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COMPANY ANNOUNCEMENT

9th August 2010

JB Hi-Fi reports Sales up 17%, Profit up 26% and Dividends up 50%

JB Hi-Fi Limited today reported a 26% increase in full year net profit to a record \$118.7 million (FY09: \$94.4 million) from \$2.731 billion of sales for the year ended 30 June 2010, a 17% increase (FY09: \$2.327 billion).

Consolidated comparable store sales growth was 4.8%. Sales growth was driven by computers, telecommunications, accessories and visual, combined with the maturing of recently opened stores.

Gross margin was 21.8% (FY09: 21.6%), a good result considering the continued competitive environment. Cost of doing business was down at 14.5% (FY09: 14.7%) both contributing to a 31 bps increase in EBIT margin to 6.4% (FY09: 6.1%). Cash flow from operations was strong at \$152.1 million for the full year.

The directors have declared a fully franked final dividend for the year of 33 cents per share. This will bring the total dividends for the year to 66 cents, a 50% increase on the last financial year. The dividend is to be paid on 3 September 2010. The record date for determining the entitlement is 23 August 2010.

"We are pleased with this solid result, especially given we were cycling against strong prior year growth driven by the government stimulus packages and low interest rates" said CEO Terry Smart. "While our strong retail model remained very resilient throughout this tough economic period, it's a testament to the strength of our team in not only maintaining, but improving the company's 'best in class performance metrics'."

The company opened 23 new stores in FY10 which was the largest number it has opened in any one year. These stores, together with the maturing of the 39 stores opened over the previous two financial years will continue to drive solid revenue and earnings growth. The company expects to open circa 18 new stores in FY11 across Australia and New Zealand.

New Zealand continues to show signs of improved trading from the 10 JB stores (JB store comps 13.4%) as we increase our scale, buying power and grow brand recognition. "We expect to open a further 3 JB stores in New Zealand during FY11" CEO Terry Smart said.

The group currently has 141 stores (Australia: 131, NZ: 10), of which 130 are JB Hi-Fi branded stores. The company is targeting 210 JB Hi-Fi branded stores and plans to open at least 13 to 15 stores per annum. With these 80 stores yet to open, the company can look forward to at least 5 to 6 years of good sales and earnings growth.

Total sales growth for July was positive. Whilst comparable store sales growth was slightly negative, it was a positive trend on previous month's trading. We expect sales growth in the first half of FY11 to be challenging as consumer spending remains subdued. However, our proven unique retail model is best equipped to take advantage of the expected increase in consumer spending in the lead up to the critical Christmas trading period.

We expect FY11 to be another good year of sales and earnings growth. The company expects sales in FY11 to be circa \$3.2 billion, a 17% increase on the prior financial year.

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