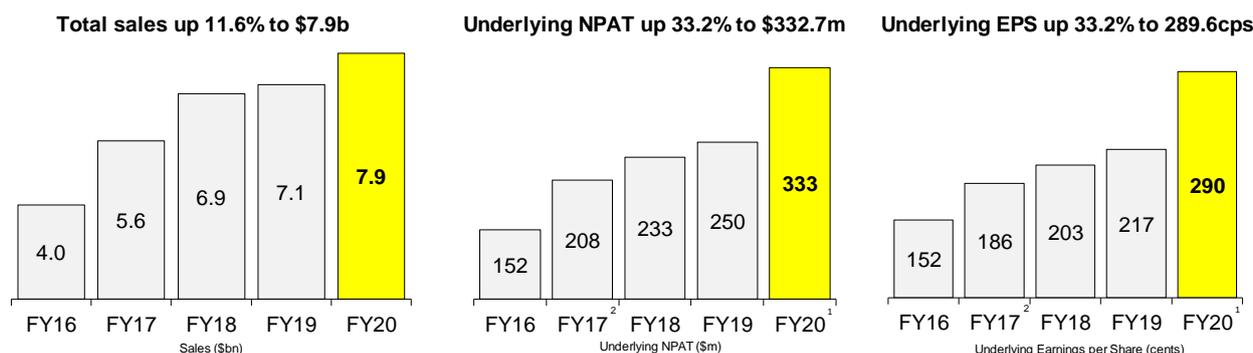


## COMPANY ANNOUNCEMENT

17 August 2020

## JB Hi-Fi Limited Full Year 2020 Results

### FY20 Highlights<sup>1</sup>



JB Hi-Fi Limited ("Group") today reports:

- Total sales up 11.6% to \$7.9 billion;
- Underlying EBIT up 30.5% to \$486.5 million;
- Underlying net profit after tax (NPAT) up 33.2% to \$332.7 million (Statutory NPAT up 21.0% to \$302.3 million);
- Underlying EPS up 33.2% to 289.6 cps; and
- Final dividend up 76.5% to 90 cps and total FY20 dividend up 33.1% to 189 cps.

In addition to the strong financial metrics above, other highlights include:

- Absolute commitment to the **health, safety and wellbeing of team members** throughout Covid-19;
- **Recognition payments** to store and warehouse team members in appreciation of the incredible contribution they have made during Covid-19;
- Nearly **\$600m in online sales** across the Group **up c.50%** year on year, with Q4 up 134%;
- Continued **investment in digital and online** capacity and capability, including the launch of a new platform for JB HI-FI in Australia;
- Continued **expansion of the Group Commercial businesses** product and service offering;
- Continued **investment in supply chain** and logistics, including 3 new Home Delivery Centres;
- **Launch of Sustainability Policy** outlining our commitment to having a positive impact on our people, our community and our environment;
- **First Sustainability Report** released today;
- **Over \$4m** raised as part of Workplace Giving Programs and Bushfire support; and
- Launched re-usable and user-pays plastic bag options at JB HI-FI stores, resulting in a **72.5% reduction in plastic bag usage** and in the elimination of 59 tonnes of plastic waste.

Group CEO, Richard Murray, said "This is a strong result in the most challenging of times. We are pleased to report strong sales and earnings for FY20 and importantly, we have provided our customers with the products they required as they spent more time working, learning and seeking entertainment at home, and kept our team members in jobs with an absolute focus on health and safety."

<sup>1</sup> The Group adopted the new Accounting Standard AASB 16 *Leases* on 1 July 2019 and, accordingly, FY20 Statutory Results presented in the JB Hi-Fi Limited 30 June 2020 Financial Statements have been prepared in accordance with the new standard. The Group used the modified retrospective approach when adopting AASB 16 and, as a result, prior period comparatives were not restated. FY20 results disclosed as pre application of AASB16 ("Pre AASB 16") exclude the impact of AASB16. FY20 NPAT includes a \$24.0m AUD (post tax) non-cash write-off of certain JB HI-FI New Zealand assets ("NZ impairment"). Unless otherwise stated, all results disclosed in this announcement are underlying results and exclude the impact of AASB 16 and the NZ impairment.

<sup>2</sup> FY17 are underlying results which exclude transaction fees and implementation costs totalling \$22.4m associated with the acquisition of The Good Guys in November 2016 and \$15.8m of fixed asset and goodwill impairments in New Zealand.

**Covid-19 Update**

The Group remains committed to supporting government and community efforts to limit the spread of Covid-19. The health, safety and wellbeing of our team members, customers, business partners and the wider community is the Group's highest priority.

The Group has continued to invest in measures such as temperature testing for team members in Victoria, face masks, additional intensive cleaning, customer store traffic limits, hand sanitiser stations and protective screens at store counters to protect the health and safety of everyone who works in or visits our premises.

Group CEO, Richard Murray, said "I would like to recognise and thank our almost 13,000 team members who have done an incredible job in meeting the extraordinary challenges faced during FY20. Our customers have continued to turn to us for their technology and home appliance needs and our team members have responded and adapted in an amazing manner to make sure we can meet these needs safely and effectively."

In recognition of the incredible contribution store and warehouse team members have made during Covid-19, in June the Group paid a cash bonus of \$1,000 to each of its full-time customer facing team members (pro-rated for part-timers and casuals) in JB Hi-Fi Australia, The Good Guys and JB Hi-Fi New Zealand.

The Group did not receive any Australian Government Covid-19 subsidies. The Group received NZD3.0 million from the New Zealand Government's wage subsidy scheme, which supported team member wages while the New Zealand stores were closed.

**FY20 Trading Performance<sup>1</sup>****JB HI-FI Australia**

Total sales grew by 12.5% to \$5.32 billion, with comparable sales up 12.2%. Sales momentum was strong through the year and accelerated in Q4 as customers spent more time working, learning and seeking entertainment at home. The key growth categories were Communications, Computers, Visual, Audio and Small Appliances. Online sales grew 56.6% to \$404.0 million or 7.6% of total sales, with Q4 sales up 155.2%.

Gross profit increased by 11.7% to \$1.17 billion resulting in a gross margin of 22.0%. Cost of doing business ("CODB") was 14.1%, down 80 bps on the pcp. The business's low CODB remains a competitive advantage and is maintained through a continued focus on productivity, minimising unnecessary expenditure and leveraging scale.

Elevated sales growth and cost control more than offset the additional operating costs associated with ensuring that team members and customers remained safe during Covid-19 and resulted in strong earnings growth. EBIT was up 26.2% on the pcp to \$380.8 million with EBIT margin up 78 bps to 7.2%.

**JB HI-FI New Zealand**

Total sales were down 5.7% to NZD222.8 million, with comparable sales down 5.7%. Q4 sales were materially impacted by the temporary closure of stores as a result of the New Zealand Government restrictions. The key growth categories were Communications, Small Appliances and Fitness. Online sales in New Zealand grew 53.3% to NZD20.4 million, or 9.1% of total sales, with Q4 sales up 145%. Gross margins declined 75 bps to 16.5% and CODB was 16.6%, down 14 bps on the pcp. EBIT was (NZD1.9 million), in line with last year as the impact of the temporary store closures was offset by the wage subsidy received from the New Zealand Government and reductions in depreciation.

The Group is focussed on continuing to improve performance in New Zealand however, as a result of past performance and the ongoing uncertainty arising from the current environment, in FY20 the Group reviewed the carrying value of certain JB HI-FI New Zealand assets. This review has resulted in a one off NZD25.6 million (AUD 24.0 million) non-cash, post tax impairment.

**The Good Guys**

Total sales grew by 11.2% to \$2.39 billion, with comparable sales up 10.8%. Sales momentum improved through the year and accelerated in Q4 as customers spent more time working and learning at home as well as upgrading their home appliances and entertainment products. The key growth categories were Portable Appliances, Floorcare, Laundry, Computers and Televisions. Online sales were up 33.0% to \$174.2 million

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or 7.3% of total sales, with Q4 sales up 91.3% as strong sales on The Good Guys website were partially offset by a decline in third party marketplace sales.

Gross profit was \$490.2 million whilst gross margin was down 9 bps to 20.5%, with sales mix offsetting gross margin improvements. CODB was 15.4%, down 121 bps as store wages remained well controlled throughout the year. Strong operating leverage from the elevated sales growth and cost control drove strong EBIT growth. EBIT was up 47.8% on the pcp to \$107.8 million with EBIT margin up 112 bps to 4.5%.

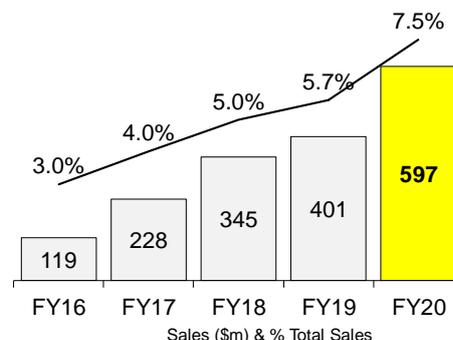
**Online & Supply Chain**

Total online sales across the Group grew by 48.8% to \$597.5 million, representing 7.5% of total sales. The Group saw a significant acceleration in online sales in Q4, up 134% on the pcp. The Group continued to invest in its online and digital offerings, including the launch of a new platform for JB HI-FI Australia.

The investments in online are supported and enhanced by the Group's supply chain and logistics capabilities. In FY20, the Group commenced consolidation of 18 Bulky Goods DCs into Group Home Delivery Centres with Sydney transitioned in September 2019, Melbourne in March 2020 and Brisbane in May 2020.

The Group is pleased with how its online and supply chain operations have scaled and maintained a high level of customer service and on-time delivery, during a period of significantly increased volume.

**Online sales up 49% to \$597m**



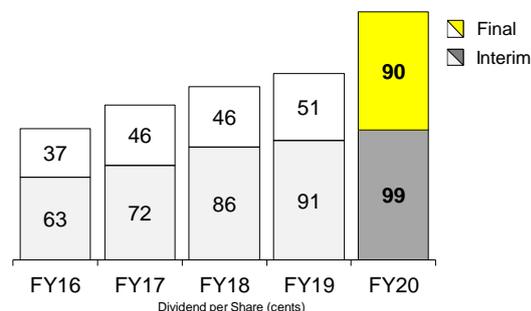
**Capital Management**

The Board has today declared a final dividend of 90 cps fully franked, up 39 cps or 76.5%, bringing the total dividend for FY20 to 189 cps, up 47 cps or 33.1% from the pcp and representing 65% of underlying NPAT.

The Board regularly reviews the Group's capital structure and believes the current dividend payout ratio of 65% appropriately balances the distribution of profit to shareholders, the repayment of debt and the reinvestment of earnings for future growth.

The final dividend will be paid on 11 September 2020. The record date for determining the entitlement for the final dividend is 28 August 2020.

**Final dividend up 76.5% to 90 cps**



**Generating sustainable long-term growth**

In FY20 the Group adopted a Sustainability Plan, outlining the Group's commitment to having a positive impact on its people, its community and its environment.

The Group is committed to:

- developing its **people** and providing them with a safe and respectful workplace, whilst looking for ways to improve work flexibility and inclusion;
- giving back to the **communities** within which its team members live and work; and
- minimising the impact of waste and greenhouse gases generated by its operations on the natural **environment**.

The Group today released its first Sustainability Report which can be found on the Group's investor website (<https://investors.jbhifi.com.au/>) and is pleased with the progress made in these key areas of focus to date and the overwhelmingly positive response from its team members.

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FY21 Trading Update**July 2020 sales update**

- Total sales growth for JB HI-FI Australia was 42.1% (July 2019: 4.1%) with comparable sales growth of 44.2% (July 2019: 3.2%);
- Total sales growth for JB HI-FI New Zealand was 9.1% (July 2019: -0.4%) with comparable sales growth of 9.1% (July 2019: -0.3%) and
- Total sales growth for The Good Guys was 40.4% (July 2019: -2.1%) with comparable sales growth of 40.4% (July 2019: -3.4%).

**Covid-19 temporary store closures**

Following the Victorian Government's announcement of stage 4 restrictions in metropolitan Melbourne, 46 JB HI-FI stores and 21 The Good Guys stores were temporarily closed to customers from 6th of August for a minimum period of 6 weeks.

Following the New Zealand Government's re-introduction of alert level 3 restrictions in Auckland, 7 JB HI-FI New Zealand stores were temporarily closed to customers from midday on 12th of August for a minimum period of 2 weeks.

In metropolitan Melbourne and Auckland, the Group's online and commercial operations continue to trade with fulfillment via contactless click and collect and home delivery from its store network and warehouses.

**August 2020 sales update and outlook**

The Group has seen a significant acceleration in online sales in Victoria in the first 11 days following the stage 4 temporary store closures. This, combined with continuing sales momentum across the rest of Australia, has resulted in the Group achieving strong sales growth in August to date.

While the Group is pleased with its start to FY21 and current trading, in view of the uncertainty arising from Covid-19, the Group does not currently consider it appropriate to provide FY21 sales guidance.

Group CEO, Richard Murray said "As we enter FY21, the health, safety and wellbeing of our team members, customers, business partners and the wider community will remain the Group's highest priority. I would again like to recognise and thank our almost 13,000 team members across Australia and New Zealand who have delivered another record result in FY20 in a challenging environment."

Richard continued "Our team members are our number one asset and our most important competitive advantage; their dedication and deep product knowledge continues to delight our customers every day."

Authorised by the Board.

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