ANALYST
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AUTHORISATION
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JB HI-FI LIMITED (JBH)

Challenging environment in key period

RECOMMENDATION (unchanged)
BUY
*See key risks on Page 5.

PRICE
A$72.98

TARGET (12 MONTHS)
A$87.00 (prev. A$90.00)

Expected return	
Capital growth	**19.2%**
Dividend yield	**4.5%**
Total expected return	**23.7%**

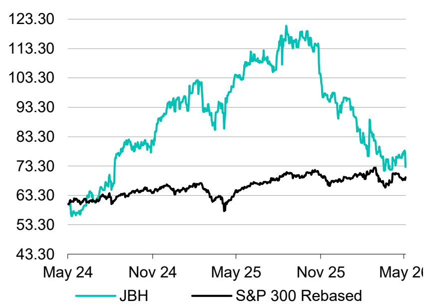
Sector
Computer & Electronics Retail

Capital structure & trading data	
Enterprise value	**$7,490m**
Market cap	**$7,979m**
Issued capital	**109m**
Free float	**68%**
Avg. daily val. (52wk)	**$43.0m**
12 month price range	**A$70.00-121.00**

Price performance

	(1m)	(3m)	(12m)
Price (A$)	72.05	80.62	103.61
Absolute (%)	1.3	-9.5	-29.6
Rel market (%)	-1.3	-10.3	-37.5

Share price (A$/sh) vs. XKO



Source: IRESS

Challenging seasonal comps ahead post an in-line 3Q

JBH's 3Q26 sales update saw JBH Australia (~71% of JBH earnings) broadly tracking to BPe. JBH Australia's comparable sales were +2.6% on pcp in non-seasonal 3Q26 (vs +2.4% for the month of January), while JBH NZ sales trend saw some easing post 12 months of market share capture however maintaining +15.2% comp sales growth. The home appliances division, The Good Guys (GG) also saw some easing in growth at 2.5% and came in slightly below BPe. While we estimate the 3Q to be the smallest contributor to the FY, we reiterate the significance of the ongoing seasonal 4Q as the second largest in JBH calendar and challenging comps with the incremental benefit from Nintendo Switch 2 launch in the pcp (post launch in Jun-25). Management provided outlook commentary of "as we enter the important end of FY trading period, technology categories are seeing significant supplier component related cost increases and stock availability shortages, along with heightened competitive activity".

Earnings changes

We make changes to our revenue assumptions factoring in the GG and e&s performance in the trading update and accounting for some easing within our JBH Aus comparable sales in meeting the current challenging 4Q26 comps. The key division would cycle +8.2% comparable sales during the seasonal quarter and our revised estimates see +1.8% for 4Q26e and +2% for 2H26e and +3% thereafter. We also apply some conservatism through our FY27/28e forecasts to see market share retention offset by some investment in gross margins, hovering around the 22% level for the overall business and a broadly flat CODB % of sales, with operating margins improving from a low point in FY27e. The net result sees our NPAT forecasts -1%/-3%/-3% for FY26/27/28e.

Investment thesis: BUY, TP $87.00 (prev. $90.00)

Our PT decreases by ~3% to $87.00 (prev. $90.00) driven by our modest earnings revisions (BPe below Cons), skewed to FY27/28e. While we expect the overall Consumer Discretionary sector to remain challenged through CY26, our preference for JBH is supported by our view as semi-discretionary characteristics seen in the name and ability to maintain market share over a longer-term vs smaller competitors as short term product challenges are mitigated through 4Q26. Trading at ~17x FY26/27e P/E (BPe), we see valuation support and maintain our BUY rating.

Earnings estimates

Year ending 30 June	**2025**	**2026e**	**2027e**	**2028e**
Sales (A$m)	10,555.0	11,152.2	11,607.0	12,152.5
EBITDA (A$m)	952.9	1,000.4	1,029.2	1,093.9
EBIT (A$m)	694.1	726.0	737.6	788.9
NPAT (underlying) (A$m)	462.4	482.8	489.2	524.3
EPS underlying (cps)	421.2	438.5	442.4	474.1
EPS underlying growth (%)	5.2%	4.1%	0.9%	7.2%
P/E (on underlying EPS) (x)	17.3	16.6	16.5	15.4
EV/EBIT (x)	12.0	11.5	11.3	10.5
EV/EBITDA (x)	8.7	8.3	8.1	7.6
Dividend (¢ps)	275.0	330.6	333.5	357.3
Yield (%)	3.8%	4.5%	4.6%	4.9%
Franking (%)	100%	100%	100%	100%

Source: Company reports, Bell Potter Securities estimates

3Q26 trading update

3Q26 sales trends

- Management noting non-seasonal 3Q period sales trend as "pleased to see sales growth in JBH Aus and Good Guys in what an increasingly uncertain environment" (vs last year "pleased to see sales momentum continue in 3Q25") ahead of the key mid-year sale in 4Q
- Australia business (~70% of the business) holding the growth seen back in Jan through Jan-Mar and in line with BPe for 2H26e, while Good Guys broadly retaining the comps growth at +2.5% but slightly below BPe
- NZ which was the standout performer (however small contribution to overall group) through the past 12 months has seen some easing off despite easier comps, however slightly ahead of BPe for 2H26
- The premium market household goods exposed e&s seeing some incremental improvement however slightly below BPe for flat expectations

Seasonal 4Q outlook

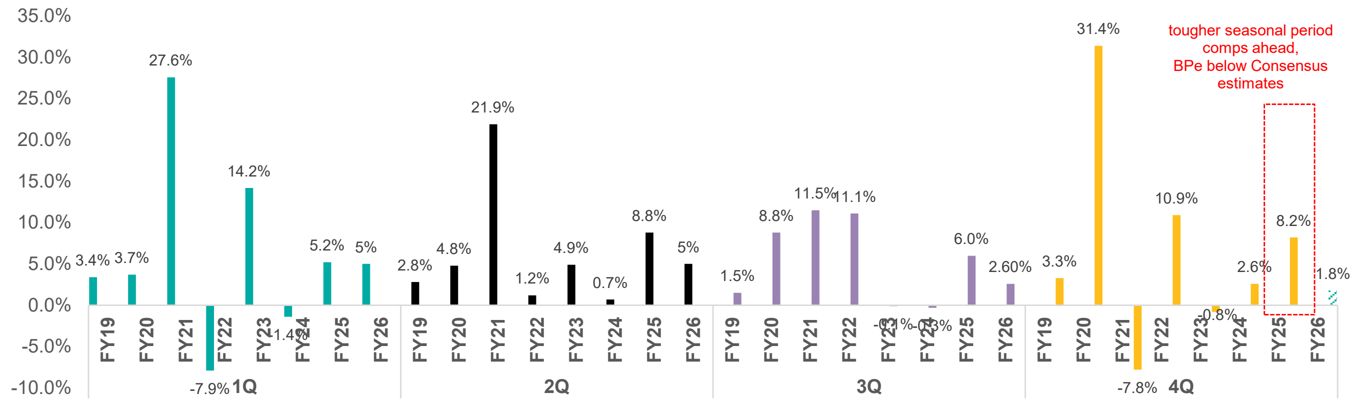
- Management commentary as "as we enter the important end of FY trading period, technology categories are seeing significant supplier component related cost increases and stock availability shortages, along with heightened competitive activity"

Figure 1: 3Q update vs 4Q BPe

(Comparable sales growth, on pcp)	4Q26e (BPe)	Overall 3Q26	First 4 weeks of 3Q26
JBH Australia	1.8%	2.6%	2.4%
growth in pcp	8.2%	6.0%	7.1%
JBH NZ	7.9%	15.2%	16.7%
growth in pcp	15.7%	7.5%	10.0%
Good Guys	2.3%	2.5%	2.7%
growth in pcp	4.1%	4.1%	5.9%
e&s		-4.8%	-7.9%
growth in pcp		0.9%	7.5%

Source: Company Reports, Bell Potter Securities estimates

Figure 2: Quarterly trends (4Q26e per BPe)



Source: Company Reports, Bell Potter Securities estimates

Earnings changes & Valuation

Estimate changes

We make changes to our revenue assumptions factoring in the GG and e&s performance in the trading update and accounting for some easing within our JBH Aus comparable sales in meeting the current challenging 4Q26 comps. The key division would cycle +8.2% comparable sales during the seasonal quarter and our revised estimates see +1.8% for 4Q26e and +2% for 2H26e and +3% thereafter. We also apply some conservatism through our FY27/28e forecasts to see market share retention offset by some investment in gross margins, hovering around the 22% level for the overall business and a broadly flat CODB % of sales, with operating margins improving from a low point in FY27e. The net result sees our NPAT forecasts -1%/-3%/-3% for FY26/27/28e.

Figure 2: JBH BPe changes

Earnings Changes	2026e			2027e			2028e		
June Year End	old	new	% change	old	new	% change	old	new	% change
Revenue ($m)	11,180.9	11,152.2	0%	11,703.6	11,607.0	-1%	12,296.3	12,152.5	-1%
EBIT ($m)	736.3	726.0	-1%	766.5	737.6	-4%	812.2	788.9	-3%
NPAT (Underlying) ($m)	489.8	482.8	-1%	505.3	489.2	-3%	539.5	524.3	-3%
EPS (Underlying) (cps)	444.8	438.5	-1%	456.9	442.4	-3%	487.9	474.1	-3%
DPS (cps)	335.3	330.58	-1%	344.4	333.49	-3%	367.8	357.34	-3%

Source: Bell Potter Securities estimates

JB Hi-Fi Limited (JBH)

BUSINESS OVERVIEW

JB Hi-Fi Limited (JBH) is a leading omni-channel retailer of technology, consumer electronics, and home appliances, having recently moved into the premium kitchen, laundry and bathroom products space through a 75% acquisition of e&s. The company operates in the Australian and New Zealand markets, and consists of three banners: JB Hi-Fi, The Good Guys and e&s, with a combined store footprint of ~340 stores. The vast brick-and-mortar store network is a key growth driver long-term, alongside online which makes up ~14% of group sales.

VALUATION METHOD

Our $87.00 12-month target price is based on a 50:50 blend of: 1) Discounted Cash Flow (DCF) valuation methodology utilising a WACC of ~9% and a terminal growth rate of ~4%; and 2) Target P/E multiple of ~19x on a blended FY26/27e basis (with a skew to FY27e).

RISKS

Risks to an investment in JBH include but are not limited to:

Slowdown in consumer spending and rise in unemployment: JBH's products are discretionary in nature and thus spending on these items is sensitive to changes in general consumer sentiment. Any material reduction in consumer spending on discretionary items may in turn result in lower levels of revenue.

Consumer Sentiment: JBH's high value items are subject to consumer spending sentiment that may change unexpectedly. If this were to occur, JBH may be required to sell significant volume of its products at deep discounts to clear surplus inventory, which would be detrimental to performance.

Reliance on key personnel: JBH's senior management are long-term employees, with any significant executive changes presenting operational risk.

Increased competition: Increased competitive intensity via price/product range may place pressure on sales/margins. This includes the threat of online competition and a risk that JBH may lose market share to new or existing competitors.

Reliance on Third Party suppliers: As all JBH's product is sourced from third party suppliers, the success of the business relies on its ability to maintain and develop key supplier relationships. Any material changes in the distribution channel strategy of key suppliers, such as increasing or restricting supply, will adversely impact JBH.

Inventory risk: As a retailer, the company is exposed to inventory risk and in a period of store closures or demand weakness, the inventory position could be higher than expected which could lead to aged stock.

Movements in FX: Can impact sourcing of products and shipping due to JBH's exposure to foreign currency, namely the NZD and also suppliers' exposure to FX passing on price rises which JBH need to pass onto customers.

Impairment risk: Due to difficult market conditions or the deterioration in brand equity.

Rental risk: Costs associated with lease increases could affect profitability.

RECOMMENDATION (unchanged)
Buy

PRICE
A$72.98

TARGET (12 MONTHS)
A$87.00 (prev. A$90.00)

Table 1: Financial summary

Date		**6/05/26**
Price	**A$/sh**	**72.98**
Target price	**A$/sh**	**87.00**

Bell Potter Securities
Chami Ratnapala (cratnapala@bellpotter.com.au, +61 2 8224 2845)

PROFIT AND LOSS						
Year ending 30 June	**Unit**	**2024a**	**2025a**	**2026e**	**2027e**	**2028e**
Sales revenue	A$m	9,592.6	10,555.0	11,152.2	11,607.0	12,152.5
Change	*%*	*-0.4%*	*10.0%*	*5.7%*	*4.1%*	*4.7%*
EBITDA	A$m	884.6	952.9	1,000.4	1,029.2	1,093.9
Change	*%*	*-10.9%*	*7.7%*	*5.0%*	*2.9%*	*6.3%*
Deprec. & amort.	A$m	(237.1)	(258.8)	(274.4)	(291.6)	(305.0)
EBIT	A$m	647.5	694.1	726.0	737.6	788.9
Net Interest	A$m	(18.0)	(26.1)	(29.3)	(31.7)	(32.2)
Pre-tax profit	A$m	629.5	668.0	696.8	705.9	756.7
Tax expense	A$m	(189.7)	(205.2)	(213.9)	(216.7)	(232.4)
Tax rate	*%*	*30%*	*31%*	*31%*	*31%*	*31%*
Associates	A$m	-	-	-	-	-
Minorities/Prefs	A$m	-	(0.4)	(0.1)	0.0	(0.0)
Underlying Net Profit	**A$m**	**439.8**	**462.4**	**482.8**	**489.2**	**524.3**
Change	*%*	*-16.8%*	*5.1%*	*4.4%*	*1.3%*	*7.2%*
Abs. & extras.	A$m	-	-	-	-	-
Reported Profit	A$m	439.8	462.4	482.8	489.2	524.3

CASH FLOW STATEMENT						
Year ending 30 June	**Unit**	**2024a**	**2025a**	**2026e**	**2027e**	**2028e**
EBITDA	A$m	884.6	952.9	1,000.4	1,029.2	1,093.9
Working capital changes	A$m	(61.7)	(109.1)	24.6	24.6	24.6
Net Interest Expense	A$m	11.2	11.5	(13.3)	(31.7)	(32.2)
Tax	A$m	(177.7)	(224.7)	(247.5)	(214.9)	(223.2)
Other operating items	A$m	96.2	81.0	(17.6)	(40.9)	(38.7)
Operating Cash Flow	**A$m**	**752.6**	**711.6**	**746.7**	**766.2**	**824.4**
Capex	A$m	(74.5)	(82.3)	(92.1)	(95.9)	(100.4)
Free Cash Flow	**A$m**	**678.1**	**629.3**	**654.6**	**670.3**	**724.0**
Acquisitions	A$m	-	(40.8)	-	-	-
Disposals	A$m	-	-	-	-	-
Payment of leases	A$m	(187.6)	(199.0)	(213.2)	(225.3)	(238.3)
Dividends paid	A$m	(298.5)	(385.9)	(454.3)	(366.5)	(380.3)
Other items	A$m	-	(20.9)	(26.9)	-	-
Equity	A$m	(17.0)	-	-	-	-
Core debt increase/(reduction)	**A$m**	**(34.8)**	**(16.4)**	**245.8**	**200.9**	**(105.4)**

BALANCE SHEET						
Year ending 30 June	**Unit**	**2024a**	**2025a**	**2026e**	**2027e**	**2028e**
Cash	A$m	317.7	284.1	320.0	320.0	320.0
Receivables	A$m	135.1	186.5	193.5	201.6	211.1
Inventories & WIP	A$m	1,093.6	1,298.5	1,347.0	1,403.4	1,469.8
Other current assets	A$m	39.9	46.6	59.2	59.2	59.2
Current Assets	**A$m**	**1,586.3**	**1,815.7**	**1,919.6**	**1,984.1**	**2,060.1**
Receivables	A$m	-	-	-	-	-
Fixed Assets	A$m	196.9	224.8	248.9	273.8	296.4
Right-of-use Assets	A$m	568.3	638.7	673.4	712.4	753.5
Intangibles	A$m	1,031.4	1,080.7	1,080.7	1,080.7	1,080.7
Other non-curr assets	A$m	103.7	122.9	128.7	128.7	128.7
Non Current Assets	**A$m**	**1,900.3**	**2,067.1**	**2,131.7**	**2,195.6**	**2,259.3**
Total Assets	**A$m**	**3,486.6**	**3,882.8**	**4,051.3**	**4,179.7**	**4,319.5**
Short term debt	A$m	15.0	-	-	-	-
Creditors	A$m	968.9	1,197.4	1,298.7	1,387.8	1,488.3
Provisions	A$m	144.3	152.4	155.0	155.6	156.4
Other curr liabilities	A$m	182.6	201.2	212.0	224.3	237.2
Current Liabilities	**A$m**	**1,310.8**	**1,551.0**	**1,665.6**	**1,767.7**	**1,882.0**
LT debt (incl. LT leases)	A$m	459.8	513.2	613.8	845.9	773.3
Creditors	A$m	115.0	132.0	128.9	128.9	128.9
Provisions	A$m	41.9	64.7	66.9	69.0	71.4
Non Current Liabilities	**A$m**	**616.7**	**709.9**	**809.7**	**1,043.8**	**973.5**
Total Liabilities	**A$m**	**1,927.5**	**2,260.9**	**2,475.3**	**2,811.5**	**2,855.6**
Net Assets	**A$m**	**1,559.1**	**1,621.9**	**1,576.0**	**1,368.3**	**1,463.9**
Share Capital	A$m	312.3	291.4	264.5	264.5	264.5
Reserves	A$m	28.5	14.9	5.4	5.4	5.4
Retained Earnings	A$m	1,218.3	1,310.3	1,300.6	1,092.8	1,188.4
Shareholders Equity	**A$m**	**1,559.1**	**1,616.6**	**1,570.5**	**1,362.7**	**1,458.3**
Outside Equity Interests	A$m	-	5.5	5.6	5.6	5.6
Total Equity	**A$m**	**1,559.1**	**1,622.1**	**1,576.0**	**1,368.3**	**1,463.9**
Core Net debt/(cash) $m	A$m	(302.7)	(284.1)	(243.7)	(42.8)	(148.2)

VALUATION	
Price	$72.98
Recommendation	Buy
Diluted issued capital (m)	109.3
Market cap ($m)	7,979.1
Target Price (A$ps)	$ 87.00

VALUATION RATIOS						
Year ending 30 June	**Unit**	**2024a**	**2025a**	**2026e**	**2027e**	**2028e**
Underlying EPS	Ac/sh	400.4	421.2	438.5	442.4	474.1
Change	*%*	*-16.3%*	*5.2%*	*4.1%*	*0.9%*	*7.2%*
P/E (on underlying EPS)	**x**	**18.2**	**17.3**	**16.6**	**16.5**	**15.4**
EV/EBITDA	x	9.4	8.7	8.3	8.1	7.6
EV/EBIT	x	12.8	12.0	11.5	11.3	10.5
NTA	A$/sh	4.8	4.9	4.5	2.6	3.5
P/NTA	x	15.2	14.9	16.3	28.1	21.1
Book Value	A$/sh	14.2	14.7	14.3	12.4	13.2
Price/Book	x	5.1	5.0	5.1	5.9	5.5
DPS	Ac/sh	261.0	275.0	330.6	333.5	357.3
Pay-out	*%*	*74%*	*89%*	*75%*	*75%*	*75%*
Yield	*%*	*3.6%*	*3.8%*	*4.5%*	*4.6%*	*5%*
Franking	%	100%	100%	100%	100%	100%

PERFORMANCE RATIOS						
Year ending 30 June	**Unit**	**2024a**	**2025a**	**2026e**	**2027e**	**2028e**
Revenue growth	%	-0.4%	10.0%	5.7%	4.1%	4.7%
EBITDA growth	%	-10.9%	7.7%	5.0%	2.9%	6.3%
Gross Profit margin	%	22.3%	22.4%	22.2%	22.0%	22.1%
EBITDA margin	%	9.2%	9.0%	9.0%	8.9%	9.0%
EBIT margin	%	6.7%	6.6%	6.5%	6.4%	6.5%
Gross cash conversion	%	103.9%	112.0%	100.7%	98.4%	98.7%
Free cash-flow yield	%	8.5%	9.6%	8.1%	8.3%	9.0%
ROE	%	29.1%	29.0%	29.8%	33.3%	35.9%
ROIC	%	37.7%	39.8%	39.5%	39.8%	42.3%
Capex/Depn	x	1.4	1.3	1.4	1.3	1.3
Net interest cover	x	36.0	26.6	24.8	23.3	24.5
Core Net Debt/EBITDA (pre-AASB16)	x	n/a	n/a	n/a	n/a	n/a
Net debt/equity	%	21.8%	26.6%	32.2%	55.1%	47.3%
Net debt/net debt + equity (%)	%	17.9%	21.0%	24.4%	35.5%	32.1%

INTERIMS						
Year ending 30 June	**Unit**	**1H24**	**2H24**	**1H25**	**2H25**	**1H26**
Sales revenue	A$m	5,162.2	4,430.4	5,670.4	4,884.6	6,085.3
EBITDA	A$m	505.2	379.4	545.9	407.0	589.0
Deprec. & amort.	A$m	(29.1)	(25.8)	(29.6)	(31.9)	(32.0)
EBIT	A$m	386.8	260.7	419.9	274.2	454.0
Interest expense	A$m	(9.5)	(8.5)	(11.0)	(15.1)	(16.2)
Pre-tax profit	A$m	377.3	252.2	408.9	259.1	437.8
Tax expense	A$m	(113.0)	(76.7)	(123.2)	(82.0)	(131.9)
Tax rate	*%*	*30.0%*	*30.4%*	*30.1%*	*32%*	*30%*
Minorities	A$m	-	-	(0.3)	(0.1)	(0.1)
Underlying Net Profit	**A$m**	**264.3**	**175.5**	**285.4**	**177.0**	**305.8**

SEGMENTS						
Year ending 30 June	**Unit**	**2024a**	**2025a**	**2026e**	**2027e**	**2028e**
JB Hi-Fi Australia	A$m	6,609.9	7,103.2	7,456.3	7,785.1	8,128.9
JB Hi-Fi New Zealand	A$m	303.6	361.5	451.8	510.8	627.2
The Good Guys	A$m	2,679.1	2,865.0	2,959.5	3,028.1	3,109.8
E&S	A$m	230.0	225.3	284.6	283.0	286.5
Total Revenue (A$m)	**A$m**	**9,822.6**	**10,555.0**	**11,152.2**	**11,607.0**	**12,152.5**
JB Hi-Fi Australia	A$m	634.1	680.2	708.7	732.6	780.8
JB Hi-Fi New Zealand	A$m	4.4	8.2	12.8	11.8	17.6
The Good Guys	A$m	246.1	252.7	264.6	270.8	281.1
E&S	A$m	9.7	14.0	14.2	14.0	14.4
Total EBITDA (A$m)	**A$m**	**894.3**	**955.1**	**1,000.4**	**1,029.2**	**1,093.9**

Source: Company reports, Bell Potter Securities estimates

RECOMMENDATION STRUCTURE

BUY	Expect >15% total return on a 12 month view. For stocks regarded as 'Speculative' a return of >30% is expected.
HOLD	Expect total return between -5% and 15% on a 12 month view.
SELL	Expect <-5% total return on a 12 month view.

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