



JB HI-FI LIMITED
LEVEL 4, OFFICE TOWER 2
1341 DANDENONG ROAD
CHADSTONE VIC 3148
ABN: 80 093 220 136
www.jbhifi.com.au

COMPANY ANNOUNCEMENT

30th October 2013

Chairman's Address 2013 Annual General Meeting

Good morning ladies and gentlemen. Welcome to the 10th Annual General Meeting of JB Hi-Fi Limited.

Your Company has delivered a solid result for the year ended 30 June 2013. Sales, profits and dividends are all up on the prior year. The Company has achieved record sales of \$3.31 billion and reported a net profit after tax of \$116.4 million, an increase of 11.2% over the prior year. Sales growth, improved gross margins and our low cost of doing business were the key drivers of this result, all underpinned by our ongoing focus on customer service.

During the year the Company has increased its store network and market share, launched JB HI-FI HOME, grown its Commercial Division, expanded the JB HI-FI NOW offering and maintained a strong balance sheet, evidenced by our solid financial and operational ratios.

JB Hi-Fi remains committed to its core philosophy of having the biggest range and the lowest prices, supported by talented and enthusiastic staff. We continue to maintain high levels of service whilst ensuring costs are well controlled. Our low cost culture at JB Hi-Fi enables us to maintain the lowest cost of doing business of, not only any major listed Australian retailer, but also of the Company's comparable international peers.

As the Board remains focused on building long term shareholder value, it was therefore pleasing to see the significant recovery in the JB Hi-Fi share price over the last 12 months as the Company delivered improved financial results. For the record, shareholders who invested in the Company's IPO in October 2003 have achieved an annual compound rate of return of 28.2% to 29 October 2013, compared to 5.1% on the ASX 200 Accumulation Index over the same period. More recently, for shareholders over the past five years to 29 October 2013, the share price is up on an annual compound basis by 18.1% whilst the ASX 200 Accumulation Index is up by 7.1%.

The total dividend paid relating to FY13 was 72 cents per share fully franked, an increase of 10.8% over the prior year. We believe maintaining a healthy balance sheet allows us to both reward shareholders and pay down debt, whilst ensuring the Company is in a position to take advantage of any future growth opportunities. The payout ratio has been maintained at circa 60% of net profit which rewards shareholders with income and enables the Company to continue to grow through investment in both the new store rollout program, including an expansion of the JB HI-FI HOME footprint, and our digital and online strategies.

JB Hi-Fi has a proud history of delivering on innovation. It remains an integral part of the Board's strategy to encourage innovation and diversification with new products, technology, merchandising formats, advertising and property locations in a controlled and responsible manner. This approach provides opportunities to increase revenue, margin and productivity. Of particular note was our launch during FY13 of our new and exciting HOME stores, which Terry will cover off in more detail later in his address.

The Company currently employs over 6,800 full-time, part time and casual staff across Australia and New Zealand. With each new store creating approximately 30 new employment opportunities, the 12 new JB Hi-Fi stores the Company expects to open in FY14 should result in around 360 new positions being created.

The Board recognises the importance of governance, environmental and social matters to our shareholders, suppliers and customers. We continually review and monitor developments in these areas which are of relevance to JB Hi-Fi. The Board is committed to ensuring that our business is conducted ethically in accordance with high standards of corporate governance. JB Hi-Fi promotes environmental sustainability and is committed to minimising the impact that its business has on the environment.

In 2008 JB Hi-Fi established its workplace giving program known as Helping Hands. This program enables JB Hi-Fi directors, executives and employees to donate to registered charitable organisations. JB Hi-Fi matches dollar for dollar regular employee contributions through its payroll system, effectively doubling the financial benefit to our community partners. Workplace giving programs have proved to be a very effective way for employers and employees to join together to support the community. Through the combined giving of JB Hi-Fi and its employees, we believe we can make a real difference to the charities in the program. In FY13 combined contributions exceeded \$1.2 million and, since its inception, JB Hi-Fi and its employees are proud to have raised more than \$4.5 million.

The Helping Hands program has also driven the placement of "Change for Change" boxes in all stores across Australia from September 2010 and in New Zealand since May 2012. All donations collected are shared evenly amongst JB Hi-Fi's charity partners. In FY13 over \$94,000 was collected, and since inception the program has raised over \$300,000, showing the generosity of customers and employees.

In closing, I would like to take this opportunity to thank my fellow Directors, Terry and the executive and all the staff of JB Hi-Fi for their unwavering commitment to the ongoing prosperity of your Company and its shareholders.

I will now invite Terry to address the meeting on the operational results.