

COMPANY ANNOUNCEMENT

12 August 2013

JB Hi-Fi reports Sales up 5.8%, NPAT up 11.2% and Total Dividend up 10.8%

Highlights

- ❖ Total sales up 5.8%
 - 2nd half total sales up 10.3%
 - 2nd half comparable sales up 3.2%
- ❖ Gross margin up 43 bps
- ❖ NPAT up 11.2%
- ❖ EPS up 11.1%
- ❖ Total dividend for the full year up 10.8% to 72 cps

Overview

JB Hi-Fi Limited today reports net profit after tax (NPAT) of \$116.4 million (FY12: \$104.6 million) from \$3.31 billion of sales (FY12: \$3.13 billion) for the year ended 30 June 2013.

Total sales growth for FY13 was +5.8% with comparable sales growth of -0.6%. Sales growth improved in the second half with total company sales +10.3% and comparable sales +3.2%.

Gross margin improved 43 bps to 21.5% (FY12: 21.1%) and cost of doing business was 15.1% (FY12: 14.9%), resulting in EBIT of \$177.8 million (FY12: \$161.5 million) and an EBIT margin of 5.4% (FY12: 5.2%).

JB Hi-Fi CEO, Terry Smart, said "It was pleasing to see positive sales momentum maintained throughout the second half of FY13, with the Company seeing positive comparable sales of 3.2% and total sales growth of 10.3%. Improved gross margins, ongoing cost control and our emphasis on high levels of customer service, all contributed to a solid overall result".

The directors have declared a final dividend for FY13 of 22.0 cents per share fully franked (FY12: 16.0 cents per share). Total dividends for FY13 were 72.0 cents per share fully franked (FY12: 65.0 cents per share). The final dividend will be paid on 6 September 2013. The record date for determining the entitlement is 23 August 2013.

Stores

The Company had 176 JB Hi-Fi stores (Australia: 163, NZ: 13) at 30 June 2013. During FY13 the Company opened 13 new JB Hi-Fi stores, all in Australia, and closed three stores. The Company expects to open 12 new JB Hi-Fi stores in FY14 and maintains its stated target of 214 JB Hi-Fi stores.

Eight existing stores were converted to the new JB HI-FI HOME brand in FY13. Early sales results for the HOME concept trial have been positive, with strong customer engagement and no negative impact on existing JB Hi-Fi categories. Due to the success of the trial, the Company now anticipates converting 10 additional stores in FY14 and sees the potential for approximately 50 HOME stores over the next three years, with the long term opportunity still to be fully quantified.

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Out of Store

Online sales have been strong, up 29.8% in FY13 and represent approximately 2.0% of total sales (FY12: 1.6%). The popularity of JB Hi-Fi's websites continues to grow with unique visitors to the websites increasing 24.1% over the previous year to an average of 1.15 million per week in FY13.

The Company's websites, combined with its bricks and mortar locations, give customers a choice on how they wish to shop with JB Hi-Fi. A new JB Hi-Fi website will be launched in the first half of FY14 which will enhance the customer experience via improved search functionality and richer product information, ensuring the Company can deliver its goal of a seamless customer experience regardless of how consumers wish to shop with JB Hi-Fi.

The Company's commercial business continued to see strong growth. In February 2013 we acquired 51% of Network Neighborhood (NN) and in March 2013 the Company launched its B2B Telco offer. While off a relatively small base, and incorporating the contribution from NN, sales grew 68.7% in FY13.

JB Hi-Fi CEO, Terry Smart, said "New stores continue to perform well as our focus on high foot traffic locations ensures maximum exposure and convenience for customers. We continue to evolve and innovate our model, ensuring we not only remain relevant to our existing customers but gain new sales opportunities for now and into the future. Our recent entry into the home appliance market has shown early success, with these new categories integrating seamlessly into our existing model and maintaining the unique JB Hi-Fi brand personality".

Outlook

July 2013 sales update:

- ❖ total consolidated sales growth in July 2013 was 8.0%; and
- ❖ consolidated comparable sales growth in July 2013 was 2.2%.

JB Hi-Fi CEO, Terry Smart, said "We have seen a good start to FY14 with the continuation of the positive comparable sales seen in the second half of FY13. We see good growth opportunities ahead with a strong line up of new products planned for the first half of FY14, growth from our new store roll out program and the expansion of the home appliance categories. As always, our passionate, enthusiastic and knowledgeable staff members continue to be a key competitive advantage".

The Company expects in FY14:

- ❖ to open 12 new JB Hi-Fi stores, with four opening in the first half;
- ❖ to convert 10 existing stores to the "HOME" concept, with one store converted in July 2013; and
- ❖ total sales to increase by between 6% and 8% on the prior year.

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