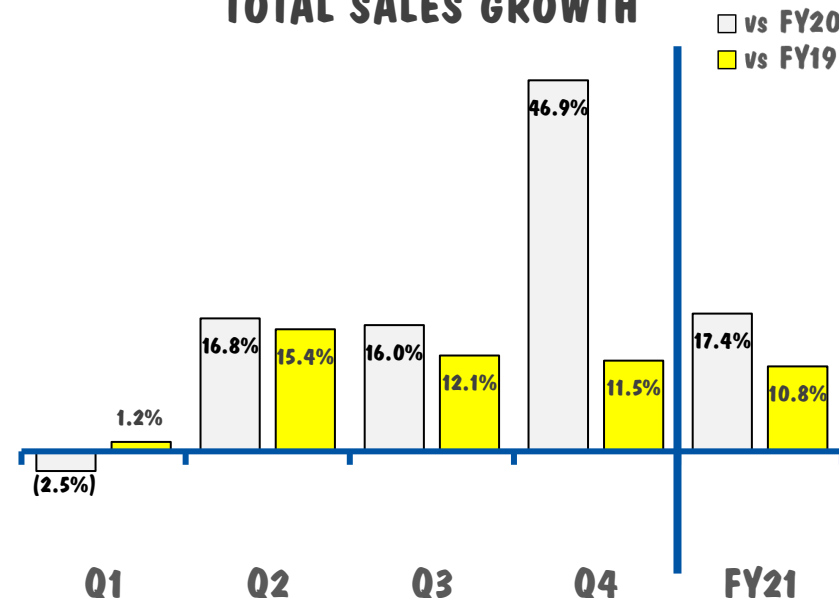


# JB HI-FI New Zealand FY21 Performance

## FY21 Sales

- Total sales were up 17.4% to NZD261.6 million, with comparable sales up 17.4%.
- Hardware and Services<sup>1</sup> sales were up 18.3%, with comparable sales up 18.3% driven by the Computers, Visual, Communications, Games Hardware and Small Appliance categories
- Software sales were up 7.4% with comparable sales up 7.4%, with a decline in Movies category offset by growth in Music and Games Software. Software sales were 7.1% of total sales (FY20: 7.8%)
- Online sales grew 35.6% to NZD27.6 million or 10.6% of total sales (FY20: 9.1%)

## TOTAL SALES GROWTH

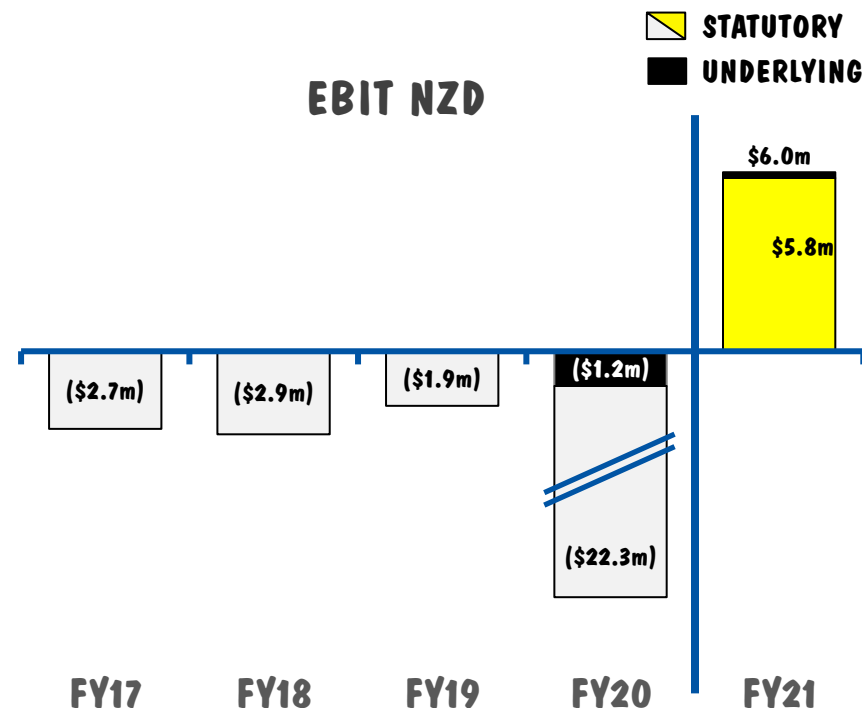


<sup>1</sup> Hardware & Services is defined as all sales excluding the Movies, Music and Games Software categories

# JB HI-FI New Zealand FY21 Performance

## FY21 Earnings

- Gross margin was up 129 bps to 17.8%
- CODB was 13.1%, down 109 bps, and in absolute terms grew by 8.4% as store wages remained well controlled
- EBITDA was NZD12.3 million, up 137.5%, driven by sales growth, gross margin expansion and cost control
- Statutory EBIT was NZD5.8 million, up NZD28.1 million from a loss of NZD22.3 million in FY20. Underlying EBIT, excluding the impact of impairments in the current and prior year (refer page 16), was NZD6.0 million, up NZD7.2 million



# JB HI-FI Australia and New Zealand Focus Areas

JB HI-FI continues to execute well, whilst positioning for future growth

## FY22 Focus Areas

<i>Covid-19</i>	<ul style="list-style-type: none"> <li>Continue to prioritise the safety of team members and customers through Covid-19</li> <li>Continue to adapt and respond to our customers' changing needs</li> </ul>
<i>Sales</i>	<ul style="list-style-type: none"> <li>Continue driving sales across all channels - in-store, online, phone and commercial</li> <li>Focus on growing top line sales and gross profit dollars</li> </ul>
<i>Stores</i>	<ul style="list-style-type: none"> <li>Continue investment in, and optimisation of, the store network to maximise profitability</li> <li>Continue to trial alternate store formats to increase market penetration</li> </ul>
<i>eCommerce</i>	<ul style="list-style-type: none"> <li>Leverage new ecommerce platform and continue to build on capability</li> <li>Continue to meet changing customer needs through our Online offer, including the expansion of payment options with BNPL</li> <li>Continue to integrate the in-store and online experience</li> </ul>
<i>Category evolution</i>	<ul style="list-style-type: none"> <li>Expansion of Communications, Rideables, Small Appliances and Pop Culture</li> <li>Optimise category space allocation to maintain productivity of floor space</li> </ul>
<i>Supplier Partnerships</i>	<ul style="list-style-type: none"> <li>Build on our partnerships with major suppliers to extend our capabilities</li> </ul>
<i>New Zealand</i>	<ul style="list-style-type: none"> <li>Continue to execute on strategy to improve performance in New Zealand</li> </ul>
<i>Services</i>	<ul style="list-style-type: none"> <li>Expand and extend our service offerings</li> <li>Continue to enhance and develop in-store experience</li> </ul>
<i>Productivity</i>	<ul style="list-style-type: none"> <li>Simplify processes and drive productivity, with a focus on improved stock flow into store and back of house operations</li> </ul>

# 4.

## The Good Guys

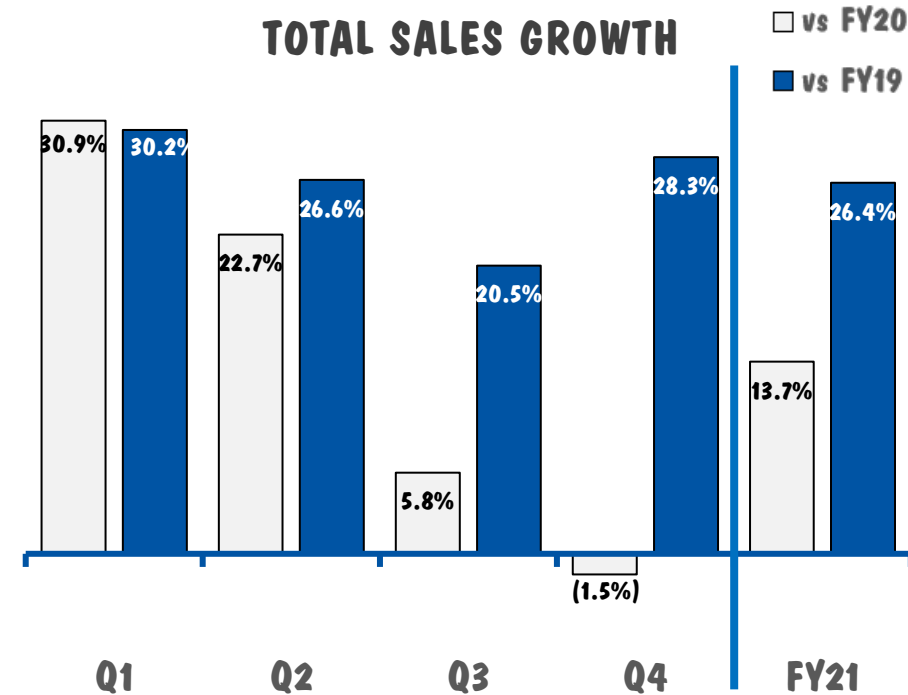
# The Good Guys FY21 Performance

AUD	FY21	FY20	Growth
Sales (\$m)	2,715.7	2,388.8	13.7% ▲
Gross Profit (\$m)	608.6	490.2	24.2% ▲
Gross Margin (%)	22.41%	20.52%	+189 bps ▲
Cost of Doing Business (%)	11.67%	12.67%	(100 bps) ▼
EBITDA (\$m)	291.7	187.4	55.6% ▲
EBITDA Margin (%)	10.74%	7.85%	+289 bps ▲
EBIT (\$m)	214.7	112.9	90.2% ▲
EBIT Margin (%)	7.90%	4.72%	+318 bps ▲

# The Good Guys FY21 Performance

## FY21 Sales

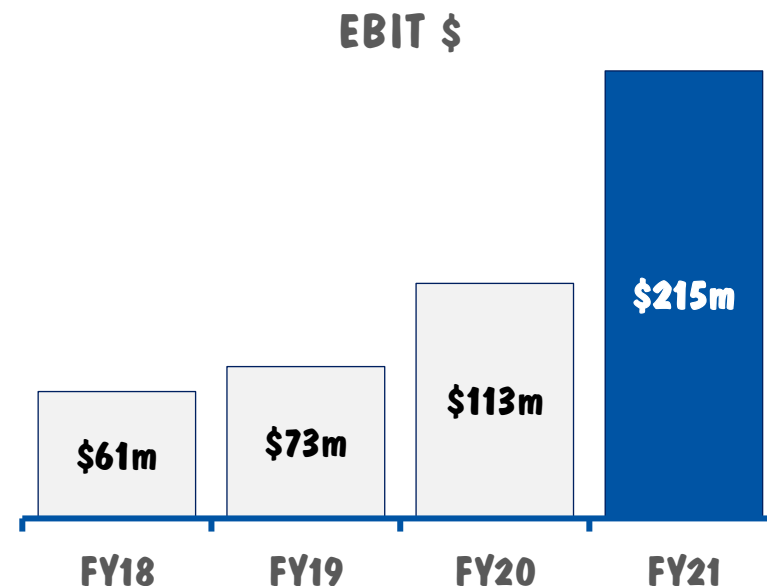
- Total sales grew by 13.7% to \$2.72 billion, with comparable sales up 13.7%. Sales momentum was strong through the year, with heightened customer demand for home appliance and consumer electronics products
- The key growth categories were Refrigeration, Laundry, Floorcare, Portable Appliances and Visual
- Online sales were up 48.5% to \$258.3 million or 9.5% of total sales (FY20: 7.3%). Excluding Victorian sales during the period where stores were temporarily closed during 1HY21, Online sales represented 8.4% of total sales. Our ability to scale and maintain a high level of customer service and on-time delivery throughout the year with significantly increased volume was very pleasing



# The Good Guys FY21 Performance

## FY21 Earnings

- Gross profit was \$608.6 million with gross margin up 189 bps to 22.4%, driven by strong improvements in key categories
- CODB was 11.7%, down 100bps, and in absolute terms grew 4.7% as store wages remained well controlled throughout the year
- Depreciation grew by 3.3% with an increase in both depreciation on right-of-use assets and fixed assets
- Strong operating leverage from the elevated sales growth, gross margin expansion and disciplined cost control drove strong EBIT growth, up 90.2% to \$214.7 million and EBIT margin was up 318 bps to 7.9%



# The Good Guys Focus Areas

The Good Guys continues to leverage its unique offer and capabilities with opportunities for improvement

## FY22 Focus Areas

<i>Covid-19</i>	<ul style="list-style-type: none"> <li>▪ Continue to prioritise the safety of team members and customers through Covid-19</li> <li>▪ Continue to adapt and respond to our customers' changing needs</li> </ul>
<i>Sales</i>	<ul style="list-style-type: none"> <li>▪ Continue driving sales across all channels - in-store, online, phone and commercial</li> </ul>
<i>Stores</i>	<ul style="list-style-type: none"> <li>▪ Continue the store upgrade program that focuses on adjacencies, supporting growth categories and showcasing the home appliance categories</li> </ul>
<i>eCommerce</i>	<ul style="list-style-type: none"> <li>▪ Leverage multichannel capability to further connect the online and in-store experience</li> <li>▪ Continue to meet changing customer needs through our Online offer, including the expansion of payment options with BNPL</li> </ul>
<i>Category evolution</i>	<ul style="list-style-type: none"> <li>▪ Establish leading position in the growing Connected Home Appliances market</li> <li>▪ Continue expansion of Telco product and services in partnership with Telstra</li> </ul>
<i>Supplier Partnerships</i>	<ul style="list-style-type: none"> <li>▪ Continue to build on supplier relationships</li> <li>▪ Continue to enhance and evolve offer with improved ranging and the introduction of new brands such as Miele in Premium Cooking, SMEG in Portable Appliances and Loewe in Televisions</li> </ul>
<i>Delivery experience</i>	<ul style="list-style-type: none"> <li>▪ Utilise Group supply chain capability to provide customers an enhanced delivery experience</li> </ul>
<i>Productivity</i>	<ul style="list-style-type: none"> <li>▪ Roll out of technology to streamline in-store processes</li> <li>▪ Focus on inventory efficiency – right product, right time and at the right price</li> </ul>



# **5.**

## **Group Balance Sheet And Cash Flow**

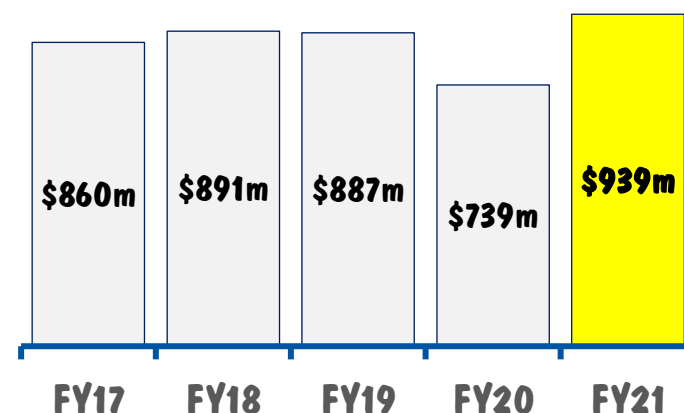
# Group Balance Sheet and Cash Flow

## Group Balance Sheet

AUDm	FY21	FY20	FY19 (Pre AASB 16)
Cash	263.2	251.5	119.2
Receivables	211.6	220.3	254.4
Inventories	938.8	739.3	886.7
Other	35.7	34.7	34.6
<b>Total Current Assets</b>	<b>1,449.3</b>	<b>1,245.8</b>	<b>1,294.9</b>
Fixed Assets	169.0	172.3	191.5
Intangibles & Goodwill	1,031.4	1,031.4	1,037.3
Other	69.3	60.6	43.5
Right of Use Asset	536.3	642.2	-
<b>Total Non-Current Assets</b>	<b>1,806.0</b>	<b>1,906.5</b>	<b>1,272.3</b>
<b>Total Assets</b>	<b>3,255.3</b>	<b>3,152.3</b>	<b>2,567.2</b>
Payables	777.4	854.1	672.7
Other	410.6	327.8	272.8
Lease Liabilities	167.3	164.0	-
<b>Total Current Liabilities</b>	<b>1,355.3</b>	<b>1,345.9</b>	<b>945.5</b>
Borrowings	-	-	439.1
Other	127.6	123.1	138.5
Lease Liabilities	464.0	577.6	-
<b>Total Non-Current Liabilities</b>	<b>591.6</b>	<b>700.7</b>	<b>577.6</b>
<b>Total Liabilities</b>	<b>1,946.9</b>	<b>2,046.6</b>	<b>1,523.1</b>
<b>Net Assets</b>	<b>1,308.4</b>	<b>1,105.7</b>	<b>1,044.1</b>
<b>Net Debt / (Net Cash)<sup>1</sup></b>	<b>(263.2)</b>	<b>(251.5)</b>	<b>319.9</b>

<sup>1</sup> Net Debt / (Net Cash) excluding AASB 16 Lease Liability

## INVENTORY



- Inventory at June finished at \$938.8 million, up \$199.5 million, as inventory availability continued to improve from the low FY20 closing inventory position resulting from Covid-19 related supply shortages. Inventory turnover was up 61 bps to 8.3x (FY20: 7.7x)
- Payables, which ordinarily would grow in line with inventory, were down year on year as inventory was purchased earlier to replenish inventory levels and support the continued heightened customer demand
- Receivables were down year on year, as we continue to actively manage outstanding receivables
- Other Current Liabilities increased primarily due to income tax payable arising from the elevated profit in the period

# Group Balance Sheet and Cash Flow

## Group Cash Flow Statement

AUDm	FY21	FY20	FY19 (Pre AASB 16)
<b>EBITDA</b>	<b>961.6</b>	<b>718.0</b>	<b>429.1</b>
Change in Working Capital	(241.0)	402.1	(16.9)
Net Interest Paid on Borrowings	(1.7)	(10.4)	(13.1)
Interest on lease liabilities	(21.3)	(24.9)	-
Income Tax Paid	(158.7)	(118.2)	(116.4)
Other	19.7	14.7	18.9
<b>Net Cash Flow from Operations</b>	<b>558.7</b>	<b>981.3</b>	<b>301.6</b>
Purchases of P&E (net)	(57.7)	(43.0)	(59.1)
<b>Net Cash Flow from Investing</b>	<b>(57.7)</b>	<b>(43.0)</b>	<b>(59.1)</b>
Proceeds / (Repayment) of borrowings	-	(440.0)	(30.5)
Repayment of lease liabilities	(168.9)	(161.8)	-
Proceeds from issue of equity	-	1.3	1.9
Shares acquired by the employee share trust	(10.2)	(32.9)	(8.8)
Dividends Paid	(310.2)	(172.3)	(157.4)
Other	-	(0.1)	(0.6)
<b>Net Cash Flow from Financing</b>	<b>(489.3)</b>	<b>(805.8)</b>	<b>(195.4)</b>
Net Change in Cash Position	11.7	132.5	47.1
Effect of exchange rates	(0.0)	(0.2)	0.0
<b>Cash at the end of Period</b>	<b>263.2</b>	<b>251.5</b>	<b>119.2</b>
<b>Free Cash Flow<sup>1</sup></b>	<b>332.0</b>	<b>776.5</b>	<b>242.6</b>
<b>Net Debt / (Net Cash) at the end of Period<sup>2</sup></b>	<b>(263.2)</b>	<b>(251.5)</b>	<b>319.9</b>

<sup>1</sup> Free Cash Flow = Net Cash Flow from Operations less Purchases of P&E (net) and repayment of lease liabilities

<sup>2</sup> Net Debt / (Net Cash) excluding AASB 16 Lease Liability

<sup>3</sup> Pre AASB16

## Group Performance Indicators

	FY21	FY20	FY19
Fixed Charge Ratio <sup>3</sup>	4.6x	3.4x	3.0x
Interest Cover <sup>3</sup>	228.4x	40.4x	26.1x
Gearing Ratio <sup>3</sup>	0.0	0.0	1.0
Return on Invested Capital	71.1%	51.3%	27.3%

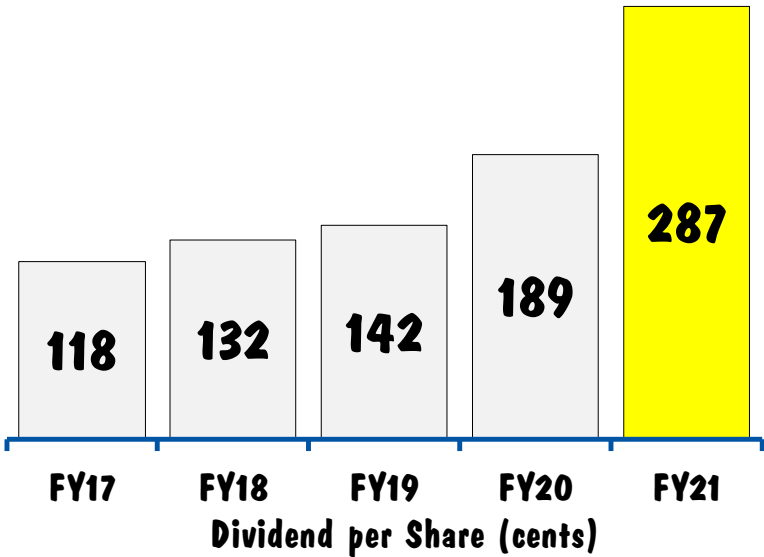
- Operating cash flows and operating cash conversion were impacted by the increases to working capital required to replenish inventory levels from the low FY20 closing position, but remain strong over two years
- Capex remains in line with expectations as we continue to invest in the store portfolio, our online offerings and strategic initiatives
- Dividends increased following strong increases in Net Profit
- Closing FY21 Net Cash was \$263.2m

# Group Balance Sheet and Cash Flow

## Capital Management

- The final dividend is 107 cents per share (cps) fully franked, up 17 cps or 18.9%, bringing the total dividend for FY21 to 287 cps, up 98 cps or 51.9%, and representing 65% of NPAT
- The Board will continue to regularly review the Company’s capital structure with a focus on maximising returns to shareholders and maintaining balance sheet strength and flexibility
- The record date for the final dividend is 27 August 2021, with payment to be made on 10 September 2021

**TOTAL DIVIDEND UP 51.9% TO 287 CPS**



# **6.**

## **FY22 Trading Update**

# Group FY22 Trading Update

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## FY22 YTD sales update and outlook

- The Group provides the following FY22 YTD sales update, for the period 1 July 2021 to 15 August 2021:

Sales Growth FY22 YTD	Comparable		Total	
	vs FY21	vs FY20	vs FY21	vs FY20
JB HI-FI Australia	(14.9%)	19.4%	(14.6%)	19.1%
JB HI-FI New Zealand (NZD)	8.4%	14.8%	8.4%	14.8%
The Good Guys	(8.6%)	28.2%	(8.1%)	28.9%

- Whilst we have experienced some disruption and variability to sales as a result of the various state based COVID restrictions, we have continued to see heightened customer demand and strong sales growth rates over a two-year period
- In view of the ongoing uncertainty arising from Covid-19, we do not currently consider it appropriate to provide FY22 sales and earnings guidance

# **7.**

## **Investment Checklist**

# Investment Checklist

Unique and relevant brands		High quality store portfolio and unrivalled customer service	
Flexible business model – history of category growth and development		Multichannel capability	
Diversity of product categories across brands		Experienced management team	
Scale operator, market leader		High return on invested capital	
Global best in class metrics including low cost of doing business and high sales per square metre		Shareholder return focused – through proactive capital management and dividend policies	



# Appendices

# Appendix I

## a) Group Profit and Loss

AUDm	FY21	FY20	FY19 (Pre AASB16)	FY18 (Pre AASB16)	FY17 <sup>1</sup> (Pre AASB16)
<b>Sales</b>	<b>8,916.1</b>	<b>7,918.9</b>	<b>7,095.3</b>	<b>6,854.3</b>	<b>5,628.0</b>
Gross Profit	1,977.2	1,694.1	1,527.1	1,470.3	1,230.5
<i>Gross Margin</i>	<i>22.18%</i>	<i>21.39%</i>	<i>21.52%</i>	<i>21.45%</i>	<i>21.86%</i>
EBITDA	961.6	718.0	429.1	411.7	360.3
Depreciation & Impairment	218.5	234.7	56.2	61.1	53.9
<b>EBIT</b>	<b>743.1</b>	<b>483.3</b>	<b>372.8</b>	<b>350.6</b>	<b>306.3</b>
<i>EBIT Margin</i>	<i>8.33%</i>	<i>6.10%</i>	<i>5.25%</i>	<i>5.11%</i>	<i>5.44%</i>
Interest on Lease Liabilities	21.3	24.9	-	-	-
Net Interest on Paid Borrowings	1.8	10.4	13.6	16.1	9.0
<b>Profit before Tax</b>	<b>720.0</b>	<b>448.0</b>	<b>359.3</b>	<b>334.5</b>	<b>297.3</b>
Tax Expense	213.9	145.7	109.5	101.3	89.6
<b>NPAT</b>	<b>506.1</b>	<b>302.3</b>	<b>249.8</b>	<b>233.2</b>	<b>207.7</b>
<b>Headline Statistics:</b>					
Dividends per share (¢)	287.0	189.0	142.0	132.0	118.0
Earnings per share (basic ¢)	440.8	263.1	217.4	203.1	186.0
Cost of doing business	11.39%	12.33%	15.47%	15.44%	15.46%

<sup>1</sup> FY17 are underlying results which exclude transaction fees and implementation costs totalling \$22.4m associated with the acquisition of The Good Guys in November 2016 and \$15.8m of fixed asset and goodwill impairments in New Zealand.

# Appendix I

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## b) Group CODB reconciliation

AUDm	FY21	FY20
Other income (ex interest revenue)	(1.3)	(2.5)
Sales and marketing expenses	845.8	809.2
Occupancy expenses	293.6	313.7
<i>less depreciation, amortisation &amp; impairment</i>	(207.6)	(224.1)
Administration expenses	41.3	41.7
<i>less depreciation &amp; impairment</i>	(10.9)	(10.6)
Other expenses	54.7	48.7
<b>CODB</b>	<b>1,015.7</b>	<b>976.2</b>
Sales	8,916.1	7,918.9
<b>CODB (% of sales)</b>	<b>11.39%</b>	<b>12.33%</b>

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## c) 5 year Group Balance Sheet

AUDm	FY21	FY20	FY19 (Pre AASB16)	FY18 (Pre AASB16)	FY17 (Pre AASB16)
Cash	263.2	251.5	119.2	72.0	72.8
Receivables	211.6	220.3	254.4	204.7	193.6
Inventories	938.8	739.3	886.7	891.1	859.7
Other	35.7	34.7	34.6	42.7	41.4
<b>Total Current Assets</b>	<b>1,449.3</b>	<b>1,245.8</b>	<b>1,294.9</b>	<b>1,210.5</b>	<b>1,167.5</b>
Fixed Assets	169.0	172.3	191.5	198.0	208.2
Intangibles & Goodwill	1,031.4	1,031.4	1,037.3	1,037.3	1,037.3
Other	69.3	60.6	43.5	45.9	46.8
Right of Use Asset	536.3	642.2	-	-	-
<b>Total Non-Current Assets</b>	<b>1,806.0</b>	<b>1,906.5</b>	<b>1,272.3</b>	<b>1,281.2</b>	<b>1,292.3</b>
<b>Total Assets</b>	<b>3,255.3</b>	<b>3,152.3</b>	<b>2,567.2</b>	<b>2,491.7</b>	<b>2,459.8</b>
Payables	777.4	854.1	672.7	665.3	644.7
Other	410.6	327.8	272.8	251.9	240.7
Lease Liabilities	167.3	164.0	-	-	-
<b>Total Current Liabilities</b>	<b>1,355.3</b>	<b>1,345.9</b>	<b>945.5</b>	<b>917.2</b>	<b>885.4</b>
Borrowings	-	-	439.1	469.4	558.8
Other	127.6	123.1	138.5	157.5	162.1
Lease Liabilities	464.0	577.6	-	-	-
<b>Total Non-Current Liabilities</b>	<b>591.6</b>	<b>700.7</b>	<b>577.6</b>	<b>626.9</b>	<b>720.9</b>
<b>Total Liabilities</b>	<b>1,946.9</b>	<b>2,046.6</b>	<b>1,523.1</b>	<b>1,544.1</b>	<b>1,606.3</b>
<b>Net Assets</b>	<b>1,308.4</b>	<b>1,105.7</b>	<b>1,044.1</b>	<b>947.6</b>	<b>853.5</b>
<b>Net Debt / (Net Cash)<sup>1</sup></b>	<b>(263.2)</b>	<b>(251.5)</b>	<b>319.9</b>	<b>397.4</b>	<b>486.0</b>

<sup>1</sup> Net Debt / (Net Cash) excluding AASB 16 Lease Liability

# Appendix I

## d) 5 year Group Cash Flow

AUDm	FY21	FY20	FY19 (Pre AASB16)	FY18 (Pre AASB16)	FY17 (Pre AASB16)
<b>EBITDA</b>	<b>961.6</b>	<b>718.0</b>	<b>429.1</b>	<b>411.7</b>	<b>337.9</b>
Change in Working Capital	(241.0)	402.1	(16.9)	(6.6)	(52.7)
Net Interest Paid on Borrowings	(1.7)	(10.4)	(13.1)	(14.5)	(7.6)
Interest on lease liabilities	(21.3)	(24.9)	-	-	-
Income Tax Paid	(158.7)	(118.2)	(116.4)	(114.8)	(98.5)
Other	19.7	14.7	18.9	16.3	11.4
<b>Net Cash Flow from Operations</b>	<b>558.7</b>	<b>981.3</b>	<b>301.6</b>	<b>292.1</b>	<b>190.6</b>
Purchases of P&E (net)	(57.7)	(43.0)	(59.1)	(54.0)	(48.9)
Investments (net of cash acquired)	-	-	-	-	(836.6)
<b>Net Cash Flow from Investing</b>	<b>(57.7)</b>	<b>(43.0)</b>	<b>(59.1)</b>	<b>(54.0)</b>	<b>(885.5)</b>
Borrowings / (Repayments)	-	(440.0)	(30.5)	(89.7)	450.0
Repayment of lease liabilities	(168.9)	(161.8)	-	-	-
Proceeds from issue of Equity	-	1.3	1.9	3.0	395.9
Shares acquired by the employee share trust	(10.2)	(32.9)	(8.8)	-	-
Share issue costs	-	-	-	-	(9.2)
Dividends Paid	(310.2)	(172.3)	(157.4)	(151.6)	(119.1)
Other	-	(0.1)	(0.6)	(0.8)	(1.7)
<b>Net Cash Flow from Financing</b>	<b>(489.3)</b>	<b>(805.8)</b>	<b>(195.4)</b>	<b>(239.1)</b>	<b>715.9</b>
Net Change in Cash Position	11.7	132.5	47.1	(1.0)	21.0
Effect of exchange rates	(0.0)	(0.2)	0.0	0.2	(0.1)
<b>Cash at the end of Period</b>	<b>263.2</b>	<b>251.5</b>	<b>119.2</b>	<b>72.0</b>	<b>72.8</b>
<b>Free Cash Flow<sup>1</sup></b>	<b>332.0</b>	<b>776.5</b>	<b>242.6</b>	<b>238.1</b>	<b>141.7</b>

<sup>1</sup> Free Cash Flow = Net Cash Flow from Operations less Purchases of P&E (net) and repayment of lease liabilities

# Appendix II

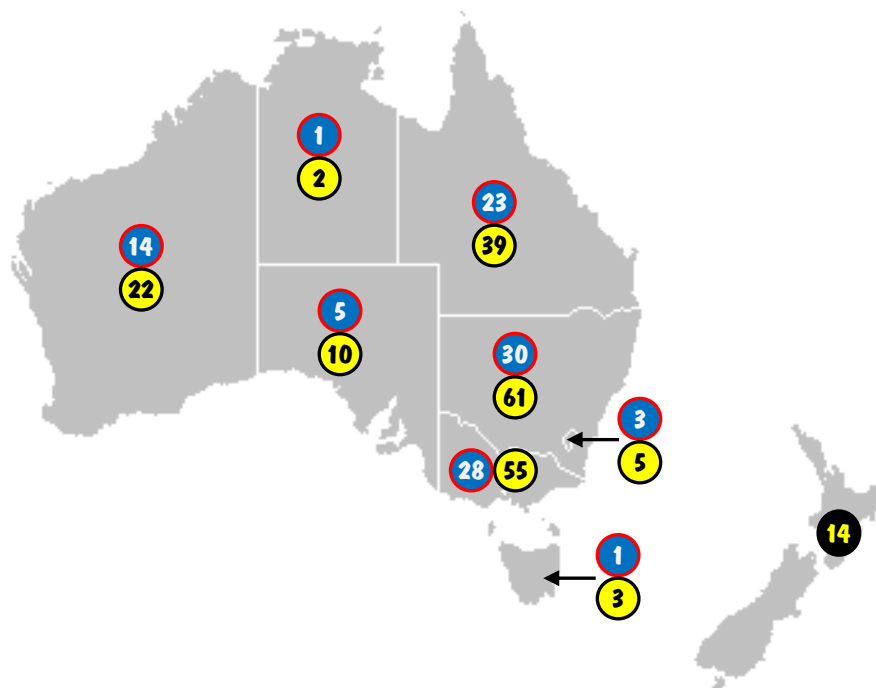
## e) Group Profit and Loss – Breakdown

AUDm	FY21				FY20				Growth
	JB HI-FI AUST	JB HI-FI NZ (NZD)	TGG	Group	JB HI-FI AUST	JB HI-FI NZ (NZD)	TGG	Group	
<b>Sales</b>	5,956.8	261.6	2,715.7	<b>8,916.1</b>	5,318.9	222.8	2,388.8	<b>7,918.9</b>	<b>12.6%</b> ▲
Gross Profit	1,325.2	46.6	608.6	1,977.2	1,169.0	36.8	490.2	1,694.1	16.7% ▲
Gross Margin	22.25%	17.83%	22.41%	22.18%	21.98%	16.54%	20.52%	21.39%	+78 bps ▲
EBITDA	658.5	12.3	291.7	961.6	525.6	5.2	187.4	718.0	33.9% ▲
Depreciation & Impairment	135.5	6.5	77.1	218.5	134.1	27.5	74.6	234.7	(6.9%) ▼
<b>EBIT</b>	523.0	5.8	214.7	<b>743.1</b>	391.5	(22.3)	112.9	<b>483.3</b>	<b>53.8%</b> ▲
EBIT Margin	8.78%	2.23%	7.90%	8.33%	7.36%	(10.01%)	4.72%	6.10%	+223 bps ▲
Interest on Lease Liabilities	12.4	0.4	8.6	21.3	15.3	0.6	9.1	24.9	(14.3%) ▼
Net Interest Paid on Borrowings	-	-	-	1.8	-	-	-	10.4	(82.7%) ▼
<b>Profit before Tax</b>	510.6	5.4	206.1	<b>720.0</b>	376.2	(22.9)	103.8	<b>448.0</b>	<b>60.7%</b> ▲
Tax Expense				213.9				145.7	46.9%
<b>NPAT</b>				<b>506.1</b>				<b>302.3</b>	<b>67.4%</b> ▲
<b>Headline Statistics:</b>									
Dividends per share (¢)				287.0				189.0	51.9% ▲
Earnings per share (basic ¢)				440.8				263.1	67.5% ▲
Cost of doing business	11.19%	13.12%	11.67%	11.39%	12.10%	14.21%	12.67%	12.33%	(94 bps) ▼
Stores	197	14	105	316	197	14	105	316	-

# Appendix III

316 stores across Australia and New Zealand<sup>1</sup>

## Group store reconciliation



	FY20	FY21			
		Opened	Converted	Closed	Total
<b>Australia</b>					
JB HI-FI	138	1	(1)	(1)	137
JB HI-FI HOME	59	-	1	-	60
	<b>197</b>	<b>1</b>	<b>-</b>	<b>(1)</b>	<b>197</b>
<b>New Zealand</b>					
JB HI-FI	14	-	-	-	14
JB HI-FI HOME	-	-	-	-	-
	<b>14</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14</b>
<b>JB HI-FI TOTAL</b>	<b>211</b>	<b>1</b>	<b>-</b>	<b>(1)</b>	<b>211</b>
<b>THE GOOD GUYS</b>	<b>105</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>105</b>
<b>TOTAL</b>	<b>316</b>	<b>1</b>	<b>-</b>	<b>(1)</b>	<b>316</b>
<b>Store type:</b>					
JB HI-FI	152	1	(1)	(1)	151
JB HI-FI HOME	59	-	1	-	60
THE GOOD GUYS	105	-	-	-	105
	<b>316</b>	<b>1</b>	<b>-</b>	<b>(1)</b>	<b>316</b>
<b>Store format:</b>					
Shopping centre	127	1	-	-	128
Other	189	-	-	(1)	188
	<b>316</b>	<b>1</b>	<b>-</b>	<b>(1)</b>	<b>316</b>

<sup>1</sup> As at 30 June 2021