



JB Hi-Fi Limited

Half Year Results Presentation

31 December 2003



AGENDA

Ø Highlights – 6 months 31 December 2003

Ø 2004 Focus

Chief Executive Officer
Richard Uechtritz

Chief Financial Officer
Richard Murray



FINANCIAL HIGHLIGHTS

Ø Sound six months performance to 31 December, 2003

• Growth against previous corresponding period strong:

- Sales	26.3%	é
- Comparable store sales growth	8.4%	é
- Gross Margin (+0.8 to 23.3%)	3.6%	é
- NPAT	49.2%	é

Ø Fully franked interim dividend of 3.6 cents per share declared as per forecast

Ø On track to meet prospectus earnings forecast for the full year FY04



TRADING OVERVIEW

- Ø Continued strong growth in emerging categories of Digital Camera's, Flat Panel TV's and DVD software

- Ø Music showed good growth in both CD's (comp store 3.6%) and Music DVD's

- Ø Store rollout ahead of plan with 5 stores opened to Feb 2004 and further 2 to 3 stores likely in second half

- Ø Competition continues to grow
 - Continued price promotion by supermarkets and discount department stores
 - Existing retailers expanding their range of consumer electronics

- Ø January and February sales show growth above 2003, but at slower overall rates than for the first half



PROFIT AND LOSS

	Six Months 31 Dec 2003 \$m	Six Months 31 Dec 2002 \$m	Growth
Sales	234.6	185.7	26.3%
<i>Comparative Store Sales Growth</i>			8.4%
Gross Profit	54.7	41.8	
<i>Gross Margin</i>	23.3%	22.5%	+ 0.8%
EBITDA	15.9	11.6	36.3%
<i>Depreciation & Amortisation</i>	1.4	0.9	
EBIT	14.5	10.7	35.8%
<i>EBIT Margin</i>	6.2%	5.7%	+ 0.5%
Net Profit After Tax	9.3	6.2	49.2%
Headline Statistics:			
<i>Earnings per Share (cents)</i>	9.1	6.1 *	49.2%
<i>Stores at period end</i>	30	24	+ 6
<i>Opex as a % of sales</i>	16.5%	16.3%	(0.2%)

* Applying same number of shares as current year (102,120,000)

^ For the purpose of comparability with the prospectus borrowing costs have been calculated on a net basis (refer s.13)



CASH FLOW

	Six Months 31 Dec 2003 \$m	Six Months 31 Dec 2002 \$m
EBITDA	15.9	11.6
Movement in Working Capital	8.6	21.2
Net Borrowing Costs	(1.2)	(1.6)
Income Tax Paid	(3.0)	(2.7)
Net Cash flow from Operating Activities	20.3	28.5
Purchase of Fixtures, Fittings & Equipment	(5.0)	(3.1)
less Finance Lease funded	<u>4.1</u>	<u>2.0</u>
Net purchases of F,F&E funded from investing	(0.9)	(1.1)
Acquisition of Store Interest	(3.0)	-
Net Cash flow from Investing	(2.7)	(1.0)
Proceeds from issue of Equity Securities	10.1	-
Net Proceeds from Borrowings	(2.3)	(5.2)
Dividend Paid	(10.0)	-
Net Cash Provided by / (used in) Financing Activities	(2.2)	(5.2)
Net Increase in Cash Position	15.4	22.3
Cash at the beginning of Financial Period	13.0	0.5
Cash at the end of Financial Period	28.4	22.8
Credit Facility	15.0	n/a
Headroom	43.4	



WORKING CAPITAL

	Six Months 31 Dec 2003 \$m	Six Months 31 Dec 2002 \$m
Movement in Working Capital		
(Increase)/Decrease in assets		
Current receivables	(5.8)	(4.2)
Current inventories	(27.3)	(10.3)
Other current assets	(0.2)	(0.8)
Increase/(Decrease) in liabilities		
Current trade creditors and accruals	42.0	38.7
Other current liabilities	-	(2.2)
Net Working Capital	8.6	21.2

Ø Continued proactive management of working capital position

- Recognise that December is the peak cash position for JB.
- Dec 2002 net working capital was a result of number of structural changes in the business that are not applicable moving forward.
- Net working capital better than forecast.



CAPEX

- Ø Capex is slightly higher than forecast.
- Ø New store capex estimates of \$0.7 million per new store still appropriate
- Ø Full year capex is likely to be in the range \$2.7 to \$4.8 million more than forecast, based on:
 - Expanded store rollout program
 - Acquisition of DVD security product, which will result in on going opex savings.
 - Head office IT and other equipment purchases



BALANCE SHEET

	31 Dec 2003 \$m	31 Dec 2002 \$m
Cash	28.4	22.8
Receivables	13.8	10.8
Inventories	76.4	53.1
Other	1.2	0.7
Total Current Assets	119.7	87.5
Fixed Assets	18.5	13.4
Intangibles	46.0	43.1
Other	1.8	1.4
Total Non-Current Assets	66.3	57.9
TOTAL ASSETS	186.0	145.3
Payables	89.6	63.4
Interest Bearing Liabilities	1.9	6.5
Provisions	7.0	6.0
Total Current Liabilities	98.5	76.0
Interest Bearing Liabilities	37.8	32.3
Provisions	1.8	1.0
Total Non-Current Liabilities	39.6	33.3
TOTAL LIABILITIES	138.1	109.3
NET ASSETS	47.9	36.1



Balance Sheet – cont'd

Ø Assets

- Inventory has increased as a result of
 - New stores coming on line
 - Existing stores increased product range as a result of growth in DVD music software, expanded product offering in both Digital Camera and LCD/Plasma televisions
 - Stock Turnover for the period was 5.8 times for the 6 months

Ø Liabilities

- Creditors days is greater than 60
- Interest Coverage is 12.1 times



NEW STORES

Ø Stores opened this financial year

1. Cannington	Perth	Oct 03
2. Osborne Park	Perth	Oct 03
3. Kawana Waters	Qld Sunshine Coast	Nov 03
4. Marion	Adelaide	Dec 03
5. Erina	NSW Central Coast	Feb 04

Ø New stores outlook

Bondi Junction	Sydney	Lease Signed
Fountain Gate	Melbourne	Lease Signed
Modbury	Adelaide	Lease Signed
O'Connor	Perth	Agreement in Principle

plus several others under negotiation



2004 FOCUS

Ø Growing and emerging products

- slimline widescreen digital televisions i.e. plasma / LCD
- Digital cameras
- Recordable DVD players
- DVD software

Ø Store layout and presentation

Ø Hiring of key people to manage the company's continued strong growth

Ø New store rollout

- Seven to eight new stores



INVESTMENT SCORECARD

Ø **Growth factors**

- Continued focused exposure to high growth home entertainment product market
- Recently opened stores continue to mature strongly
- New store roll-out ahead of plan

Ø **Profitability underpinned by**

- Opex 16.5% of sales
- High stock turns at 5.8 times
- Low capital investment

Ø **Sustainable competitive advantage**

- Low cost and large scale operations
- Discount positioning provides some protection from the volatile retail economic cycle
- Distinctive branding and prominent retail locations
- Continued ability to attract and retain good staff



Disclosure

- Ø As highlighted in slide 4, for the comparability with the prospectus and generally accepted market convention, the Company considers interest income and borrowing costs on a net basis. As a result in the 6 months to December 2003 interest income of \$0.2 million (Dec 2002 Nil) was earned and borrowing costs of \$1.4 million, resulting in net borrowing costs for the period of \$1.2 million.
- Ø For the purpose of disclosure in Appendix 4D, interest income is classified as Other Income from Ordinary Activities. This amount is included in the calculation of EBIT.
- Ø JB Hi-Fi believes it is more appropriate to consider interest income as an offset to borrowing costs and as such is considered below the calculation of EBIT.
- Ø As a result the EBIT disclosed in this presentation is \$0.2 million lower than would be derived from the Appendix 4B disclosures. While NPAT is consistent at \$9.3 million.