



JB HI-FI LIMITED
OFFICE TOWER 2
CHADSTONE CENTRE
1341 DANDENONG ROAD
CHADSTONE VIC 3148
PHONE: (03) 8530 7333
ABN: 80 093 220 136
www.jbhifi.com.au

COMPANY ANNOUNCEMENT

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JB Hi-Fi Announces Restructure of Clive Anthonys Business and Associated One-Off Restructuring Charge

JB Hi-Fi Limited ("JB Hi-Fi") announces that it will pursue a restructuring of its Clive Anthonys business following a strategic review of that business. As part of this process JB Hi-Fi will book a one-off consolidated pre-tax charge of \$33.4 million relating to its Clive Anthonys business in its full year 2011 results.

The Clive Anthonys business comprises ten stores with forecast revenue in FY11 of approximately \$140 million. A strategic review of the Clive Anthonys business was considered necessary following several years of disappointing returns and further deterioration in 2011 half year sales and earnings, driven by negative comparable store growth of 13.3%. Trading performance since the half year has remained disappointing and forecast industry data points to prolonged challenging trading conditions in the key categories of White Goods, Cooking and Air Conditioning. This, when combined with new competition expected to enter the market, is likely to result in continued sales and earnings pressure in these categories.

Following the strategic review, JB Hi-Fi considers a pre-tax charge of \$33.4 million (post-tax \$24.8 million) relating to the Clive Anthonys business appropriate. The charge relates to the write down of tangible assets of \$13.5 million, intangible assets of \$4.6 million, a provision relating to property leases of \$12.7 million and other miscellaneous items of \$2.6 million. The total non-cash impact of this charge will be \$14.4 million. The residual \$19.0 million relates to cash outflows expected to occur over a number of years.

The board and management of JB Hi-Fi continue to be focussed on ensuring capital is allocated across the group in a manner which maximises the return to shareholders. JB Hi-Fi will look for opportunities to improve our performance at each of these ten store locations. The options under active consideration include rebranding to JB Hi-Fi stores, repositioning the stores or exiting certain locations.

JB Hi-Fi is confident that this is a once-off charge and does not anticipate any further charges in relation to the Clive Anthonys business.

Separately today, JB Hi-Fi has also made announcements¹ regarding an off market share buy-back of up to 10% of its shares on issue, representing approximately \$170 million, and its FY11 sales and earnings guidance.

Media & Investors:
Terry Smart
Chief Executive Officer
03 8530 7333

Investors:
Richard Murray
Chief Financial Officer
03 8530 7333

¹ Refer ASX company announcement platform.