

JB Hi-Fi Limited



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JB Hi-Fi Background



- Ø Founded 1974 in Melbourne

- Ø Management Buy In - July 2000 led by Macquarie Direct Investments
 - Ø 10 stores (9 Melbourne, 1 Sydney)
 - Ø Sales \$140m

- Ø IPO October 2003
 - Ø 26 stores

- Ø Forecast 2004 Results
 - Ø 32 stores
 - Ø \$457 million sales
 - Ø \$13.1 million NPAT

- Ø Current market capitalisation of \$240 million¹

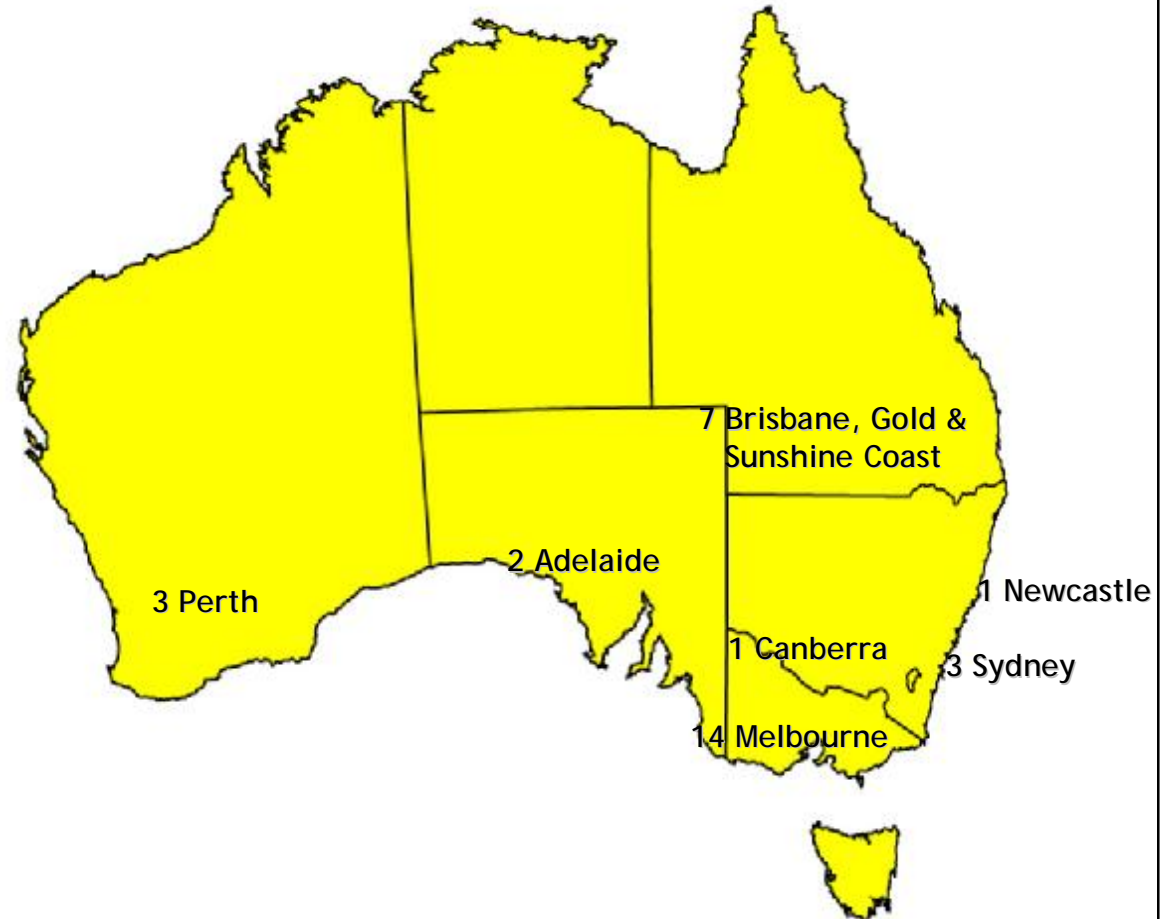
- Ø Current shareholder structure
 - Ø 7 substantial shareholders (including CEO) control 45.0% of stock
 - Ø Strong institutional base

1. Based on share price of \$2.28 23/4/04

JB Hi-Fi Background (cont.)



- ∅ Large format category killer discount retailer specialising in home entertainment
- ∅ 32 stores across Australia
- ∅ 7 Categories
 - ∅ Audio
 - ∅ Visual
 - ∅ Digital and video camera's
 - ∅ Car Sound
 - ∅ CD's
 - ∅ DVD's
 - ∅ Accessories



Industry Overview



- Ø In the year to June 2003, the domestic appliance and recorded music retailing segment was approximately \$11.2 billion
- Ø Estimated market size of mainly high growth products sold by JB Hi-Fi:

Product	Australian Sales
Colour televisions	\$1,219m
DVD players	\$317m
Receivers / amplifiers	\$124m
Digital still cameras	\$407m
Video cameras	\$248m
CD's	\$770m
DVD's	\$800m
Car Sound	\$110m

Industry Overview (cont'd)



- Ø Key competitors to JB Hi-Fi
 - Ø Major retailers
 - Ø Harvey Norman
 - Ø Woolworth's - Big W, Dick Smiths, Tandy
 - Ø Coles Myer - Myer, Kmart, Target, Megamart
 - Ø Larger independent electrical retailers
 - Ø Clive Peeters (Melbourne), Bing Lee (Sydney), Truscots (Adelaide), Video Pro (Brisbane), Rick Hart (Perth)
 - Ø Buying and marketing groups
 - Ø Retravision, Betta Electrical, Good Guys, Camera House, Autobarn
 - Ø National specialty retailers
 - Ø Sanity, HMV, Video Ezy, Blockbuster, Strathfield
 - Ø Local specialist retailers
 - Ø Independent camera stores, CD stores, car sound stores

Business Model & Customer Proposition



- Ø Focused on home entertainment,
- Ø One of Australia's largest ranges of audio, visual, video & digital camera's, car sound, CD's and DVDs
- Ø Discounter of brand name products
- Ø Specialist and empowered sales people
- Ø Warehouse or "No Frills" look and feel, industrial fixtures
- Ø Stock displayed from floor to ceiling
- Ø Bold and bright signage with hand written tickets
- Ø Casual dressed staff
- Ø Relaxed and informative atmosphere that yells low price, value
- Ø Everyday low price strategy supported by every day low cost structure:
 - Ø Operating expense to sales ratio of less than 18%
 - Ø Low occupancy costs (less than 2% of sales) and long term leases
 - Ø Economies of scale in purchasing, advertising and support through NARTA buying group
 - Ø Efficient supply chain management - no warehouse
 - Ø High store productivity (based on sales per m² selling space)
 - Ø Rapid stock turns (greater than 5 times)

Growth Opportunities



- Ø Less than ½ way through growth phase, 32 stores currently, can do 60-70 metropolitan stores without cannibalisation eg CD market share

- Ø Slim line wide screen digital TV's
 - Ø ie Plasma & LCD television

- Ø DVD recorders

- Ø Digital camera's

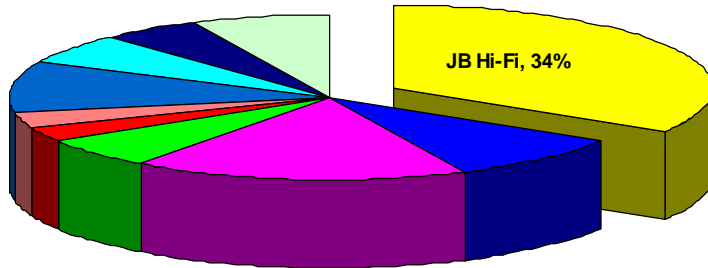
- Ø Home theatre
 - Ø Hardware and software

Example of JB Market Presence - CD sales

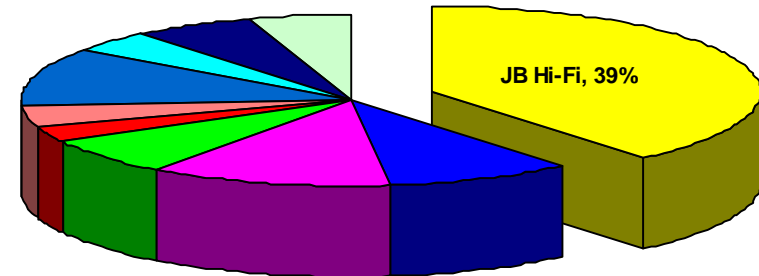


- ∅ Indication of JB's market dominance in a large regional shopping centre

August 2002



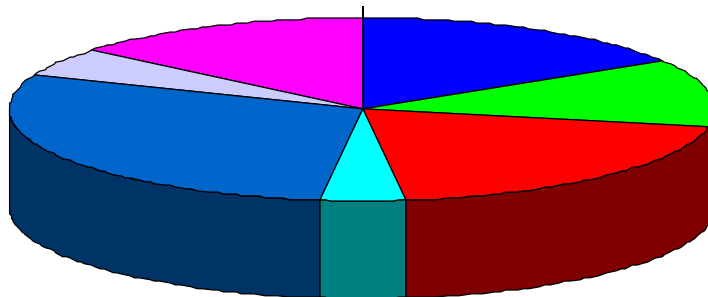
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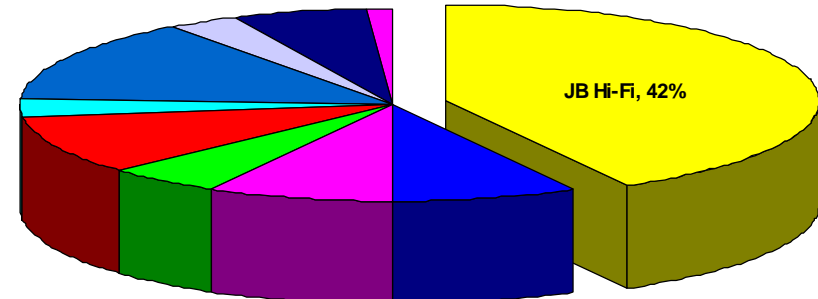
- ∅ Competitors - Sanity, HMV, Virgin, Kmart, Big W, Myer, Target, ABC Shop, David Jones

- ∅ Indication of JB's ability to quickly gain market dominance in a large regional shopping centre

Before JB - August 2002



After JB - August 2003



- ∅ Competitors - Sanity, Big W, Virgin, Kmart Myer, Target, Hi-Fi Supermarket, ABC Shop,

Challenges



- Ø Ever increasing competition
- Ø Price deflation
- Ø Maintaining JB's culture as we grow
- Ø Staying focussed on core business
- Ø Continue to attract good people

Financial Highlights - Half Year Dec 04



- Ø Sound six months performance to 31 December, 2003
 - Ø 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

P&L - Half Year Dec 04



	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%
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

IPO Forecast



	12 Months 30 June 2004 IPO Forecast \$m	12 Months 30 June 2003 Actual \$m	Growth
Sales	457.3	355.8	28.5%
<i>Comparative Store Sales Growth</i>			+ 6.5%
Gross Profit	104.0	79.9	
<i>Gross Margin</i>	22.7%	22.5%	+ 0.2%
EBIT	21.3	16.7	27.3%
<i>EBIT Margin</i>	4.7%	4.7%	-
Net Profit After Tax	13.1	n/a	n/c
Headline Statistics:			
<i>Stores at period end</i>	31	26	+ 5
<i>Opex as a % of sales</i>	17.5%	17.4%	+ 0.1%

Q&A



Ø Last store opening 21st April - Westfield Bondi Junction

