

COMPANY ANNOUNCEMENT

10 August 2015

JB HI-FI Full Year 2015 Results

Highlights

- ❖ Total sales up 4.8% to \$3.65 billion
- ❖ Comparable sales up 2.9%
- ❖ NPAT up 6.4% to \$136.5 million
- ❖ EPS up 7.4% to 137.9 cps
- ❖ Total dividend for FY15 up 7.1% to 90.0 cps

Overview

JB Hi-Fi Limited today reports record net profit after tax (NPAT) of \$136.5 million (FY14: \$128.4 million) from \$3.65 billion of sales (FY14: \$3.48 billion) for the full year ended 30 June 2015 (FY15). Total sales growth for FY15 was 4.8% with comparable sales up 2.9%.

Gross profit increased 5.6%, with gross margin up 16 bps to 21.9% (FY14: 21.7%). Cost of doing business was 15.3% (FY14: 15.2%), resulting in EBIT of \$200.9 million (FY14: \$191.1 million) and an EBIT margin of 5.5% (FY14: 5.5%).

JB HI-FI CEO, Richard Murray, said "It was pleasing to see our sales and earnings momentum grow through the financial year. Trading in June was particularly strong as we cycled a soft trading period in the prior year and enjoyed the benefits of solid sales growth assisted by the small business tax incentives."

In Store

The Company had 187 stores in Australia and New Zealand at 30 June 2015. During FY15, the Company opened five new stores. The Company expects to open six new stores in FY16 and maintains its stated target of 214 stores across Australia and New Zealand.

The Company had 43 JB HI-FI HOME stores as at 30 June 2015, with four new JB HI-FI HOME stores opened and 17 JB HI-FI stores converted to JB HI-FI HOME during FY15. The Company is currently targeting a total of 75 JB HI-FI HOME stores across Australia and New Zealand. JB HI-FI CEO, Richard Murray, said "Each new JB HI-FI HOME store contributes to growing our customer awareness, market share and supplier support. This, combined with our ongoing investment in store wages, staff training and supply chain, places us in a solid position as we continue with our expansion."

In addition to its HOME store roll-out, the Company is introducing small appliances into existing JB HI-FI stores. These stores will have their layout reconfigured and will not be rebranded as JB HI-FI HOME. The Company believes that small appliances are particularly suited to its shopping centre locations and they have been added to four JB HI-FI stores to date, with pleasing results. 14 additional JB HI-FI stores will range small appliances by November 2015. JB HI-FI CEO, Richard Murray, said "The rollout of small appliances to our existing store network is a natural progression of our proven home appliances strategy."

The home appliances market in Australia is circa \$4.6 billion, larger than many of the other categories JB HI-FI operates in, and presents a significant opportunity for the Company as it leverages the strength and trust in the JB HI-FI brand. JB HI-FI CEO, Richard Murray, said "By leveraging our strong heritage in innovation and technology, we see our continued expansion into home appliances and ultimately the connected home as a significant opportunity for JB in the future".

Out of Store

Online sales continue to grow, up 16.9% in FY15, and represent approximately 2.4% of total sales (FY14: 2.2%). Unique visitors to JB HI-FI's websites during FY15 averaged 1.2 million per week.

The Company has recently rebranded its commercial and education solutions offer as JB HI-FI Solutions, in line with its plan to provide an integrated offer of both products and services to business, government and education

For personal use only

clients across Australia. JB HI-FI Solutions remains on track to deliver on its longer term aspirational sales target of approximately \$500 million per annum, through both organic growth and strategic acquisitions.

“JB HI-FI Solutions is a key driver of our future growth. We enter FY16 with an aggressive recruitment plan as we expand our product and service offer” said JB HI-FI CEO Richard Murray.

Capital Management

The Board has today declared a final dividend of 31.0 cents per share fully franked (FY14: 29.0 cents per share), bringing the total dividend for FY15 to 90 cents per share, up 7.1% on the prior year.

The final dividend will be paid on 11 September 2015. The record date for determining the entitlement is 28 August 2015. The Board believes that the Company’s dividend payout ratio of 65% appropriately balances the distribution of profit to shareholders and the reinvestment of earnings for future growth.

In September 2014 the Company completed an on-market share buy-back of 0.3 million ordinary shares at a cost of \$5.0 million in order to offset the dilutionary impact of shares issued to employees under the Company’s share option plans.

Today the Company announced it will continue with its on-market buy-back program with a buy-back of a maximum of 0.8 million ordinary shares to commence in September 2015.¹

Executive Appointments

Recently the Company announced the appointments of Kevin Ramsdale as Marketing Director and Simon Page as Chief Information Officer.

JB HI-FI CEO, Richard Murray, said “We are delighted to have Kevin and Simon join the JB HI-FI team. Both Kevin and Simon are proven executives and highly regarded in their respective fields. Kevin has a strong track record of driving commercial performance in customer focused businesses and Simon has consistently delivered high quality technology solutions. Kevin and Simon will commence with JB HI-FI during September 2015.”

July 2015 Trading Update

July 2015 sales update:

- ❖ total consolidated sales growth in July 2015 was 7.6% (July 2014: -3.2%); and
- ❖ consolidated comparable sales growth in July 2015 was 5.7% (July 2014: -5.5%).

JB HI-FI CEO, Richard Murray, said “We are pleased with our start to the financial year. July trading has been solid as we cycled a soft trading period in the prior year. Key growth categories included Computers, Telco and Home Appliances; whilst Visual continued to be a challenge.”

Outlook

In FY16 the Company expects:

- ❖ to open six new stores;
- ❖ to convert 16 existing stores to JB HI-FI HOME; and
- ❖ total sales to be circa \$3.85 billion.

JB HI-FI CEO, Richard Murray, said “We have an aggressive store investment program including rolling out JB HI-FI HOME, the continued rollout of small appliances to a number of existing stores and upgrades to a number of our stores. This will position us well in the lead up to the important Christmas and New Year sales periods.”

Media & Investors:
Richard Murray
Chief Executive Officer
03 8530 7303

Investors:
Nick Wells
Chief Financial Officer
03 8530 7303

¹ See separate ASX Announcement dated 10 August 2015