



JB HI-FI LIMITED  
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COMPANY ANNOUNCEMENT

8 February 2010

## **JB Hi-Fi reports Sales up 23%, Profit up 29% and Dividend up 120%**

JB Hi-Fi Limited today reported a record half year net profit of \$76.0 million (HY09 \$59.0 million) from \$1.554 billion of sales (HY09 \$1.262 billion) for the six months ending 31 December 2009.

Comparable store sales growth for the period was 9.9% (Australia 10.2%, NZ 5.8%). Gross Margins remained relatively stable (down 26 bps: Aust down 19bps, NZ down 196 bps) despite competitor discounting and the strong performance of low margin categories. The company's cost of doing business was down 39 bps to 13.2% (HY09 13.6%). EBIT Margin increased 10 bps to 7.2% (HY08 7.1%). Cashflow from Operations was strong at \$168.4 million for the half year.

The company has raised its dividend declaring a fully franked dividend of 33.0 cents per share, an increase of 120% (HY09 15.0 cents). The dividend will be paid on 5 March 2010. The record date for determining the entitlement is 17 February 2010. This dividend is based on a full year payout ratio of 60%, up from our previous target of 50%.

Sales in December were solid across almost all categories, with comparable store sales a solid 6.5%.

"We are once again extremely pleased with this strong result, particularly the comparable store sales growth of 6.5% in December, when compared to the prior corresponding period, which was impacted by the government's stimulus package" said CEO Richard Uechtritz. "JB has proven to be very resilient throughout the economic downturn which led to low consumer confidence and spend. This performance is testament to our strong retail model and the depth and strength of our management team."

"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" he said.

The company opened 15 new stores in the half and should open 7 new stores in the second half of FY10 bringing the total new stores for the year to 22 which will be the largest number it has opened in any year since formation. The maturing of the 39 stores opened in the last two financial years and the 22 new stores in 2010 will continue to drive solid top and bottom line revenue and earnings growth.

New Zealand is starting to show signs of improved trading from the 9 JB stores (JB store comps 12.1%) as we increase our scale, buying power and grow brand recognition. In January the company closed 3 of the remaining 4 Hill and Stewart stores whose leases had expired. "This will allow us to concentrate on what we do best ie grow the strong JB Hi-Fi model" said CEO Richard Uechtritz. "We expect to open at least a further 3 to 4 JB stores in New Zealand calendar year 2010" he said.

The group currently has 134 stores (124 Australia, 10 NZ), of which 122 are JB Hi-Fi branded stores. The company is targeting 210 JB Hi-Fi branded stores and plan to open 13 to 15 stores per annum. With this rollout the company can look forward to at least 5 to 6 years of good sales and earnings growth.

Sales in January have met internal expectations with comparable store sales at 7.2%. Whilst the retail outlook continues to be uncertain, the company is cautiously optimistic that it will have another strong year. JB confirms its previous guidance that sales will be circa \$2.8 billion or a 20% increase on the prior financial year, and expects Net Profit after Tax to be in the range of \$117 million to \$120 million or a 24% to 27% increase on the prior year.

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