



JB Hi-Fi Limited

Full Year Results Presentation – June 2005

16 August 2005



AGENDA

1. **Performance**
2. **Historical Performance**
3. **Trading Update**
4. **Financial Detail**
5. **IFRS Update**
6. **New Stores**
7. **Investment Scorecard**

Richard Uechtritz
CEO

Richard Murray
CFO



1. PERFORMANCE

Strong performance for 12 months to 30 June 2005

Growth against previous corresponding period:

• Sales	\$693.9m	53.4% •
• Comparable store sales growth (PCP 8.0%)	4.7%*	- 3.3% •
• EBIT	\$37.0m	62.1% •
• EBIT Margin (PCP 5.1%)	5.3%	+ 0.2% •
• NPAT	\$20.7m	49.8% •

Final fully franked dividend of 3.6 cents per share declared, to be paid 21 October 2005 (record date 7 October 2005).

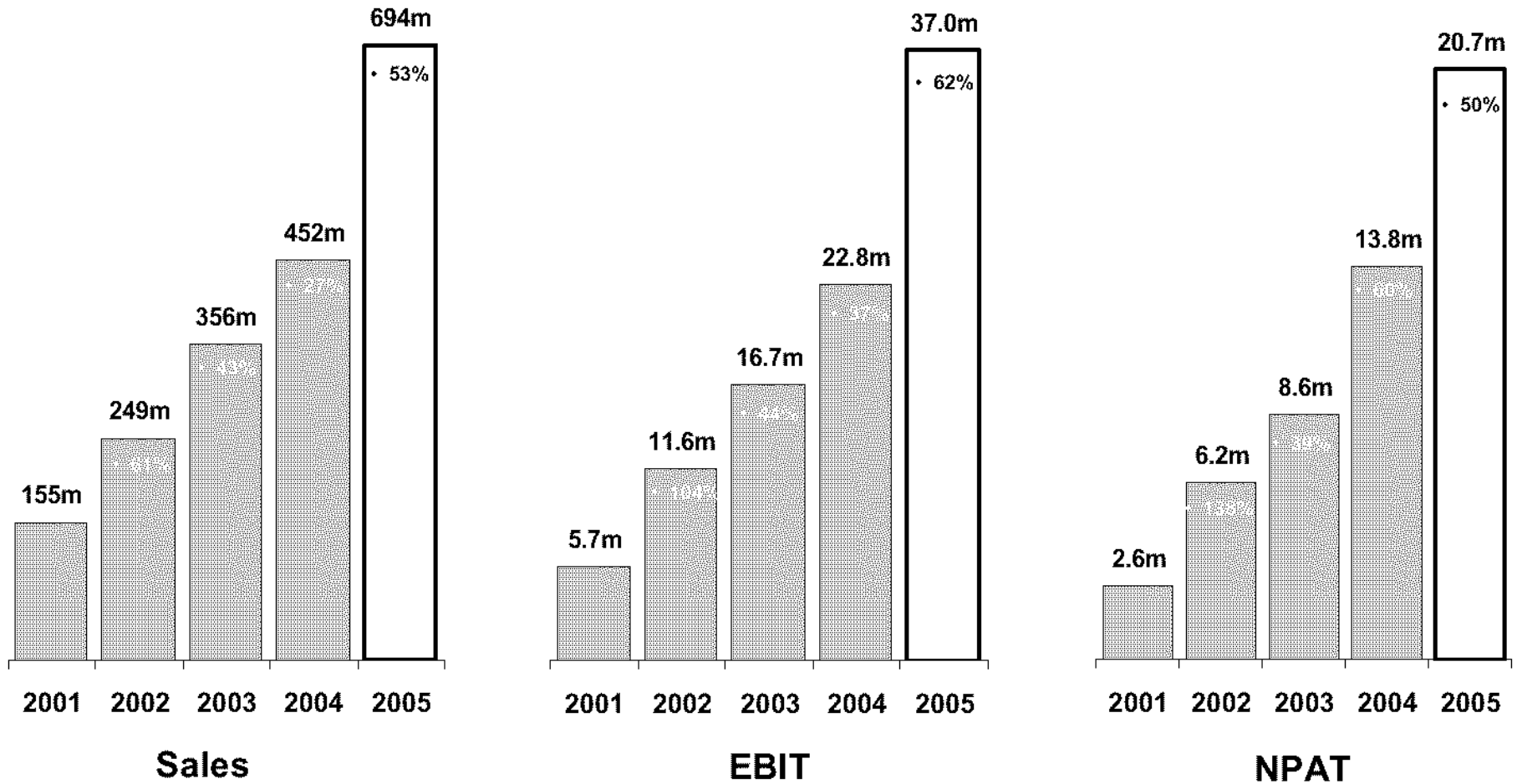
* JB Stores: 6.0%, CA Stores: - 2.2%

Note: PCP = Prior Comparable Period i.e. 12 months to June 2004



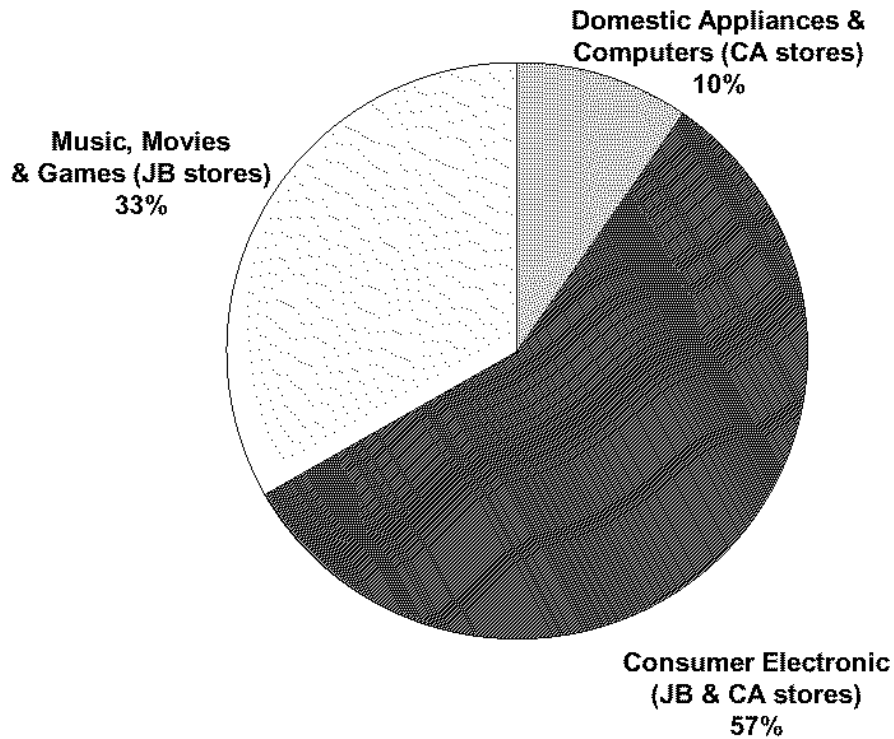
2. HISTORICAL PERFORMANCE

Strong growth in sales & earnings since MBI in July 2000

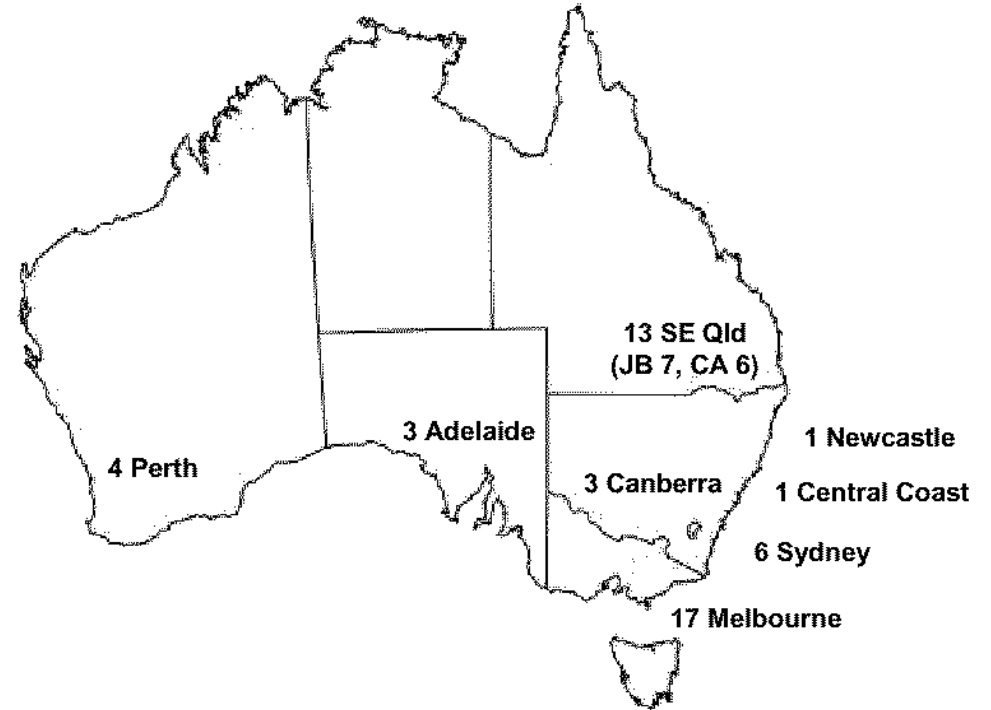


3. TRADING UPDATE

Sales Product Mix FY05



Total Stores FY05: 48 (JB 42, CA 6)



Trading Overview

- Market sales growth slowed significantly in the first half of calendar year 05 after 18 months of strong consumer spending. This slower rate of growth is likely to continue into the first half of FY 05/06.
 - This slow down has been more pronounced in the white goods, cooking and appliance market in which Clive Anthony's operates.
 - The technology base of JB's product mix continues to help drive growth.
 - JB continues to focus on product categories with high growth potential such as games where we have had very encouraging initial acceptance.
 - Whilst discounting has been a feature of the overall market during the last 6 months, this has had relatively little impact on JB due to our already discounted offering combined with better buying from our suppliers.
 - Continued consolidation in the industry as smaller/medium players close or sell and suppliers align themselves to growth companies in good financial positions (eg Harvey Norman, Good Guys, JB Hi Fi, Woolworths, Coles Myer, David Jones).
 - The slower market has provided increased property opportunities. It is expected that JB will roll out 16 to 17 new stores this current year, 12 by the peak Christmas season.
 - 7 of the 12 new stores will open in Sydney giving us significant market presence there for the first time, with 13 stores.
 - There are no current plans to open additional CA stores this year but we are undertaking a major expansion and refurbishment of the flagship Mermaid Waters store and a focus on growing our computer business.
 - New store openings are comfortably funded by strong cashflow from existing stores and a conservative increase in debt.
 - The maturing of recently opened stores (11 in FY05 and 8 in FY04) will be a significant driver of profit growth in the current year.
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4. FINANCIAL DETAIL

Profit and Loss Statement

\$m	FY05	FY04	Growth
Sales	693.9	452.4	53.4%
<i>Comparative Store Sales</i>	<i>4.7%</i>	<i>8.0%</i>	<i>- 3.3%</i>
Gross Profit	159.5	105.9	50.5%
<i>Gross Margin</i>	<i>23.0%</i>	<i>23.4%</i>	<i>- 0.4%</i>
EBITDA	42.3	25.9	63.6%
<i>Depreciation & Amortisation</i>	<i>5.3</i>	<i>3.1</i>	
EBIT	37.0	22.9	62.1%
<i>EBIT Margin</i>	<i>5.3%</i>	<i>5.1%</i>	<i>+ 0.2%</i>
Net Profit After Tax (net of OEI)	20.7	13.8	49.8%
Headline Statistics:			
Earnings per share (cents)*	20.1	13.5	49.2%
Stores at period end	48	32	+ 16
OPEX (ex. depn & amort) as % of sales	17.0%	17.8%	- 0.8%

Cashflow Statement

\$m	FY05	FY04
EBITDA	42.3	26.0
Change in Working Capital	(31.4)	(2.8)
Interest Paid	(5.1)	(3.0)
Income Tax Paid	(9.1)	(5.3)
Net Cashflow from Operations	(3.4)	14.8
Purchases of F,F & E	(15.8)	(10.3)
Payments for Intangibles & Invest.	(22.1)	(3.6)
Net Cashflow from Investing	(37.9)	(13.7)
Proceeds from issue of equity	0.2	10.3
Net Borrowings	25.0	(4.0)
Finance Lease funded	13.1	9.7
Repayment of finance leases	(4.5)	
Dividends Paid	(7.4)	(13.7)
Net Cashflow from Financing	26.5	2.3
Net Change in Cash Position	(14.8)	3.4
Cash at the end of Period	1.6	16.4

Working Capital

\$m	FY05	FY04
(Increase)/Decrease in current assets		
Inventory	(23.0)	(21.3)
Receivables	(5.3)	(3.9)
Other Current Assets	(0.3)	(1.4)
Increase/(Decrease) in current liabilities		
Trade creditors	(3.7)	18.2
Other current liabilities	0.9	5.6
Net Movement in Working Capital	(31.4)	(2.8)

Continued proactive management of working capital position:

- Inventory management has been enhanced in all categories including a reduction in DVD stock of \$4m. However inventory has increased overall due to new stores inventory of \$22.8m, existing store games inventory of \$4.6m, an expanded range of printers/inks and portable music players, and a continued shift to plasma/LCD away from CRT TV.
- Clive Anthonys contributed a net working capital movement of (3.0m).
- Working capital is in line with management expectations.

Balance Sheet

\$m	FY05	FY04	Movement
Cash	1.6	16.4	(14.8)
Receivables	19.9	13.0	6.9
Inventories	104.5	70.3	34.2
Other Current Assets	2.6	1.1	1.5
Total Current Assets	128.7	100.9	27.8
Fixed Assets	35.6	21.9	13.7
Brandname & Goodwill	66.8	46.5	20.3
Other Non-Current	1.7	0.7	1.0
Total Non-Current	104.2	69.1	35.1
Total Assets	232.8	170.0	62.8
Payables	78.2	68.8	9.4
Interest bearing liabilities	6.3	4.4	1.9
Provisions	9.2	7.6	1.6
Total Current liabilities	93.7	80.8	12.9
Interest bearing liabilities	71.3	39.2	32.1
Other	1.7	1.1	0.6
Total non-current liabilities	73.0	40.4	32.6
Total Liabilities	166.7	121.2	45.5
Net Assets (net of OEI)	62.4	48.9	13.5

Performance Indicators

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

\$m	FY05	FY04
Stock Turnover	5.77*	5.81
Creditors Days	54.35*	60.9
Fixed Charge Ratio	3.05	3.25
Interest Cover (times)	6.49	7.47
Return on Equity	33%	28%
Return on Invested Capital	27%	30%
EBIT Margin	5.3%	5.1%

* Average method (FY05 opening balances adjusted to include Clive Anthonys).

- The slight reduction in stock turnover is primarily attributable to the opening of 11 new stores.
- Comp store stock turnover is 6.3 times.

5. IFRS

Key areas of IFRS for JB

	P&L Impact 05*	B/S Impact	Ongoing P&L Impact
Share based payment	Yes	Yes	Yes
Inventory (stretch rebates & early settlement discounts)	Yes	Yes	Yes
CGU - plant & equipment	Yes	Yes	No
Leases - fixed rate increases	Yes	Yes	Yes
Brand names & goodwill – deferred tax balances	No	Yes	No

* To retained earnings as part of IFRS transition

IFRS Impact – P&L

\$m	AGAAP	IFRS Adj.	A-IFRS
Sales	693.9	-	693.9
Cost of sales	534.5	0.5	535.0
Gross profit	159.5	(0.5)	159.0
Marketing expenses	84.2	0.5	84.7
Occupancy expenses	22.3	0.3	22.6
Administration expenses	9.2	-	9.2
Borrowing costs	5.7	-	5.7
Other expenses	7.9	0.1	7.9
Other revenue	1.1	(0.1)	1.0
Profit Before Tax	31.3	(1.3)	30.0
Income Tax	(9.4)	0.2	(9.3)
NPAT	21.8	(1.1)	20.7
OEI	(1.2)	0.0	(1.2)
NPAT	20.7	(1.1)	19.5

IFRS Impact – Balance Sheet

\$m	AGAAP	IFRS Adj.	A-IFRS
Assets			
Inventories	104.5	(1.6)	103.0
Property, plant & equipment	35.6	(0.4)	35.2
Intangibles	66.3	18.4	84.7
Liabilities			
Deferred tax liabilities	0.6	18.4	19.0
Provisions	6.9	(0.6)	6.3
Other	-	1.0	1.0
Net Assets	66.1	(2.8)	63.3
Equity			
Contributed equity	32.4	-	32.4
Reserves	-	0.6	0.6
Retained Profits	30.0	(3.5)	26.5
OEI	3.7	-	3.7
	66.1	(2.8)	63.3



6. NEW STORES

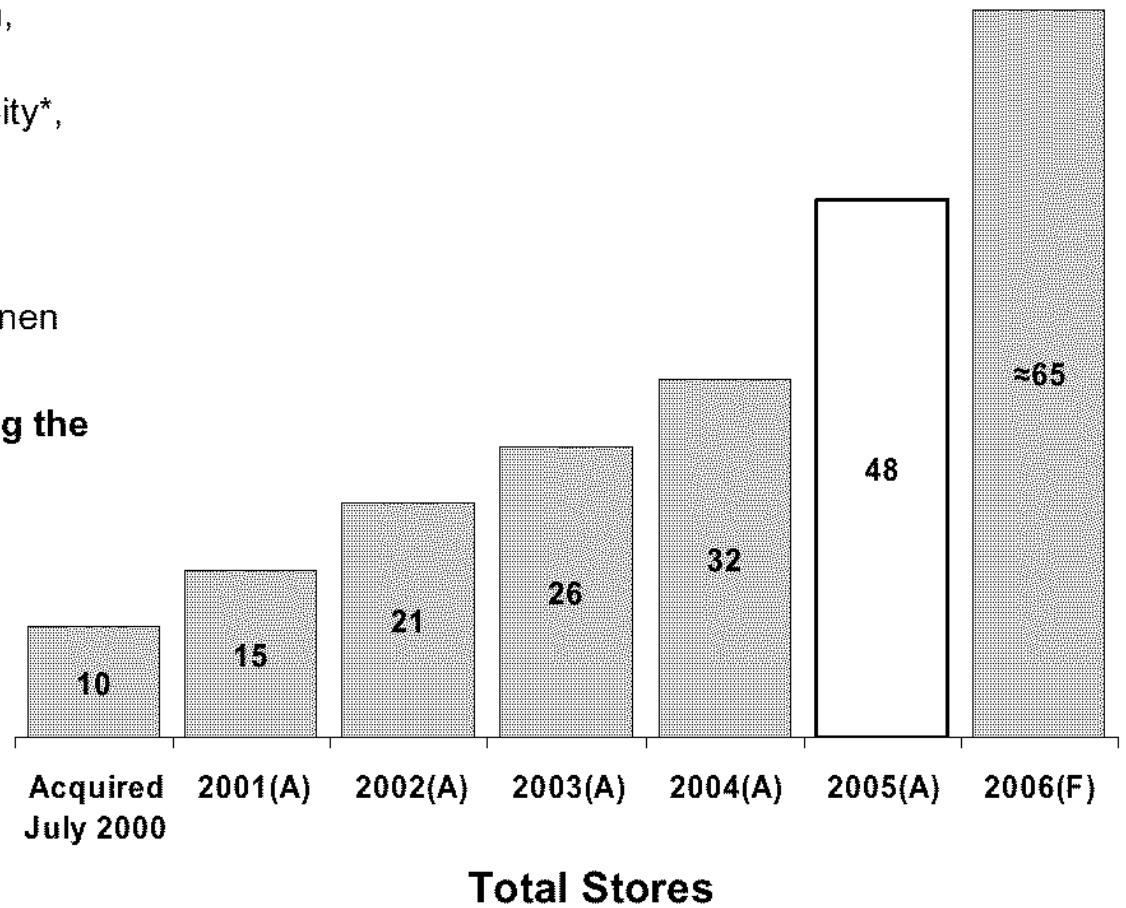
Stores Opened

10 JB stores opened during the year:

- VIC: Werribee, Narre Warren, Melbourne City (Bourke St)*
- NSW: North Ryde, Sydney City*, Leichhardt
- SA: Modbury
- WA: Whitford
- ACT: Canberra City*, Belconnen

1 Clive Anthony's store opened during the year:

- Mount Gravatt (Brisbane)



* CD, DVD, Camera & Portable Audio only

New Store Program

Anticipate approximately 16 to 17 new JB stores in FY06, with 12 stores before Xmas in some of the country's biggest Shopping Centres including:

- Westfield Tuggerah (NSW Central Coast) **NOW OPEN**
- QIC's Robina (Gold Coast) **NOW OPEN**
- Westfield Miranda (Sydney)
- Westfield Chatswood (Sydney)
- Westfield Hornsby (Sydney)
- QIC's Westpoint Blacktown (Sydney)
- Lend Lease's Macarthur Square (Sydney)
- QIC's Loganholme (Brisbane)
- Lend Lease's Casuarina (Darwin)
- Westfield Southland (Melbourne)
- Geelong (Victoria)
- AMP's Warringah Mall (Sydney)
- Castle Hill (Sydney)
- Westfield Penrith (Sydney)

7. INVESTMENT SCORECARD

Strong growth, profitability & sustainable competitive advantage

Growth factors:

- Continued focused exposure to high growth, highly desirable 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 after JB growth

Profitability underpinned by:

- Low opex. as % of sales at 17.0% (ex. depreciation), down from 17.8% last year
- High stock turns at 5.8 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