



**JB Hi-Fi Limited**

**Full Year Result Presentation**

**30 June 2004**

# Agenda

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## Ø FY 2004

- Financial Summary
- Profit and Loss Summary
- Cashflow Summary
  - Working Capital
  - Capital Expenditure
- Balance Sheet Summary

## Ø New Stores

## Ø Clive Anthony acquisition

## Ø Investment Scorecard

Chief Executive Officer  
Richard Uechritz

Chief Financial Officer  
Richard Murray

**Ø Strong twelve months performance to 30 June, 2004**

**• Growth against previous corresponding period :**

- Sales	\$452m	27.1%	é
- Comparable store sales growth		8.0%	
- Gross Margin (up 95 basis points)	23.4%	4.3%	é
- NPAT	\$13.8m*	60.7%	é

**Ø Final fully franked dividend of 3.6 cents per share declared,  
Full year fully franked dividend of 7.2 cents per share in line with IPO prospectus**

\* 6<sup>th</sup> new store Bondi Junction opened in April 04 (5 in forecast) had an opening pretax loss of \$359k [\$251k post tax] to end of June 04

# Profit and Loss Summary



	FY04 30-Jun-04 \$m	FY03 30-Jun-03 \$m	Growth
<b>Sales</b>	<b>452.4</b>	<b>355.8</b>	<b>27.1%</b>
<i>Comparative Store Sales</i>			<i>8.0%</i>
<b>Gross Profit</b>	<b>105.9</b>	<b>79.9</b>	<b>32.5%</b>
<i>Gross Margin</i>	<i>23.4%</i>	<i>22.5%</i>	+ <i>0.95%</i>
<b>EBITDA</b>	<b>26.0</b>	<b>18.1</b>	<b>44.2%</b>
Depreciation & Amortisation	3.2	1.3	
<b>EBIT</b>	<b>22.9</b>	<b>16.7</b>	<b>36.6%</b>
<i>EBIT Margin</i>	<i>5.1%</i>	<i>4.7%</i>	+ <i>0.4%</i>
<b>Net Profit After Tax</b>	<b>13.8</b>	<b>8.6</b>	<b>60.7%</b>
<b>Other Headline Statistics:</b>			
Earnings per Share (cents) *	13.5	8.4	<b>60.7%</b>
Stores at period end	32	26	+ 6
OPEX (excl depn & amort) as % of sales	17.8%	17.6%	(0.2%)

\* Based on number of shares on issue at 30/6/04 of 102,452,666

# Cashflow Summary



	FY04 30-Jun-04 \$m	FY03 30-Jun-03 \$m
EBITDA	26.0	18.1
Change in Working Capital	(2.8)	13.0
Borrowing Costs	(3.0)	(3.3)
Income Tax Paid	(5.3)	(4.1)
<b>Net Cashflow from Operating Activities</b>	<b>14.8</b>	<b>23.6</b>
Purchases of Fixtures, Fittings & Equipment	(10.3)	(6.3)
Payments for Intangible Assets	(3.6)	0.0
Proceeds from Sale of Assets	0.1	0.5
<b>Net Cashflow from Investing Activities</b>	<b>(13.7)</b>	<b>(5.8)</b>
Proceeds from issue of Equity Securities	10.3	0.0
Net Repayment of Borrowings	(4.0)	(7.2)
Payment for Debt Issue Costs	0.0	(1.3)
Finance Lease funding	9.7	3.1
Dividends Paid	(13.7)	0.0
<b>Net Cash Provided by / (used in) Financing Activities</b>	<b>2.3</b>	<b>(5.4)</b>
<b>Net Increase in Cash Position</b>	<b>3.4</b>	<b>12.4</b>
<b>Cash at the beginning of Financial Period</b>	<b>13.0</b>	<b>0.6</b>
<b>Cash at the end of Financial Period</b>	<b>16.4</b>	<b>13.0</b>
<b>Headroom</b>	<b>31.4</b>	

# Working Capital



	12 months 30-Jun-04 \$m	12 months 30-Jun-03 \$m
<b><u>Movement in Working Capital:</u></b>		
(Increase) / Decrease in assets		
Inventory	(21.3)	(6.2)
Receivables	(3.9)	(0.7)
Other Current Assets	(1.4)	(1.0)
Increase / (Decrease) in liabilities		
Trade Creditors	18.2	18.8
Other Current Liabilities	5.6	2.1
<b>Net Movement in Working Capital</b>	<b>(2.8)</b>	<b>13.0</b>
<b>Inventory Turn</b>	<b>5.8x</b>	<b>6.0x</b>
<b>Creditor Days</b>	<b>73</b>	<b>62</b>

- Ø Net Working Capital better than forecast of (\$14.9m)
- Ø Components of Working Capital expected to grow in line with business growth
- Ø FY04 Inventory increase relatively higher because of:-
  - Higher valued stock units eg. flat screen TV s and growth of DVD back catalogue
  - Timing of promotional activities (1 July 2004)

# Capex

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- ∅ Capex was higher than forecast as previously advised
  - One extra store opened compared to forecast
  - DVD security product installed
  - Head office IT and other equipment purchases
  - Larger store sizes
  
- ∅ New store capex in FY05 is expected to be ~\$ 1.0m per store, which is funded via finance lease

# Balance Sheet



	30-Jun-04 \$m	30-Jun-03 \$m		30-Jun-04 %	30-Jun-03 %
Cash	16.4	13.0	<b>Gearing:-</b>		
Receivables	13.2	7.7		Net D / (Net D + E)	36%
Inventories	70.3	49.1	<b>Return on Investment:-</b>		
Other	1.1	0.7		NPAT / Ave <sup>(1)</sup> Net Assets	32%
<b>Total Current Assets</b>	<b>101.1</b>	<b>70.4</b>	EBIT / Ave <sup>(1)</sup> (Net Debt + Net Assets)	33%	25%
Fixed Assets	21.9	14.9			
Intangibles	46.5	43.1			
Other	0.7	2.5			
<b>Total Non-Current Assets</b>	<b>69.1</b>	<b>60.5</b>			
<b>TOTAL ASSETS</b>	<b>170.2</b>	<b>130.9</b>			
Payables	69.0	46.9			
Interest Bearing Liabilities	4.4	3.3			
Provisions	7.6	5.6			
<b>Total Current Liabilities</b>	<b>80.9</b>	<b>55.8</b>			
Interest Bearing Liabilities	39.2	34.6			
Provisions	1.1	2.1			
<b>Total Non-Current Liabilities</b>	<b>40.4</b>	<b>36.6</b>			
<b>TOTAL LIABILITIES</b>	<b>121.3</b>	<b>92.5</b>			
<b>NET ASSETS</b>	<b>48.9</b>	<b>38.5</b>			

(1) Average = (Position at year end + Position at start of period) / 2

# New Stores



## Ø JB Hi-Fi Stores opened FY04

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
6. Bondi Junction	Sydney	Apr 04

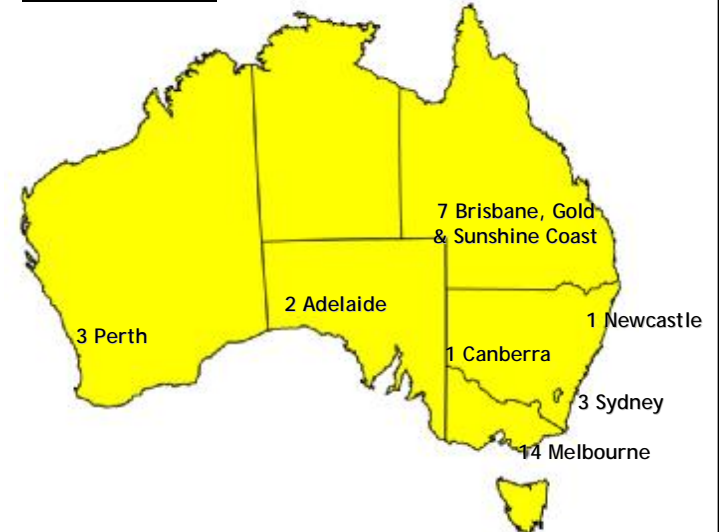
## Ø JB Hi-Fi Stores New stores outlook – 1<sup>st</sup> half FY05

1. Canberra CBD	Canberra	Open late August <sup>1</sup>
2. Werribee	Melbourne	Est. open September
3. Sydney CBD	Sydney	Est. open October <sup>1</sup>
4. Fountain Gate	Melbourne	Est. open November
5. Modbury	Adelaide	Est. open November
6. Leichhardt	Sydney	Est. open November

## Ø Anticipate up to 9 new JB Hi-Fi stores in FY05

## Ø Anticipate 1 new Clive Anthony's store in FY05

### JB Hi-Fi Stores\*



### Clive Anthony Stores\*



(1) Music/DVD's/Camera's/Portable Audio

\*Stores as at 30 June 04

# Acquisition of Clive Anthonys

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## Ø Acquisition (70%) of Clive Anthonys retail chain

- A great business, attractive investment and first class management
- Management team will retain 30% of business,
- JB gains separate exposure to whitegoods, cooking and computer retail segments
- 5 existing stores in Queensland, further store rollout in Qld and NSW
- Will add ~2.6 cents EPS in FY05
- See ASX announcement on 5 August for further details

# Investment Scorecard

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## Ø 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

## Ø Profitability underpinned by

- Opex 17.8% of sales
- High stock turns at ~ 6.0 times
- Low capital investment
- Buying power increasing as we grow

## 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