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COMPANY ANNOUNCEMENT

19<sup>th</sup> August 2008

## JB Hi-Fi reports Sales up 43% and NPAT up 61%

JB Hi-Fi Limited today reported a record full year net profit of \$65.1 million (2007: \$40.4 million) from \$1.829 billion of sales (2007: \$1.282 billion) for the year ended 30 June 2008. The result exceeded the company's recent profit guidance in June of circa \$64 million and was 61% up on the prior year.

This strong result was achieved after absorbing the cost of a substantial first year of investment in new stores in New Zealand and the rollout of Telecommunications in Australia, which should be positive contributors in FY09.

Consolidated comparable store growth was 15.3%. Sales in all product categories were solid; with games, computers, movies and visual driving strong comparable store sales growth, together with the maturing of recently opened stores.

Gross margin in Australia at 22.2% was the same as last year, despite the growth of newer lower margin categories like games and computers. Consolidated gross margin was 21.9% (2007: 22.1%) reflecting our everyday low prices strategy and investment in New Zealand. Cost of doing business was down at 15.3% (2007: 16.0%) contributing to an increase in EBIT margin to 5.6% (2007: 5.1%).

The company has declared a fully franked dividend of 16.0 cents per share (final FY07: 6.0 cents) an increase of 10.0 cents or 167%, to be paid on 16 September 2008. The record date for determining the entitlement is 28 August 2008.

"We are extremely pleased with this very strong result having traded well during what is considered to be the weakest retail climate for many years" said CEO Richard Uechtritz. "It again shows the strength of our retail model. Whilst the retail outlook is less certain than at previous reporting dates, JB has proven to be resilient with home entertainment becoming more of a staple category as consumers keep up with technology."

"We continue to grow our market share as recently opened stores mature, we open new stores, expand our offering and reduce our prices on the back of increased economies of scale and a continued focus on costs. We expect to have another strong year of sales and earnings" he said.

The group had 93 Australian and 12 New Zealand stores at year end. The company will open 24 new stores in FY09, which will be the largest number it has opened in any year since formation. The maturing of the 33 stores opened in the last two years and the 24 new stores will continue to drive solid top and bottom line growth going forward.

"Sales for July and August FY09 YTD have been very strong driven by Games, Movies, Computers and Visual. Consolidated comparable store growth for the first 7 weeks of trading in FY09 was 19.2% continuing our impressive comp store growth of the previous year" said Mr Uechtritz. "As this is only 7 weeks and we have the all important Christmas trading period ahead of us, we maintain our previous sales guidance in FY09 of circa \$2.35 billion or 28% increase on FY08."

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***JB....you've done it again!***

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