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COMPANY ANNOUNCEMENT

12th October 2011

Chief Executive Officer's Address 2011 Annual General Meeting

Thank you Patrick and good morning ladies and gentlemen.

We are pleased to report that FY11 was another record year with sales up 8.3% on the prior year. This was achieved mainly through opening 18 new stores, the continued expansion of our product offering and the maturing of the 42 stores opened during the last two years. As a testament to our unique model, we continued to see market share growth during what was a most challenging retail period.

Gross margin at 22.0% was up on last year (21.8%), despite the heavy discount environment and the growth of lower margin categories such as Computers. Our increased scale drove improved levels of supplier support, with the majority of the benefit being returned to customers in the form of lower prices. Our cost of doing business was flat at 14.5%¹, which was a pleasing result given the 4.28% retail award wage increase in Australia on 1 July 2010. This further demonstrates the strength of our operational systems which allow us to flex with the changing market conditions whilst ensuring that customer service is maintained at the highest level.

The expansion of our gross margin and proactive management of our cost of doing business both contributed to a 21 bps increase in EBIT margin to 6.6%¹ (FY10: 6.4%).

In March 2011, we announced a restructure of our Clive Anthonys business including a one-off charge of \$24.7m post tax which has been treated as a significant item in our FY11 financial statements. We are pleased with the progress of our restructuring plans with four stores in Queensland now converted to JB Hi-Fi stores and two stores closed. The cost of exit continues to be in line with our expectations.

Net cash flow from operations was \$109.9 million, reflecting strong cash generation from established stores. Movement in working capital was impacted by the return to normal year end inventory levels, which were unusually low at the prior year end due to supplier stock shortages. We invested \$53.5 million in inventory for new stores in FY11 and creditor days were in line with expectations, down 1.3 days to 46.8 days.

During the year we opened 18 new JB Hi-Fi stores. Six of these stores were opened in Victoria, three in New South Wales, three in Western Australia, two in Queensland and one in South Australia. Three new JB Hi-Fi stores were also opened in New Zealand.

At the end of FY11 we were operating 152 JB Hi-Fi branded stores across Australia and New Zealand (157 in total with 152 JB Hi-Fi branded stores and 5 Clive Anthonys stores). Whilst our rate of growth, in part, is determined by access to quality sites, we continue to secure around 13 to 15 sites annually and expect this to continue for at least the next four to five years.

By Christmas this year we expect to have opened 10 new JB Hi-Fi stores since 1 July 2011, taking the Group's total JB Hi-Fi stores to 162. We are pleased with the performance of the stores opened so far this financial year and are on track to open our previously stated guidance of 16 new JB Hi-Fi stores for FY12.

Trading conditions have remained challenging for the first quarter of FY12 in part as we cycle major product releases from last year with total company growth for JB Hi-Fi branded stores of 6.6% and comparable store sales of -3.5%. The launch of the iPhone 4S, solid music, movies and games releases and continued growth from the Computers and Accessory categories will assist sales in this quarter. As with previous years, we are well positioned to take advantage of the important Christmas trading period due to our large assortment of gift giving merchandise. Whilst we expect underlying trading to remain subdued, we are still optimistic the Christmas trading period will be a successful one.

¹ Excludes the Clive Anthonys one-off restructuring charge (\$24.7m post tax) announced in March 2011.

We continue to refine our online presence as part of our multichannel strategy. Online sales grew 51.6% over FY11 and were up 68.1% in the second half. With a high number of unique visitations (currently averaging 800,000 per week), the online site is increasingly an important sales generator for both in store and online sales.

Our buying power and low cost of doing business will ensure we maintain our competitive online offer. We continue to enhance the customer online experience with the introduction of a mobile friendly website, new gift card module which enables our customers to activate and manage their JB Hi-Fi Gift Cards online and the addition of order online and pick-up in store.

As announced at the full year presentation we anticipate launching "JB HI-FI NOW", a new music subscription streaming service, in the second quarter of FY12. We are currently in Beta testing and are on schedule to launch in the next 6 to 8 weeks. This new service will leverage off the Group's strong music heritage and is a natural extension to our current physical music sales. We intend to have between 6 to 8 million tracks from over 100,000 artists at launch and will continue to grow this number over time. The service will allow for unlimited access and listening to music from your Mac, PC or mobile device.

A cornerstone of the JB Hi-Fi business model is having industry leading productivity. With our low cost of doing business, we are well positioned to compete with both traditional and online retailers on our promise of everyday low prices. JB Hi-Fi's own online and digital offerings are expected to grow quickly during FY12 as these segments continue to grow faster than the overall market.

A key to JB's success is its exceptional management and staff who continue to enthusiastically embrace every opportunity that comes their way. I thank them for their contribution and together we look forward to another successful year in FY12.