

JB Hi-Fi Limited



Securities Institute Finance and Investment Week 2004

14 May 2004

Richard Murray - CFO

Agenda



1	JB Hi-Fi Background
2	Industry Overview
3	Business Model & Customer Proposition
4	Growth Opportunities
5	Challenges
6	Trading since IPO
7	Q&A

JB Hi-Fi Background



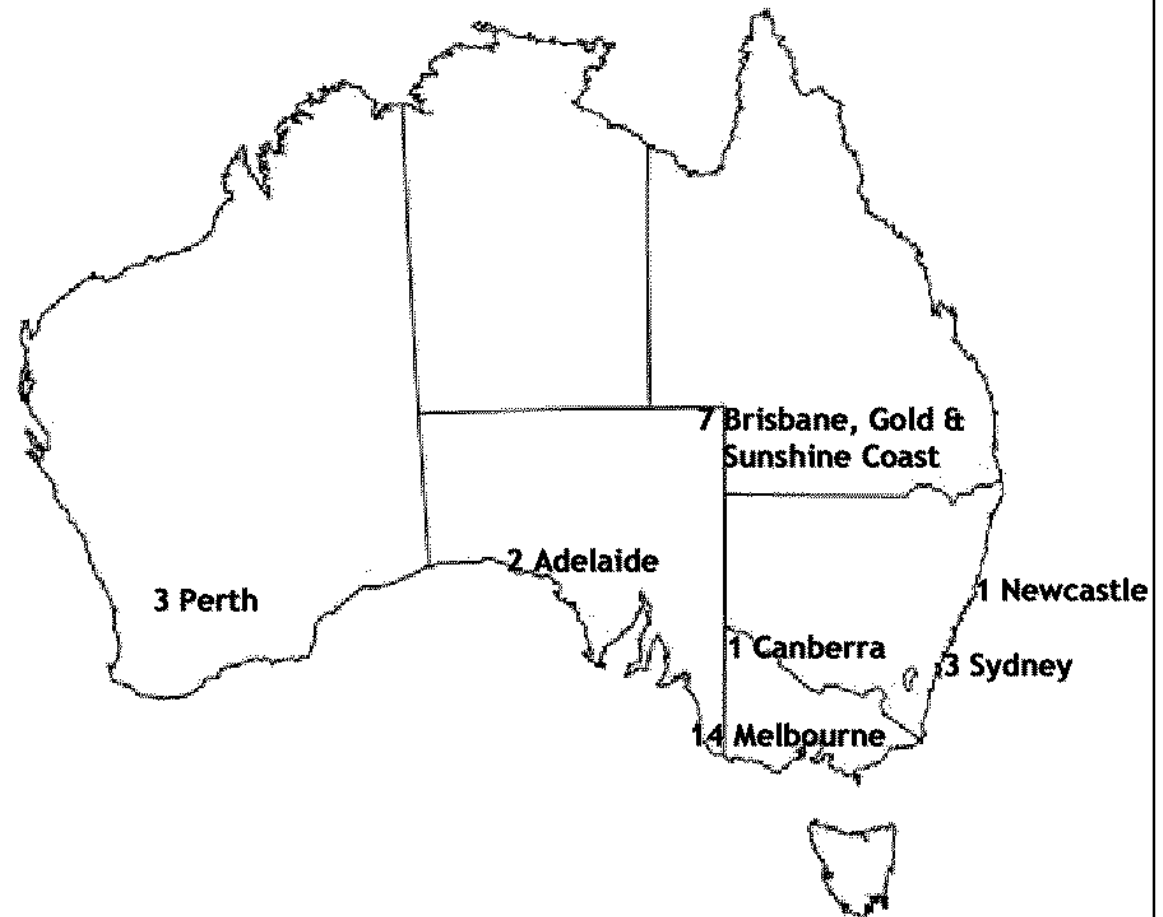
- Founded 1974 in Melbourne
- Management Buy In - July 2000 led by Macquarie Direct Investments
 - 10 stores (9 Melbourne, 1 Sydney)
 - Sales \$140m
- IPO October 2003
 - 26 stores
- Forecast 2004 Results
 - 32 stores
 - \$457 million sales
 - \$13.1 million NPAT
- Current market capitalisation of \$240 million¹

1. Based on share price of \$2.28 11/5/04

JB Hi-Fi Background (cont.)



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



JB Hi-Fi Background (cont.)



- Board and Management

- **6 Directors including 4 non-executive**

- Patrick Elliott Non-Executive Chairman

- Richard Uechtritz CEO

- Terry Smart Executive Director

- Gary Levin Non-Executive Director

- Will Fraser Non-Executive Director

- Jim King Non-Executive Director (recently appointed)

- **Senior Management Team**

- Frank Garonzi General Manager

- Richard Murray CFO/Company Secretary

- Scott Browning Marketing Director

JB Hi-Fi Background (cont.)



- Current range of shareholders - April 2004

Range	Holdings	Percentage
1 - 1,000	469	0.3%
1,001 - 5,000	1,798	5.5%
5,001 - 10,000	805	6.0%
10,001 - 100,000	500	11.2%
100,001 and over	46	76.9%
Total	3,618	100.0%

- 7 substantial shareholders control 45% of the shares outstanding
- Strong institutional shareholder base
- Current management retained and grew their shareholding as part of the IPO and currently control approximately 7.0% of shares outstanding

Industry Overview



- In the year to June 2003, the domestic appliance and recorded music retailing segment was approximately \$11.2 billion
- 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)



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

Business Model & Customer Proposition



- Business Model
 - Focused on home entertainment
 - One of Australia's largest ranges of audio, visual, video & digital camera's, car sound, CD's and DVDs
 - Discounter of brand name products

- Customer Proposition
 - Specialist and empowered sales people
 - Warehouse or "No Frills" look and feel, industrial fixtures
 - Stock displayed from floor to ceiling
 - Bold and bright signage with hand written tickets
 - Casually dressed staff
 - Relaxed and informative atmosphere that yells low price, value

- Everyday low price strategy supported by every day low cost structure

Growth Opportunities



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

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

- DVD recorders

- Digital camera's

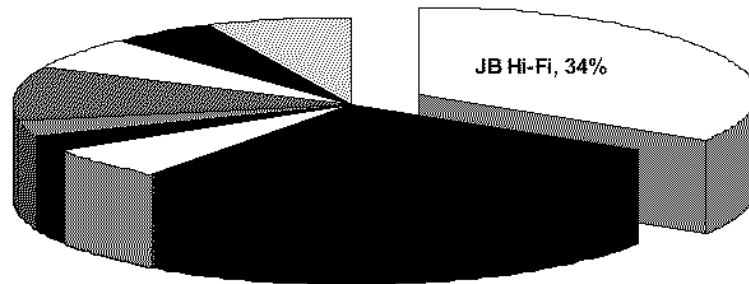
- Home theatre
 - Hardware and software

Example of JB Market Presence - CD sales

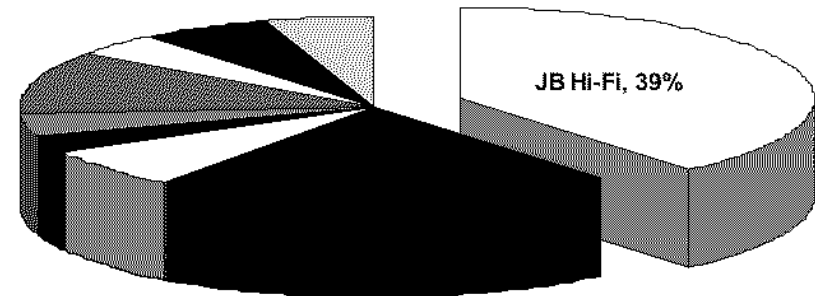


- Store A: Indication of JB's market dominance in a large regional shopping centre

August 2002



August 2003



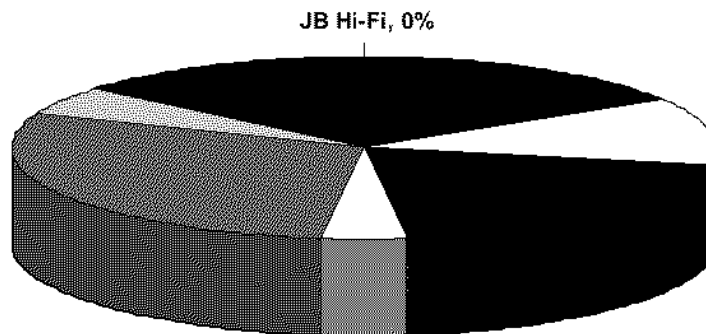
- Competitors - Sanity, HMV, Virgin, Kmart, Big W, Myer, Target, ABC Shop, David Jones

Example of JB Market Presence - CD sales

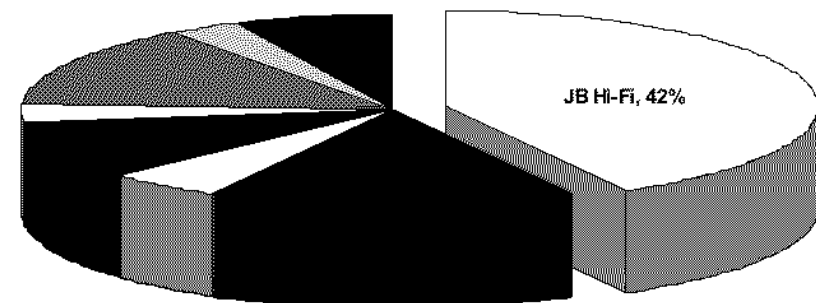


- Store B: Indication of JB's ability to quickly gain market dominance in a large regional shopping centre

Before JB - August 2002



After JB - August 2003



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

Challenges



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

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	+ 0.8%
<i>Gross Margin</i>	23.3%	22.5%	
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%

Share Price performance since IPO



- Retail price \$1.55 47%
- Institutional price \$1.80 27%

Summary and Q&A



- Last store opening 21st April - Westfield Bondi Junction

