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COMPANY ANNOUNCEMENT

2 February 2015

JB HI-FI Half Year 2015 Results

Highlights

- ❖ Total sales up 1.3%
- ❖ Comparable sales down 0.7%
- ❖ Gross profit up 1.8% and gross margin up 11 bps
- ❖ NPAT down 1.9%
- ❖ EPS down 1.2%
- ❖ Interim dividend up 7.3% or 4.0 cps to 59.0 cps

Overview

JB Hi-Fi Limited today reports net profit after tax (NPAT) of \$88.5 million (HY14: \$90.3 million) from \$1.97 billion of sales (HY14: \$1.94 billion) for the half year ended 31 December 2014 (HY15). Total sales growth for HY15 was 1.3% with comparable sales down 0.7%.

Gross profit increased 1.8%, with gross margin up 11 bps to 21.7% (HY14: 21.6%). Cost of doing business was 14.2% (HY14: 13.9%), resulting in EBIT of \$130.0 million (HY14: \$132.9 million) and an EBIT margin of 6.6% (HY14: 6.8%).

JB HI-FI CEO, Richard Murray, said "this was a pleasing result for the half year given the combined headwinds of a challenging first quarter sales result and the cycling of both digital switchover in visual and the launch of new gaming consoles in the second quarter last financial year. We executed the key Christmas trading period well, maintaining our price leadership and keeping costs well controlled while investing for future growth in HOME, Commercial and Online."

Stores

The Company had 185 stores (Australia: 133 JB HI-FI stores and 38 JB HI-FI HOME stores, NZ: 13 JB HI-FI stores and one JB HI-FI HOME store) as at 31 December 2014. During HY15, the Company opened three new JB HI-FI HOME stores. The Company expects to open a total of six new stores in FY15 (one JB HI-FI store and five JB HI-FI HOME stores) and maintains its stated target of 214 stores across Australia and New Zealand.

JB HI-FI HOME

JB HI-FI HOME represents a significant growth opportunity for the Company as it leverages the strength and trust in the JB HI-FI brand. The home appliances market is circa \$4.6 billion, larger than many of the categories JB HI-FI currently operates in and therefore presents a significant opportunity for the Company. JB HI-FI CEO, Richard Murray, said "as our suppliers direct their investment towards enabling the connected home, JB is positioning its model to be the consumer's destination for this next technology evolution. As such, we continue to believe that our expansion into appliances is a critical enabler to our success in the connected home".

The Company had 39 JB HI-FI HOME stores as at 31 December 2014, with three new JB HI-FI HOME stores opened and 14 JB HI-FI stores converted to JB HI-FI HOME during HY15. In 2HY15, the Company anticipates opening another two new JB HI-FI HOME stores and converting a further 11 existing JB HI-FI stores to the JB HI-FI HOME format, taking the total number of JB HI-FI HOME stores to 52 by the end of FY15. As previously announced, the Company sees the potential for approximately 75 JB HI-FI HOME stores by the end of FY16.

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[JB HI-FI]

JB HI-FI CEO, Richard Murray, said "HOME continues to build momentum with our customers, staff and suppliers. Each new store provides us the opportunity to further refine our offer. During the half we have continued to not only grow our store footprint, but also improve our staff training, customer service and logistics capabilities."

Out of Store

Online sales continue to grow, up 13.5% in HY15, and represent approximately 2.5% of total sales (HY14: 2.2%), with sales in December up 20.6% on the pcp. The Company's new website, launched on 1 July 2014, offers an enhanced customer experience with improved search functionality, richer product information and responsive design. Unique visitors to JB HI-FI's websites during HY15 averaged 1.2 million per week.

The Company's Commercial division continued to see strong growth in HY15 and remains on track to deliver on the Company's longer term aspirational sales target of \$500m per annum, through both organic growth and strategic acquisitions.

Capital Management

In September 2014 the Company completed an on-market 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 in HY15.

The Board has today declared an interim dividend of 59.0 cents per share fully franked (HY14: 55.0 cents per share). The interim dividend will be paid on 27 February 2015. The record date for determining the entitlement is 13 February 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.

January 2015 Trading Update

January 2015 sales update:

- ❖ total consolidated sales growth in January 2015 was 8.9% and comparable sales growth was 7.0%; and
- ❖ total consolidated sales growth January 2015 YTD was 2.2% and comparable sales growth was 0.2%.

JB HI-FI CEO, Richard Murray, said "January sales and operational earnings are ahead of the same period last year and year to date comparable sales growth is now positive. This gives us confidence on our momentum for the second half."

Outlook

In FY15 the Company expects total sales of circa \$3.6 billion and NPAT to be in the range of \$127.0m to \$131.0m.

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