

Company	JB Hi-Fi Limited
ASX code	JBH
Meeting	AGM
Date	25 October 2018
Venue	Computershare, Yarra Falls, 452 Johnston St Abbotsford Melbourne
Monitor	Mike Robey

Number attendees at meeting	21 Shareholders plus 25 guests, of which 2 were from ASIC
Number of holdings represented by ASA	104
Value of proxies	\$3.55M
Number of shares represented by ASA	154,676 (equivalent to 18th largest holder)
Market capitalisation	\$2.64B
Were proxies voted?	Yes, on a poll
Pre AGM Meeting?	Yes, with Chair Greg Richards and Company Secretary Doug Smith

Near first strike

The Chair Greg Richards and the [MD Richard Murray](#) gave short presentations on what was a good trading year [and reaffirmed their sales forecasts](#) for JB Aus (+5.3%), JB Nz (+4.0%) and The Good Guys (+2.0%).

We congratulated them on a good overall result under non-ideal retail circumstances and asked about the poorly performing The Good Guys (TGG) and JB NZ in particular in light of the expected synergies. All this against the background of rising executive salaries, owing to the larger scale of the Group. The CEO responded that he too was disappointed in both but that they needed to compete on price with TGG in order to stabilise their share. They had also reinvested in new shop locations and business processes (TGG was unlisted prior to the merger) in order to grow the business.

An ASA member Stephen Mayne lobbied for support for gambling reform and critiqued their choice of venue as budget-grade, hard to find and indicative of a company which wasn't trying to attract shareholder interest. The CEO responded that one of the company values was frugality and that these premises were a perfect fit to that value. Mayne further asked what JB thought of the Harvey Norman "fake" franchise model, whereby they could avoid some payroll tax. The predictable response was a straight bat "we are JB not Harvey and will do what we do".

On the remuneration report we shared the view that JB had made some changes and signalled more in the coming year where many of the concerns of the ASA were being addressed, so we voted open proxies in favour. We did ask that they publish an actual take home table for the prior two years, to save shareholders having to do the math, and be upfront about what the pay is. The answer was a reluctant "we've heard your concern", but with no commitment.

One proxy advisor had voted against as we understand it, resulting in a low 78.35% "for" vote, close to a first strike. The Chair was defensive about why the proxy count wasn't published in advance of [the AGM vote](#), stating that he didn't want to influence the vote, however conceded he would consider releasing the proxies in advance in the future. Press speculation was that the protest vote from the proxy advisor was in opposition to a single "collapsed" LTI scheme.

Both Directors seeking reappointment, who incidentally have long retail pedigrees, spoke to their resolutions and were voted in with over 99% of the votes.

We made the point that although the board was showing good gender diversity (around 30% were women) the lower management levels were dominantly male and could do with an intervention to improve the pipeline to senior management. A discussion after the meeting with one of the female directors, Beth Laughton followed up on what was actually occurring and our suggestion was for her to own this issue.

In keeping with the frugal theme, refreshments comprised aged-urn tea and coffee and segments of muffins.

Voting outcomes:

<https://www.asx.com.au/asxpdf/20181025/pdf/43zm04rbwxdxgs.pdf>

CEO Presentation:

<https://www.asx.com.au/asxpdf/20181025/pdf/43zln03rvf2381.pdf>

Q1 Sales update and guidance:

<https://www.asx.com.au/asxpdf/20181025/pdf/43zlnjr198hh9f.pdf>