

# JB Hi-Fi Limited

## FY23 Results Presentation



# Agenda

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1. Group Overview
2. JB HI-FI Australia
3. JB HI-FI New Zealand
4. The Good Guys
5. Group Balance Sheet and Cash Flow
6. Group FY24 Trading Update
7. Group Focus Areas
8. Investment Checklist

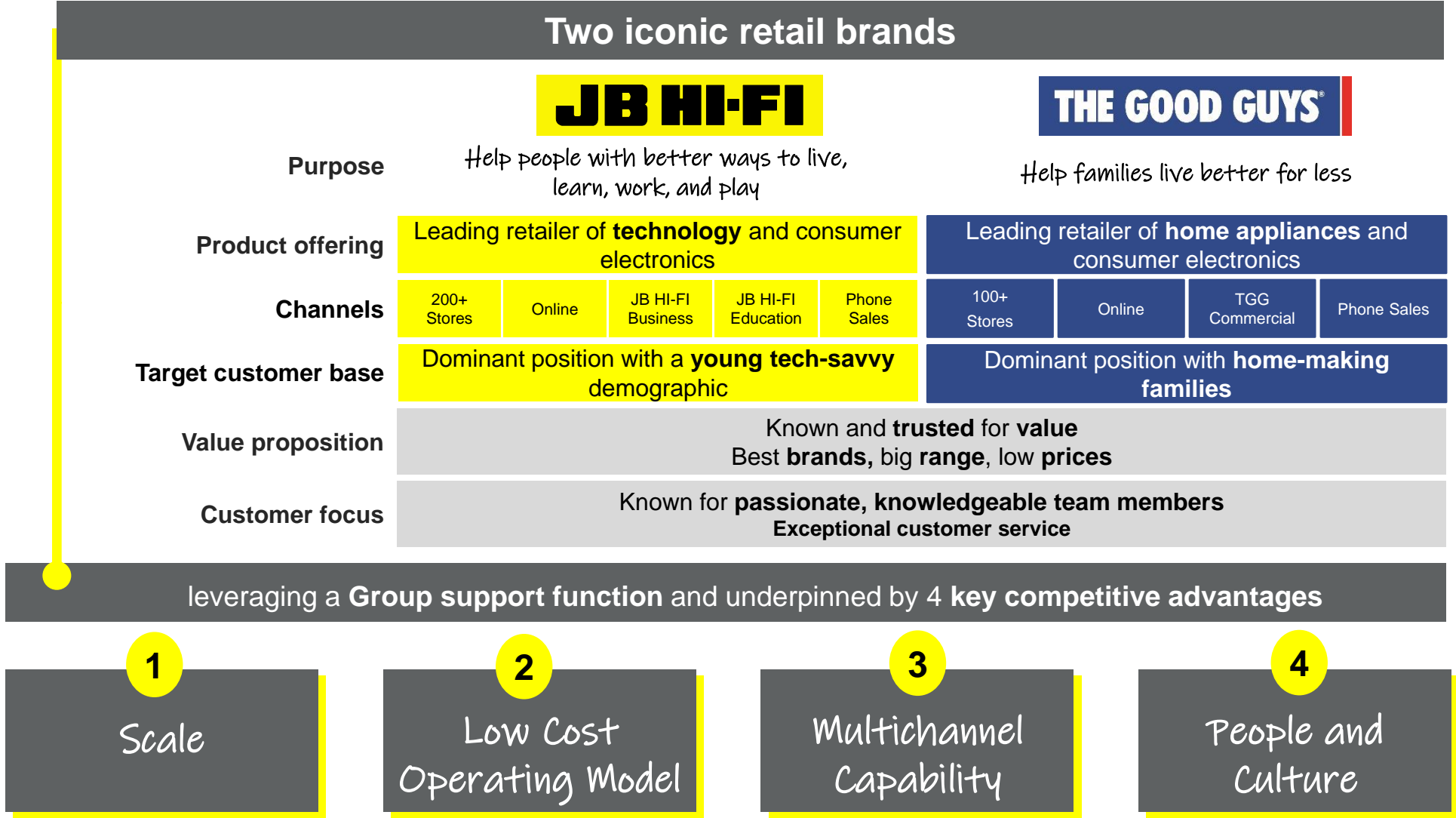
**Terry Smart**  
Group CEO

**Nick Wells**  
Group CFO

# **1.**

## **Group Overview**

# The group model

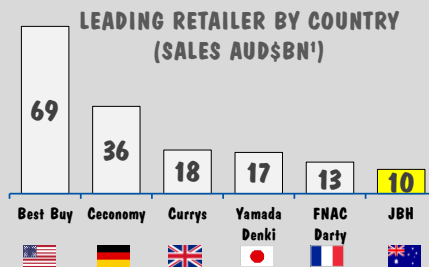


# Group Model

## Underpinned by 4 key competitive advantages

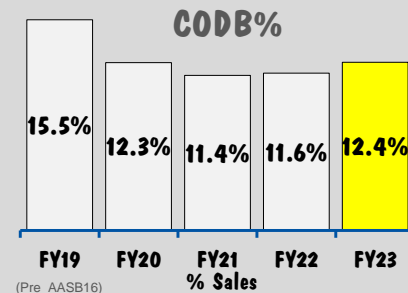
### 1 Scale

- #1 player in Australian Consumer Electronics and Home Appliance market
- Local and global relevance to suppliers
- Strong and engaged supplier relationships both locally and globally
- Large, engaged and diversified customer base across the two brands provides suppliers with the ability to execute promotions and new product launches at scale
- Young customer base drives ongoing brand importance to suppliers to maximise sales of new technology and innovation
- High volume website traffic provides significant marketing opportunities and reach
- Group function enables business to drive efficiencies across large cost base



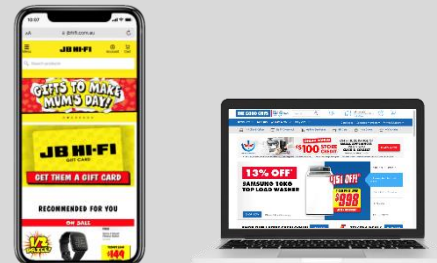
### 2 Low Cost Operating Model

- Constant focus on productivity and minimising unnecessary expenditure
- Highly productive floor space with high sales per square metre
- Efficiency of model allows us to
  - respond to market price activity and maintain focus on market share and
  - compete effectively with traditional competitors and new market entrants



### 3 Multichannel Capability

- Focus on providing the customer with an integrated and frictionless shopping experience regardless of their chosen sales channel
- Customer choice on how to shop with us
  - Stores** - High quality store locations that provide convenience and easy access
  - Online** - High brand awareness and optimised digital experience drives high traffic through websites
  - Phone** - Convenient and personalised sales experience giving customers ability to negotiate a deal
- Fast fulfilment, via in-store shopping, click and collect or delivery from the store network or big and bulky home delivery centres
- Aftersales support via any channel provides confidence when buying
- National Commercial business supporting corporate, government and education customers



### 4 People and Culture

- Knowledgeable and passionate teams who put customers first and provide exceptional customer service
- Strong, overarching culture that also reflects the individual brand personalities
- Dynamic and flexible environment allows us to pivot the business quickly and adapt to any changing market conditions
- Highly engaged teams who have a connection with the business and its purpose
- Diverse and inclusive workforce
- Unrelenting focus on health and safety



# Generating sustainable long-term growth

The Group today released its FY23 Sustainability Report outlining our commitment to having a positive impact on our people, our community and our environment

## Sustainability Policy focus areas

## FY23 Achievements

### Our People



- Diversity & inclusion
- Health, safety and wellbeing

- Continued to improve gender diversity across the Group, with an increase in the number of women in leadership positions
- Expanded our Speak Up program by delivering interactive workshops to store and support office people leaders to build a greater understanding of their role in creating a safe, respectful and inclusive culture
- Ongoing focus on safety including mental health and wellbeing training programs

### Our Communities



- Community investment
- Ethical sourcing
- Data security and privacy

- FY23 workplace giving donations totalling \$3.9 million and \$35.7 million since inception
- The Good Guys Doing Good received the best innovation award and the JB Hi-Fi Helping Hands partnership with Sleepbus received a Silver award for the most innovative charity employer partnership at the Annual Workplace Giving Excellence Awards
- Engaged with an additional 107 suppliers regarding the impact of Modern Slavery on our Supply Chain

### Our Environment



- Climate action
- Product & waste recycling

- A 9.6% decrease in Scope 1 and 2 emissions, supported by the installation of Solar power generation in 9 stores in FY23, bringing the total number of stores to 24 as the Group works towards net-zero direct (scope 1 and 2) carbon emissions by 2030
- 12% decrease in plastic bag usage with plastic bags to be phased out nationally and replaced with 100% recyclable paper bags
- Improved our recycling infrastructure across our store networks, including dedicated cardboard, paper, soft plastic recycling bins and expanded polystyrene recycling
- Introduction of a customer Trade-In offer that ensures old devices, following refurbishment, are given a second life

The FY23 Sustainability Report can be found on the Group's investor website (<https://investors.jbhifi.com.au/>)

# Group FY23 Performance

## FY23 Group Performance

AUD	FY23	FY22	Growth	
Total sales (\$m)	9,626.4	9,232.0	394.4	4.3% ▲
Earnings before interest and tax (\$m)	769.0	794.6	(25.6)	(3.2%) ▼
Net profit after tax (\$m)	524.6	544.9	(20.4)	(3.7%) ▼
Earnings per share (basic ¢)	479.9	479.5	+0.4 cps	0.1% ▲
Dividend per share (¢)	312.0	316.0	(4 cps)	(1.3%) ▼

- Total sales up 4.3% to \$9.63 billion (up 35.7% vs pre Covid FY19)
- Earnings before interest and tax (EBIT) down 3.2% to \$769.0 million (up 106.3% vs pre Covid FY19)
- Net profit after tax (NPAT) down 3.7% to \$524.6 million (up 110.0% vs pre Covid FY19)
- Earnings per share up 0.1% to 479.9 cps (up 120.7% vs pre Covid FY19)
- Total dividend for FY23 of 312.0 cps, down 4.0 cps or 1.3% (up 119.7% vs pre Covid FY19)

<sup>1</sup> Unless otherwise stated, all results disclosed in this presentation are Statutory and, as a result, FY19 comparatives are prior to the adoption of AASB 16 Leases

# Group FY23 Performance

## FY23 Group Performance

	FY23	FY22	Growth	
			\$m	%
<b>Sales (\$m)</b>				
- JB HI-FI Australia	6,546.1	6,196.5	349.6	5.6% ▲
- JB HI-FI New Zealand (NZD)	292.1	262.4	29.7	11.3% ▲
- The Good Guys	2,813.0	2,789.4	23.6	0.8% ▲
<b>Total Sales (AUDm)</b>	<b>9,626.4</b>	<b>9,232.0</b>	<b>394.4</b>	<b>4.3% ▲</b>
<b>EBIT (\$m)</b>				
- JB HI-FI Australia	551.9	544.9	7.0	1.3% ▲
- JB HI-FI New Zealand (NZD)	4.4	8.8	(4.4)	(49.9%) ▼
- The Good Guys	213.0	241.4	(28.4)	(11.8%) ▼
<b>Total EBIT (AUDm)</b>	<b>769.0</b>	<b>794.6</b>	<b>(25.6)</b>	<b>(3.2%) ▼</b>
<b>EBIT Margin (%)</b>				
- JB HI-FI Australia	8.43%	8.79%	(36 bps)	▼
- JB HI-FI New Zealand	1.52%	3.37%	(185 bps)	▼
- The Good Guys	7.57%	8.65%	(108 bps)	▼
<b>Total EBIT Margin (%)</b>	<b>7.99%</b>	<b>8.61%</b>	<b>(62 bps)</b>	<b>▼</b>





**2.**

**JB HI-FI Australia**

# JB HI-FI Australia FY23 Performance

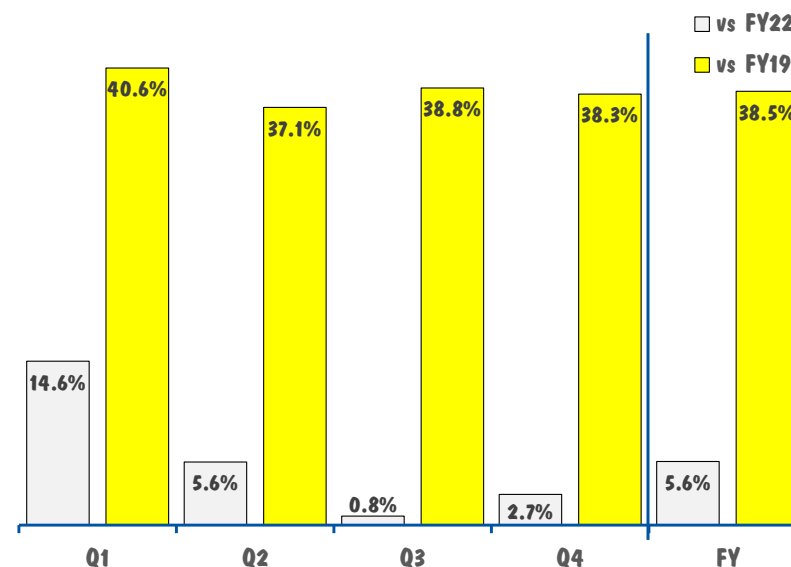
AUD	FY23	FY22	Growth
Sales (\$m)	6,546.1	6,196.5	5.6% ▲
Gross Profit (\$m)	1,481.4	1,387.7	6.7% ▲
Gross Margin (%)	22.63%	22.40%	+23 bps ▲
Cost of Doing Business (%)	12.07%	11.40%	+68 bps ▲
EBITDA (\$m)	690.9	681.4	1.4% ▲
EBITDA Margin (%)	10.55%	11.00%	(44 bps) ▼
EBIT (\$m)	551.9	544.9	1.3% ▲
EBIT Margin (%)	8.43%	8.79%	(36 bps) ▼

# JB HI-FI Australia FY23 Performance

## FY23 Sales

- Total sales increased by 5.6% to \$6.55 billion, with comparable sales up 4.8%. As compared to pre Covid FY19, total sales were up 38.5%
- Hardware and Services<sup>1</sup> sales were up 5.8%, with comparable sales up 4.9%. The key growth categories were Communications, Audio, Accessories, Games Hardware and Services
- Software sales were up 2.4%, with comparable sales up 1.9%, as a result of growth in the Games Software and Music categories which were partially offset by a decline in the Movies category. Software sales were 4.5% of total sales (FY22: 4.7%)
- Online sales declined by 20.9% to \$940.0 million or 14.4% of total sales. As compared to pre Covid FY19, online sales were up 264.3%

## TOTAL SALES GROWTH BY QUARTER



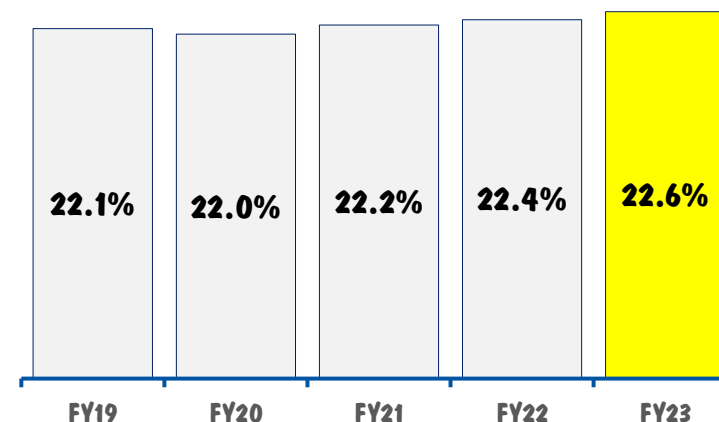
<sup>1</sup> Hardware and Services is defined as all sales excluding the Movies, Music and Games Software categories

# JB HI-FI Australia FY23 Performance

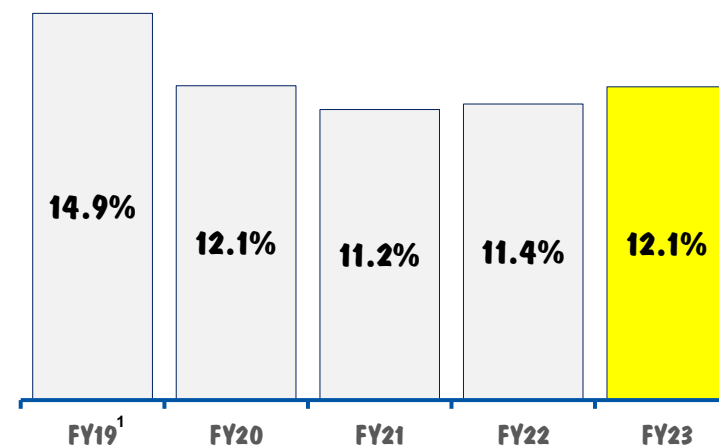
## FY23 Earnings

- Gross profit increased by 6.7% to \$1.48 billion with gross margin up 23 bps to 22.6%, driven by positive sales mix
- CODB was 12.1%, up 68 bps. CODB % remained below pre Covid FY19, driven by continued disciplined cost control
- Depreciation increased by 1.8% with an increase in depreciation on right-of-use assets partially offset by a decline in depreciation on fixed assets
- EBIT was up by 1.3% to \$551.9 million with EBIT margin down 36 bps to 8.4%. As compared to pre Covid FY19, EBIT remained strong (FY19 EBIT of \$301.7 million<sup>1</sup> with 6.4% EBIT margin)

### GROSS MARGIN (%)



### COST OF DOING BUSINESS (%)



<sup>1</sup> FY19 Statutory results are prior to the adoption of AASB 16 Leases



**3.**

**JB HI-FI New Zealand**

# JB HI-FI New Zealand FY23 Performance

NZD	FY23	FY22	Growth
Sales (\$m)	292.1	262.4	11.3% ▲
Gross Profit (\$m)	46.7	45.7	2.4% ▲
Gross Margin (%)	16.00%	17.40%	(140 bps) ▼
Cost of Doing Business (%)	14.18%	12.75%	+142 bps ▲
EBITDA (\$m)	5.3	12.2	(56.3%) ▼
EBITDA Margin (%)	1.82%	4.64%	(282 bps) ▼
EBIT (\$m)	4.4	8.8	(49.9%) ▼
EBIT Margin (%)	1.52%	3.37%	(185 bps) ▼
Underlying EBIT (\$m) <sup>1</sup>	(2.2)	4.7	(148.1%) ▼
Underlying EBIT Margin (%)	(0.77%)	1.77%	(254 bps) ▼

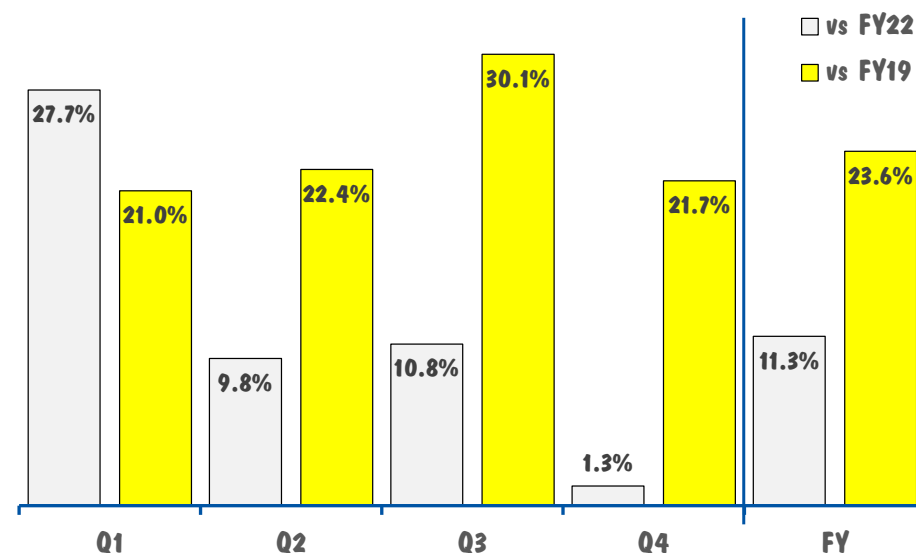
<sup>1</sup> Underlying EBIT represents EBIT adjusted for the add back of non-cash impairment losses associated with right-of-use assets and fixed assets of NZD0.0 million (FY22: NZD3.3 million), minus depreciation of NZD6.7 million (FY22: NZD7.5 million) that would have been recognised if right-of-use assets and fixed assets had not been impaired

# JB HI-FI New Zealand FY23 Performance

## FY23 Sales

- Total sales increased by 11.3% to NZD292.1 million, with comparable sales up 11.3%. As compared to pre Covid FY19, total sales were up 23.6%
- Hardware and Services<sup>1</sup> sales were up 11.0%, with comparable sales up 11.0%. The key growth categories were Communications, Audio, Games Hardware, Fitness and Accessories
- Software sales were up 14.5%, with comparable sales up 14.5%. Software sales were 7.6% of total sales (FY22: 7.4%)
- Online sales declined by 25.7% to NZD32.1 million or 11.0% of total sales. As compared to pre Covid FY19, online sales were up 141.9%

## TOTAL SALES GROWTH BY QUARTER



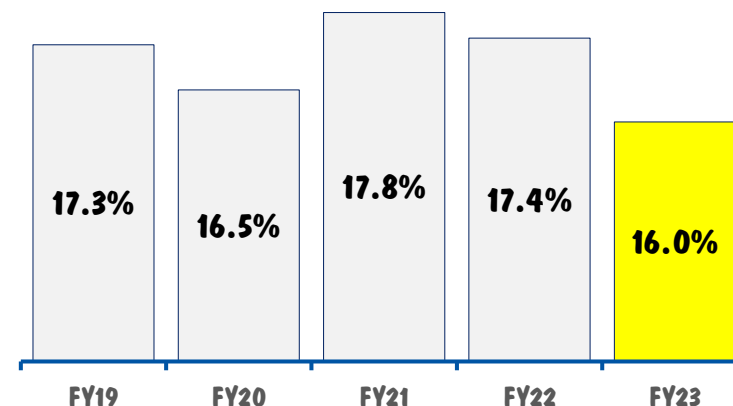
<sup>1</sup> Hardware and Services is defined as all sales excluding the Movies, Music and Games Software categories

# JB HI-FI New Zealand FY23 Performance

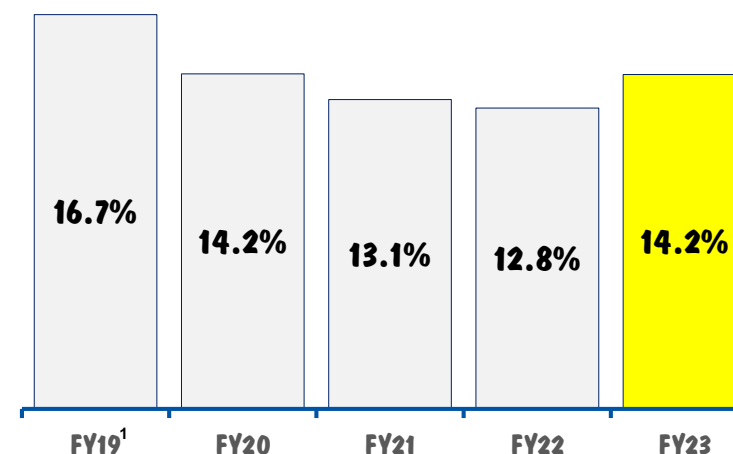
## FY23 Earnings

- Gross profit increased by 2.4% to NZD46.7 million with gross margin down 140 bps to 16.0%, driven by price competitiveness in key categories and negative sales mix
- CODB was 14.2%, up 142 bps. CODB % remained below pre Covid FY19, driven by continued disciplined cost control
- EBITDA was NZD5.3 million, down 56.3%
- EBIT was down 49.9% to NZD4.4 million with EBIT margin down 185 bps to 1.5%
- Underlying EBIT, excluding the impact of impairments in the current and prior year (refer page 14), was negative NZD2.2 million, down NZD6.9 million, and down on pre Covid FY19 EBIT of negative NZD1.9 million<sup>1</sup>

### GROSS MARGIN (%)



### COST OF DOING BUSINESS (%)



<sup>1</sup> FY19 Statutory results are prior to the adoption of AASB 16 Leases



# 4.

## The Good Guys

# The Good Guys FY23 Performance

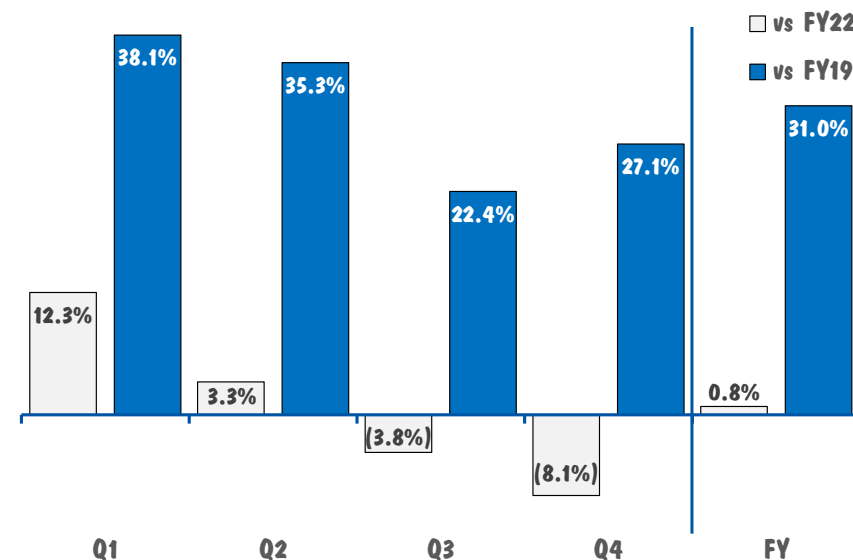
AUD	FY23	FY22	Growth
Sales (\$m)	2,813.0	2,789.4	0.8% ▲
Gross Profit (\$m)	658.4	649.9	1.3% ▲
Gross Margin (%)	23.40%	23.30%	+11 bps ▲
Cost of Doing Business (%)	12.83%	11.79%	+104 bps ▲
EBITDA (\$m)	297.4	321.1	(7.4%) ▼
EBITDA Margin (%)	10.57%	11.51%	(94 bps) ▼
EBIT (\$m)	213.0	241.4	(11.8%) ▼
EBIT Margin (%)	7.57%	8.65%	(108 bps) ▼

# The Good Guys FY23 Performance

## FY23 Sales

- Total sales increased by 0.8% to \$2.81 billion, with comparable sales up 0.8%. As compared to pre Covid FY19, total sales were up 31.0%
- The key growth categories were Refrigeration, Laundry, Floorcare, Personal Care and Audio
- Online sales declined by 14.1% to \$341.1 million or 12.1% of total sales. As compared to pre Covid FY19, online sales were up 160.5%

## TOTAL SALES GROWTH BY QUARTER

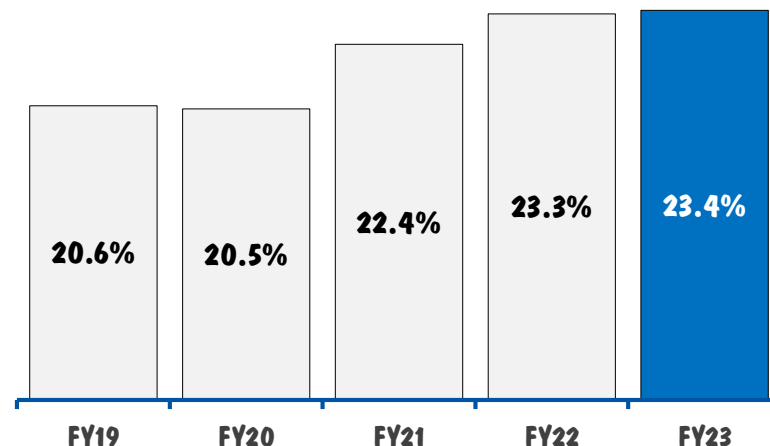


# The Good Guys FY23 Performance

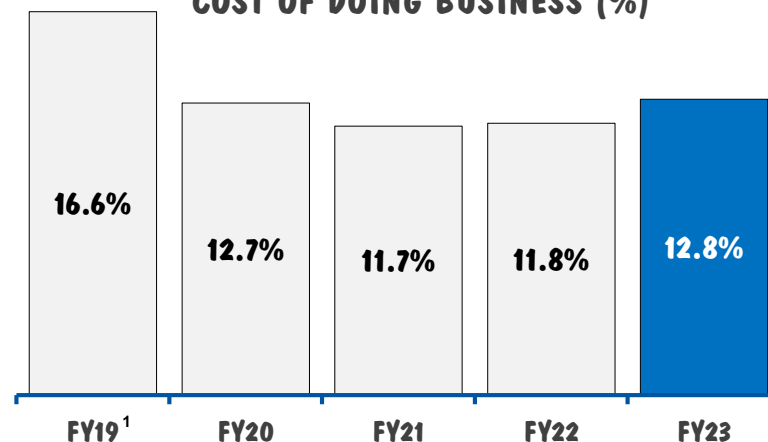
## FY23 Earnings

- Gross profit was \$658.4 million with gross margin up 11 bps to 23.4%, driven by positive sales mix
- CODB was 12.8%, up 104 bps. CODB % remained below pre Covid FY19, driven by continued disciplined cost control
- Depreciation grew by 5.0% with an increase in both depreciation on right-of-use assets and depreciation on fixed assets
- EBIT was down by 11.8% to \$213.0 million with EBIT margin down 108 bps to 7.6%. As compared to pre Covid FY19, EBIT remained strong (FY19 EBIT of \$72.9 million<sup>1</sup> with 3.4% EBIT margin)

### GROSS MARGIN (%)



### COST OF DOING BUSINESS (%)



<sup>1</sup> FY19 Statutory results are prior to the adoption of AASB 16 Leases

# **5.**

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

# Group Balance Sheet and Cash Flow

## Group Balance Sheet

AUDm	FY23	FY22
Cash	177.3	125.6
Receivables	146.5	132.6
Inventories	1,040.9	1,135.3
Other	34.6	31.2
<b>Total Current Assets</b>	<b>1,399.3</b>	<b>1,424.7</b>
Fixed Assets	182.8	169.0
Intangibles & Goodwill	1,031.4	1,031.4
Other	91.3	74.7
Right of Use Asset	530.1	461.6
<b>Total Non-Current Assets</b>	<b>1,835.6</b>	<b>1,736.7</b>
<b>Total Assets</b>	<b>3,234.9</b>	<b>3,161.4</b>
Payables	660.5	721.6
Other	350.3	417.7
Lease Liabilities	174.1	167.0
<b>Total Current Liabilities</b>	<b>1,184.9</b>	<b>1,306.3</b>
Borrowings	49.8	59.4
Other	149.4	137.4
Lease Liabilities	431.2	378.0
<b>Total Non-Current Liabilities</b>	<b>630.4</b>	<b>574.8</b>
<b>Total Liabilities</b>	<b>1,815.3</b>	<b>1,881.1</b>
<b>Net Assets</b>	<b>1,419.6</b>	<b>1,280.3</b>
<b>Net Debt / (Net Cash)<sup>1</sup></b>	<b>(127.5)</b>	<b>(66.2)</b>
<b>Net Working Capital</b>	<b>116.2</b>	<b>121.2</b>

- Inventory was \$1.04 billion, down 8.3% or \$94.4 million year on year. As compared to pre Covid FY19, Inventory was up 17.4% vs sales growth of 35.7% over the same period
- Inventory turnover was down 5 bps to 6.8x (FY22: 6.9x), but up 58 bps on pre Covid FY19 (FY19: 6.3x)
- Payables were down 8.5% or \$61.1 million year on year in line with movements in Inventory

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

# Group Balance Sheet and Cash Flow

## Group Cash Flow Statement

AUDm	FY23	FY22
<b>EBITDA</b>	<b>993.2</b>	<b>1,013.9</b>
Change in working capital	5.0	(119.4)
Net interest received / (paid) on borrowings	0.7	(0.6)
Interest on lease liabilities	(21.9)	(18.7)
Income tax paid	(282.5)	(264.4)
Other	22.1	16.5
<b>Net Cash Flow from Operations</b>	<b>716.4</b>	<b>627.4</b>
Purchases of P&E (net)	(71.7)	(57.4)
<b>Net Cash Flow from Investing</b>	<b>(71.7)</b>	<b>(57.4)</b>
(Repayment) / proceeds from borrowings	(10.0)	59.4
Payment of lease liabilities	(182.8)	(177.6)
Off-market share buy-back	(0.3)	(250.6)
Shares acquired by the employee share trust	(17.3)	(28.2)
Dividends paid	(382.7)	(310.2)
<b>Net Cash Flow from Financing</b>	<b>(593.1)</b>	<b>(707.2)</b>
Net Change in Cash Position	51.6	(137.2)
Effect of exchange rates	0.1	(0.4)
<b>Cash at the end of Period</b>	<b>177.3</b>	<b>125.6</b>
<b>Free Cash Flow<sup>1</sup></b>	<b>461.9</b>	<b>392.4</b>
<b>Net Debt / (Net Cash) at the end of Period<sup>2</sup></b>	<b>(127.5)</b>	<b>(66.2)</b>

## Group Performance Indicators

	FY23	FY22
Fixed Charge Ratio <sup>3</sup>	4.5x	4.8x
Interest Cover <sup>3</sup>	170.9x	602.1x
Gearing Ratio <sup>3</sup>	0.1	0.1
Return on Invested Capital	59.5%	65.5%

- Operating cash flows and operating cash conversion continue to be strong
- Capex was \$71.7 million, up 24.8% or \$14.3 million year on year with investment in the store portfolio, online and strategic initiatives
- Closing Net Cash was \$127.5 million

<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

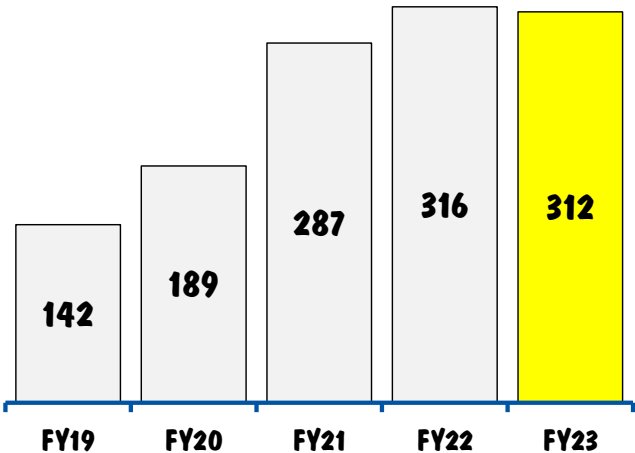
<sup>3</sup> Pre AASB16

# Group Balance Sheet and Cash Flow

## Capital Management

- The final dividend is 115 cents per share (cps) fully franked, down 38 cps or 24.8%. As compared to pre Covid FY19, the final dividend was up 64 cps or 125.5%
- The total dividend for FY23 was 312 cps, down 4 cps or 1.3%, and representing 65% of NPAT. As compared to pre Covid FY19, the total dividend was up 170 cps or 119.7%
- The record date for the final dividend is 25 August 2023, with payment to be made on 8 September 2023
- The Group continues to maintain a strong balance sheet, with closing net cash of \$127.5 million. The Board will continue to regularly review the Group’s capital structure with a focus on maximising returns to shareholders and maintaining balance sheet strength and flexibility

TOTAL DIVIDEND OF 312 CPS





**6.**

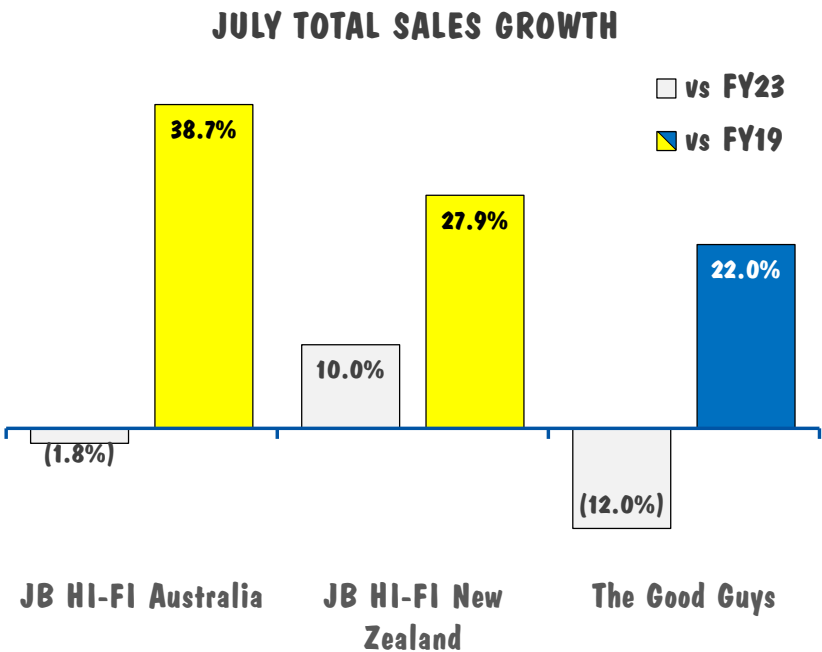
**Group FY24 Trading Update**

# Group FY24 Trading Update

## July 2023 sales update

The Group provides the following sales update for the period 1 July 2023 to 31 July 2023

- Total sales growth for JB HI-FI Australia was -1.8% with comparable sales growth of -2.9%. As compared to pre Covid FY19, total sales growth was 38.7%
- Total sales growth for JB HI-FI New Zealand was 10.0% with comparable sales growth of 10.0%. As compared to pre Covid FY19, total sales growth was 27.9%
- Total sales growth for The Good Guys was -12.0% with comparable sales growth of -12.0%. As compared to pre Covid FY19, total sales growth was 22.0%



July sales are in line with the Group’s expectations cycling the elevated period from last year. While total sales continue to be well above pre Covid July FY19, the Group has seen increased variability in category performance

# **7.**

## **Group Focus Areas**

# Group Focus Areas



## 1. Retail Execution

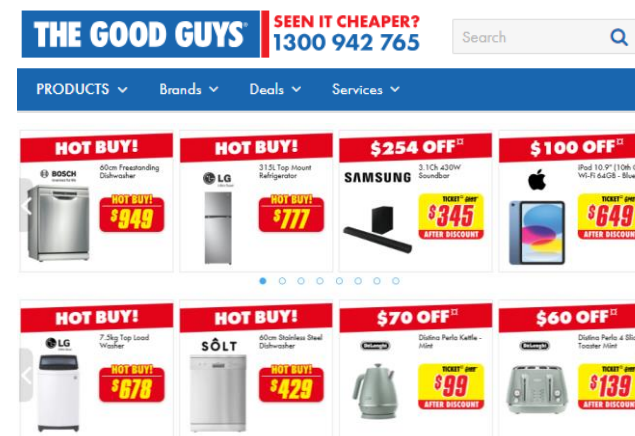
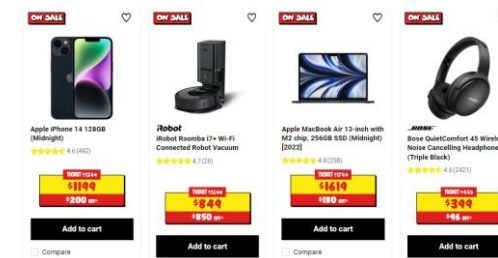
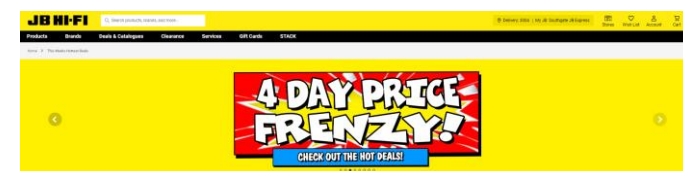
Continue to leverage our value proposition and grow our market share

Delivering value to the customer

- Leverage our **low price** and discount heritage
- Utilise our supplier relationships to continue to create **best in market offers and promotions**
- Use the breadth of our **range, brands and price points** to give customers choice to trade up or trade down
- **Knowledgeable team members** educate and engage to create an entertaining and unique in-store experience
- Staying highly focused on actively proving our **great value offering** to our customer

Leveraging the efficiency of the model

- **Low cost culture** with a focus on minimising unnecessary expenditure
- Leverage our **scale and productivity** to manage costs
- **Diverse** product categories, brands and store locations
- Well managed stock position with **high stock turns and low weeks' cover**
- **Flexible business model** with the ability to respond quickly to changes in the consumer environment



# Group Focus Areas

## 2. Multichannel

Expanding our reach and attracting more shoppers to the brands

### Stores

- Continue to focus on the in-store experience and engagement with constant category and store layout evolution
- 5 new JB HI-FI Australia stores opened in FY23 with additional new store opportunities in Australia and New Zealand in FY24

### Online

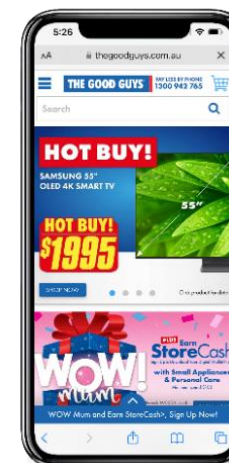
- Significant web traffic can be further leveraged to drive additional sales opportunities and stickiness
- Focus on improving customer conversion and online spend
- Always evolving delivery options to provide greater choice and convenience for shoppers

### Connecting with our customers

- National launch of the JB Perks membership program for JB HI-FI Australia, with 809k customers joining the program since launch in November 2022
- The Good Guys Gold Service Extras membership program currently has over 1.2 million active customers

### New ways to engage and deal

- Expanding our reach and convenience for our customers:
  - Implement personalized promotional campaigns using our substantial customer membership data
  - Online live chat
  - The Good Guys Online "Price Beat"
  - JB TV / The Good Guys Facebook



# Group Focus Areas

## 3. New Zealand

Grow and expand the business

Grow the  
existing retail  
base

- Refresh the store network to deliver an improved in-store customer shopping experience and engagement
- 7 existing store relays completed in FY23 and the relocation of stores at Queen St & Hamilton in early FY24
- Increased focus on retail execution is delivering strong market share gains



New store  
rollout

- Actively identifying potential new store opportunities to expand our reach
- Targeting 3-5 new stores per year over the next 3 years

Grow  
Multichannel  
capability

- Evolve our multichannel offer including:
  - The re-platforming of the JB HI-FI New Zealand website to Shopify in FY24; and
  - Developing our Commercial channel



Strengthen local  
team

- Investment in key hires to strengthen local capability and support growth
- Continue to focus on the learning and development of our team members

# Group Focus Areas

## 4. Commercial

Developing our Commercial businesses for future growth

### Evolving the Brand

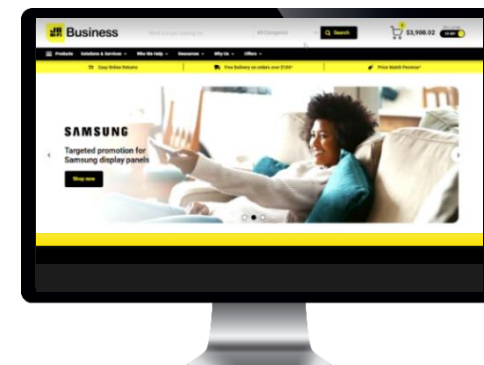
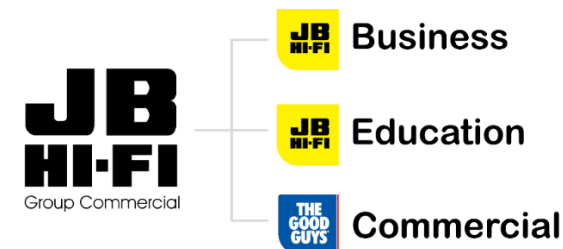
- Evolving the brand to align to our key market segments
  - JB HI-FI Business
  - JB HI-FI Education
  - The Good Guys Commercial
- Targeting growth in small to medium sized business sectors

### Value Proposition

- National proposition in a fragmented market
- Leveraging the Group's retail proposition of best brands, big range and low prices as well as the Group's store network and supply chain and marketing capabilities
- Augmented by access to extended business ranges, value-added-services and expert teams to support businesses and education providers

### Deliver a better customer experience

- Expert support via help desk and direct access to account managers with continued investment in our sales team and inside sales channel
- Continued investment in eCommerce program, integrating legacy platforms and enabling self-service transactions
- Expansion of product range, integration with supplier catalogues, improving stock availability and fast quotations
- Fast online fulfillment, order tracking and integration with store Click and Collect (within 1 hour)





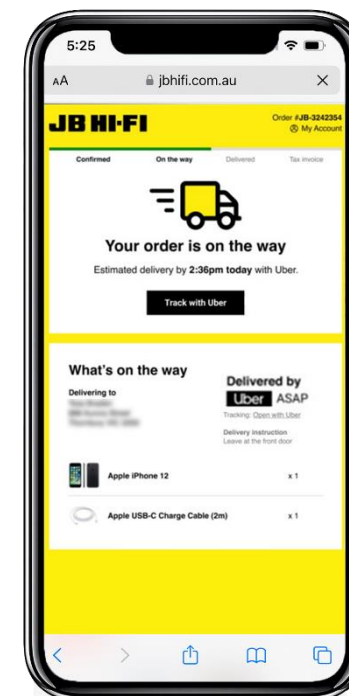
# Group Focus Areas

## 5. Supply Chain

Continued investment in a fit for purpose Group Supply Chain that supports In-store and Online fulfilment

### Supply Chain

- Highly focused on customer delivery solutions
- Continued growth of the JB HI-FI Australia 'on-demand' delivery service, in partnership with Uber, with an average delivery time under 60 minutes
- Launched improved delivery options for The Good Guys customers focusing on increased certainty, transparency and choice
- Continue the roll out of our Big & Bulky Home Delivery Centres ("HDC") that enable an improved customer experience and greater stock efficiency, and reinforce our safety first approach
  - Newcastle HDC opened and Brisbane relocated to larger facilities in 2HY23
  - Perth to relocate to larger facility in FY24
- Continue to review the Supply Chain network to ensure it remains fit for purpose, evolves with our multichannel strategy and continues to improve the customer experience





**8.**

## **Investment Checklist**

# Investment Checklist

Unique and relevant brands		Unique team culture and unrivalled customer service	
Flexible business model – history of category growth and development		Multichannel capability built around high quality store portfolio	
Diverse and resilient 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	FY23	FY22	FY21	FY20	FY19 (Pre AASB16)
<b>Sales</b>	<b>9,626.4</b>	<b>9,232.0</b>	<b>8,916.1</b>	<b>7,918.9</b>	<b>7,095.3</b>
Gross Profit	2,182.5	2,080.4	1,977.2	1,694.1	1,527.1
<i>Gross Margin</i>	<i>22.67%</i>	<i>22.53%</i>	<i>22.18%</i>	<i>21.39%</i>	<i>21.52%</i>
EBITDA	993.2	1,013.9	961.6	718.0	429.1
Depreciation & Impairment	224.2	219.3	218.5	234.7	56.2
<b>EBIT</b>	<b>769.0</b>	<b>794.6</b>	<b>743.1</b>	<b>483.3</b>	<b>372.8</b>
<i>EBIT Margin</i>	<i>7.99%</i>	<i>8.61%</i>	<i>8.33%</i>	<i>6.10%</i>	<i>5.25%</i>
Interest on Lease Liabilities	21.9	18.7	21.3	24.9	-
Net Interest on Borrowings	(0.0)	0.6	1.8	10.4	13.6
<b>Profit before Tax</b>	<b>747.1</b>	<b>775.3</b>	<b>720.0</b>	<b>448.0</b>	<b>359.3</b>
Tax Expense	222.5	230.4	213.9	145.7	109.5
<b>NPAT</b>	<b>524.6</b>	<b>544.9</b>	<b>506.1</b>	<b>302.3</b>	<b>249.8</b>
<b>Headline Statistics:</b>					
Dividends per share (¢)	312.0	316.0	287.0	189.0	142.0
Earnings per share (basic ¢)	479.9	479.5	440.8	263.1	217.4
Cost of Doing Business	12.35%	11.55%	11.39%	12.33%	15.47%

# Appendix I

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## b) Group CODB reconciliation

AUDm	FY23	FY22
Other income (ex interest revenue)	(3.2)	(2.2)
Sales and marketing expenses	978.3	881.1
Occupancy expenses	321.8	302.8
<i>less depreciation, amortisation &amp; impairment</i>	(214.8)	(210.1)
Administration expenses	46.0	41.8
<i>less depreciation &amp; impairment</i>	(9.4)	(9.2)
Other expenses	70.6	62.3
<b>CODB</b>	<b>1,189.3</b>	<b>1,066.4</b>
Sales	9,626.4	9,232.0
<b>CODB (% of sales)</b>	<b>12.35%</b>	<b>11.55%</b>

# Appendix I

## c) 5 year Group Balance Sheet

AUDm	FY23	FY22	FY21	FY20	FY19 (Pre AASB16)
Cash	177.3	125.6	263.2	251.5	119.2
Receivables	146.5	132.6	102.8	220.3	254.4
Inventories	1,040.9	1,135.3	938.8	739.3	886.7
Other	34.6	31.2	35.7	34.7	34.6
<b>Total Current Assets</b>	<b>1,399.3</b>	<b>1,424.7</b>	<b>1,340.5</b>	<b>1,245.8</b>	<b>1,294.9</b>
Fixed Assets	182.8	169.0	169.0	172.3	191.5
Intangibles & Goodwill	1,031.4	1,031.4	1,031.4	1,031.4	1,037.3
Other	91.3	74.7	69.3	60.6	43.5
Right of Use Asset	530.1	461.6	536.3	642.2	-
<b>Total Non-Current Assets</b>	<b>1,835.6</b>	<b>1,736.7</b>	<b>1,806.0</b>	<b>1,906.5</b>	<b>1,272.3</b>
<b>Total Assets</b>	<b>3,234.9</b>	<b>3,161.4</b>	<b>3,146.5</b>	<b>3,152.3</b>	<b>2,567.2</b>
Payables	660.5	721.6	668.6	854.1	672.7
Other	350.3	417.7	410.6	327.8	272.8
Lease Liabilities	174.1	167.0	167.3	164.0	-
<b>Total Current Liabilities</b>	<b>1,184.9</b>	<b>1,306.3</b>	<b>1,246.5</b>	<b>1,345.9</b>	<b>945.5</b>
Borrowings	49.8	59.4	-	-	439.1
Other	149.4	137.4	127.6	123.1	138.5
Lease Liabilities	431.2	378.0	464.0	577.6	-
<b>Total Non-Current Liabilities</b>	<b>630.4</b>	<b>574.8</b>	<b>591.6</b>	<b>700.7</b>	<b>577.6</b>
<b>Total Liabilities</b>	<b>1,815.3</b>	<b>1,881.1</b>	<b>1,838.1</b>	<b>2,046.6</b>	<b>1,523.1</b>
<b>Net Assets</b>	<b>1,419.6</b>	<b>1,280.3</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>(127.5)</b>	<b>(66.2)</b>	<b>(263.2)</b>	<b>(251.5)</b>	<b>319.9</b>
<b>Net Working Capital</b>	<b>116.2</b>	<b>121.2</b>	<b>1.8</b>	<b>(239.9)</b>	<b>160.1</b>

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

# Appendix I

## d) 5 year Group Cash Flow

AUDm	FY23	FY22	FY21	FY20	FY19 (Pre AASB16)
<b>EBITDA</b>	<b>993.2</b>	<b>1,013.9</b>	<b>961.6</b>	<b>718.0</b>	<b>429.1</b>
Change in working capital	5.0	(119.4)	(241.0)	402.1	(16.9)
Net interest received / (paid) on borrowings	0.7	(0.6)	(1.7)	(10.4)	(13.1)
Interest on lease liabilities	(21.9)	(18.7)	(21.3)	(24.9)	-
Income tax paid	(282.5)	(264.4)	(158.7)	(118.2)	(116.4)
Other	22.1	16.5	19.7	14.7	18.9
<b>Net Cash Flow from Operations</b>	<b>716.4</b>	<b>627.4</b>	<b>558.7</b>	<b>981.3</b>	<b>301.6</b>
Purchases of P&E (net)	(71.7)	(57.4)	(57.7)	(43.0)	(59.1)
<b>Net Cash Flow from Investing</b>	<b>(71.7)</b>	<b>(57.4)</b>	<b>(57.7)</b>	<b>(43.0)</b>	<b>(59.1)</b>
(Repayment) / proceeds from borrowings	(10.0)	59.4	-	(440.0)	(30.5)
Payment of lease liabilities	(182.8)	(177.6)	(168.9)	(161.8)	-
Off-market share buy-back	(0.3)	(250.6)	-	-	-
Shares acquired by the employee share trust	(17.3)	(28.2)	(10.2)	(32.9)	(8.8)
Dividends Paid	(382.7)	(310.2)	(310.2)	(172.3)	(157.4)
Other	-	-	-	1.2	1.3
<b>Net Cash Flow from Financing</b>	<b>(593.1)</b>	<b>(707.2)</b>	<b>(489.3)</b>	<b>(805.8)</b>	<b>(195.4)</b>
Net Change in Cash Position	51.6	(137.2)	11.7	132.5	47.1
Effect of exchange rates	0.1	(0.4)	(0.0)	(0.2)	0.0
<b>Cash at the end of Period</b>	<b>177.3</b>	<b>125.6</b>	<b>263.2</b>	<b>251.5</b>	<b>119.2</b>
<b>Free Cash Flow<sup>1</sup></b>	<b>461.9</b>	<b>392.4</b>	<b>332.0</b>	<b>776.5</b>	<b>242.6</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

## Group Profit and Loss – Breakdown

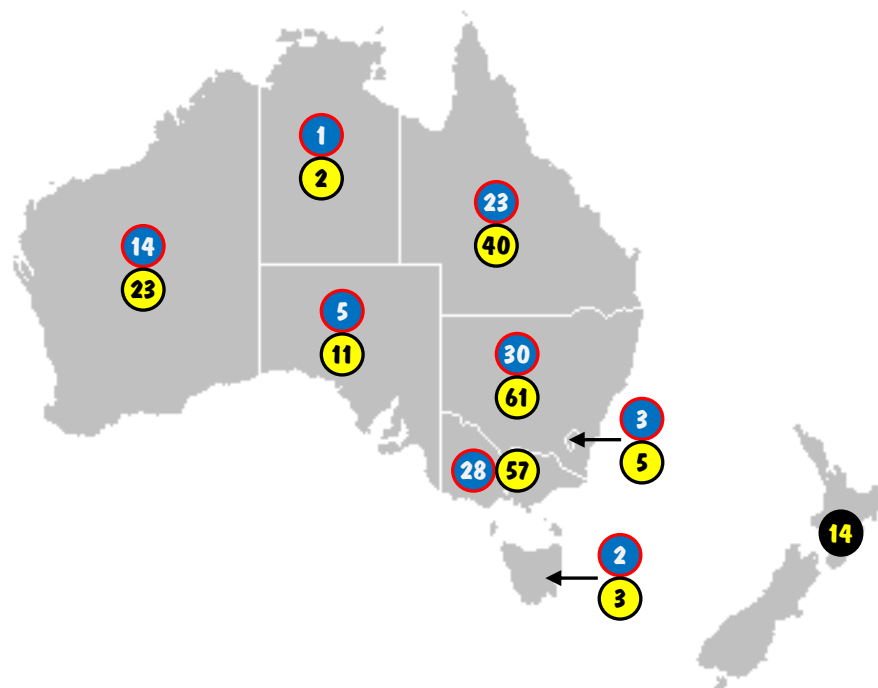
AUDm	FY23				FY22				Growth vs FY22
	JB HI-FI AUST	JB HI-FI NZ (NZD)	TGG	Group	JB HI-FI AUST	JB HI-FI NZ (NZD)	TGG	Group	
<b>Sales</b>	6,546.1	292.1	2,813.0	<b>9,626.4</b>	6,196.5	262.4	2,789.4	<b>9,232.0</b>	<b>4.3%</b> ▲
Gross Profit	1,481.4	46.7	658.4	2,182.5	1,387.7	45.7	649.9	2,080.4	4.9% ▲
<i>Gross Margin</i>	22.63%	16.00%	23.40%	22.67%	22.40%	17.40%	23.30%	22.53%	+14 bps ▲
EBITDA	690.9	5.3	297.4	993.2	681.4	12.2	321.1	1,013.9	(2.0%) ▼
Depreciation & Impairment	139.0	0.9	84.4	224.2	136.5	3.3	79.7	219.3	2.2% ▲
<b>EBIT</b>	551.9	4.4	213.0	<b>769.0</b>	544.9	8.8	241.4	<b>794.6</b>	<b>(3.2%)</b> ▼
<i>EBIT Margin</i>	8.43%	1.52%	7.57%	7.99%	8.79%	3.37%	8.65%	8.61%	(62 bps) ▼
Interest on Lease Liabilities	13.4	0.4	8.1	21.9	10.9	0.4	7.4	18.7	17.3% ▲
Net Interest on Borrowings	-	-	-	(0.0)	-	-	-	0.6	(103.4%) ▼
<b>Profit before Tax</b>	538.5	4.0	204.9	<b>747.1</b>	534.0	8.5	234.0	<b>775.3</b>	<b>(3.6%)</b> ▼
Tax Expense				222.5				230.4	(3.4%)
<b>NPAT</b>				<b>524.6</b>				<b>544.9</b>	<b>(3.7%)</b> ▼
<b>Headline Statistics:</b>									
Dividends per share (¢)				312.0				316.0	(1.3%) ▼
Earnings per share (basic ¢)				479.9				479.5	0.1% ▲
Cost of Doing Business	12.07%	14.18%	12.83%	12.35%	11.40%	12.75%	11.79%	11.55%	+80 bps ▲
Stores	202	14	106	322	199	14	106	319	+3 stores



# Appendix III

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

## Group store reconciliation



	FY22	FY23			
		Opened	Converted	Closed	Total
<b>Australia</b>					
JB HI-FI	139	2	1	(2)	140
JB HI-FI HOME	60	3	(1)	-	62
	<b>199</b>	<b>5</b>	<b>-</b>	<b>(2)</b>	<b>202</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>213</b>	<b>5</b>	<b>-</b>	<b>(2)</b>	<b>216</b>
<b>THE GOOD GUYS TOTAL</b>	<b>106</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>106</b>
	<b>319</b>	<b>5</b>	<b>-</b>	<b>(2)</b>	<b>322</b>
<b>Store type:</b>					
JB HI-FI	153	2	1	(2)	154
JB HI-FI HOME	60	3	(1)	-	62
THE GOOD GUYS	106	-	-	-	106
	<b>319</b>	<b>5</b>	<b>-</b>	<b>(2)</b>	<b>322</b>
<b>Store format:</b>					
Shopping centre	128	1	-	-	129
Other	191	4	-	(2)	193
	<b>319</b>	<b>5</b>	<b>-</b>	<b>(2)</b>	<b>322</b>

<sup>1</sup> As at 30 June 2023

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