



JB Hi-Fi Limited

Half Year Results Presentation – December 2004

16 February 2005



AGENDA

- 1. Performance**
- 2. Trading Update**
- 3. Financial Detail**
- 4. New Stores**
- 5. Investment Scorecard**

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1. PERFORMANCE

Strong performance for 6 months to 31 December 2004

Growth against previous corresponding period:

• Sales	\$376.2m	60.3% \hat{U}
• Comparable store sales growth (PCP 8.4%)	10.3%	+1.9% \hat{U}
• EBIT	\$25.4m	75.5% \hat{U}
• NPAT	\$15.4m	65.4% \hat{U}

Interim fully franked dividend of 3.6 cents per share declared, to be paid 14 April 2004 (record 31 March 2004).

2. TRADING UPDATE

Trading Overview

- Strong growth in most categories: Slim-line TV, DVD Software, Digital Cameras, Music & Portable Audio.
- Comparative store growth of 10.3% for 1st half expected to slow in 2nd half.
- Opex as % of sales down 0.9% to 15.6% (PCP 16.5%).
- Opened 7 new JB Hi-Fi stores in first half which are trading well.
- Planning to open 2 to 3 new JB Hi-Fi stores and 1 Clive Anthonys store in 2nd half.
- January and February sales are inline with expectations.
- Competition is growing and the electrical market as a whole has slowed, especially white goods and air conditioning.
- Clive Anthonys traded well in first half with similar comparative store growth to Harvey Norman.

3. FINANCIAL DETAIL

Profit and Loss Statement

\$m	HY04	HY03	Growth
Sales	376.2	234.6	60.3%
<i>Comparative Store Sales</i>			+ 10.3%
Gross Profit	86.6	54.7	58.3%
<i>Gross Margin</i>	23.0%	23.3%	(0.3%)
EBITDA	27.9	15.9	75.8%
Depreciation & Amortisation	2.5	1.4	
EBIT	25.4	14.5	75.5%
<i>EBIT Margin</i>	6.8%	6.2%	0.6%
Net Profit After Tax	15.4	9.3	65.3%
<i>Headline Statistics:</i>			
<i>Earnings per Share (cents)</i>	15.0	9.1	65.0%
<i>Stores at period end</i>	44	30	+ 14
<i>OPEX (excl depn & amort) as % of sales</i>	15.6%	16.5%	(0.9%)

Cashflow Statement

\$m	HY04	HY03	Movement
EBITDA	27.9	15.9	12.0
Change in Working Capital	(1.5)	8.6	(10.1)
Net Borrowing Costs	(2.2)	(1.2)	(1.0)
Income Tax Paid	(5.4)	(3.0)	(2.4)
Net Cashflow from Operations	18.8	20.3	(1.5)
Purchases of F,F&E	(8.3)	(5.0)	(3.3)
Payments for Intangibles & Invest.	(22.1)	(3.0)	(19.1)
Net Cashflow from Investing	(30.5)	(6.8)	(23.7)
Proceeds from issue of Equity	0.1	10.1	(10.0)
Net Borrowings	25.0	(0.6)	25.6
Finance Lease funded	8.2	4.1	4.1
Repayment of Finance Leases	(2.2)	(1.7)	(0.5)
Dividends Paid	(3.7)	(10.0)	6.3
Net Cash from Financing	27.4	1.9	25.5
Net Increase in Cash Position	15.6	15.4	0.2
Cash at the end of Period	32.1	28.4	3.7

Working Capital

\$m	HY04	HY03
Movement in working capital (Increase)/Decrease in		
Inventory	(50.0)	(27.3)
Current receivables	(9.3)	(5.8)
Other current assets	1.5	(0.2)
Increase/(Decrease) in		
Current trade creditors	56.5	41.3
Other current liabilities	(0.2)	0.6
Net Working Capital	(1.5)	8.6

Continued proactive management of working capital position:

- New stores contributed to \$21m of the increase in inventory. Management adopted a strategy of being intentionally overweight in key product lines to maximise Christmas and New Year sales opportunities. Inventory has returned to target levels in February 05.
- Creditors in line with increase in stock and management expectations

Balance Sheet

\$m	HY04	HY03	Movement
Cash	32.1	28.4	3.7
Receivables	23.9	13.8	10.1
Inventories	130.9	76.4	54.5
Total Current Assets	188.6	119.7	68.9
Fixed Assets	30.6	18.5	12.1
Brandname & Goodwill	66.4	46.0	20.4
Other	1.7	1.8	-0.1
Total Non-Current Assets	99.1	66.3	32.8
TOTAL ASSETS	287.8	186.0	101.8
Payables	137.6	89.6	48.0
Interest Bearing Liabilities	3.3	1.9	1.4
Provisions	9.4	7.0	2.4
Total Current Liabilities	150.3	98.5	51.8
Interest Bearing Liabilities	71.7	37.8	33.9
Total Non-Current Liabilities	73.5	39.6	33.9
TOTAL LIABILITIES	223.7	138.1	85.6
NET ASSETS	64.0	47.9	16.1

Balance Sheet

JB Hi-Fi's balance sheet remains strong after the acquisition of Clive Anthonys, and the group is well positioned for growth as evidenced by the following key ratios:

\$m	HY04	HY03
Stock Turnover	5.75	5.80
Creditors Days	65.6	70.6
Fixed Charge Ratio	3.20	2.70
Interest Cover (times)	11.4	12.1
Debt to Equity	1.17	0.83
Debt to Debt + Equity	0.54	0.53

4. NEW STORES

Stores Opened and Outlook

7 JB stores opened in first half:

- Canberra City*, Sydney City*, Westfield Belconnen (ACT), Norton Street Leichhardt (Sydney)
- Werribee Plaza (Melbourne) and Narre Warren (Melbourne)
- Modbury (SA)

Scheduled to take possession of the following in 2nd half, with 2 – 3 to open:

- AMP Macquarie Centre (Sydney)
- Westfield Hornsby (Sydney)
- Westfield Miranda (Sydney)
- Melbourne City* (geographically apart from existing Melbourne City store)
- Logan Hyperdome (Brisbane)
- Westfield Whitford (Perth)
- Westfield Tuggerah (NSW Central Coast)

1 Clive Anthonys store scheduled to open in 2nd half.

- Mount Gravatt (Brisbane)

Many new store opportunities for both JB Hi-Fi and Clive Anthony's into 2006 and 2007.

5. INVESTMENT SCORECARD

Strong growth, profitability & sustainable competitive advantage

Growth factors:

- Continued focused exposure to high growth home entertainment product market
- Recently opened stores continue to mature strongly
- JB new store roll-out continues, with plenty of site opportunities
- New vehicle (Clive Anthonys) to pursue difference markets and demographics

Profitability underpinned by:

- Low opex. as % of sales at 15.6% (ex. depreciation)
- High stock turns at 5.7 times
- Low capital investment
- Buying power increasing as we grow

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
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