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COMPANY ANNOUNCEMENT

29th October 2014

Chairman's Address 2014 Annual General Meeting

Good morning ladies and gentlemen. Welcome to the 11th Annual General Meeting of JB Hi-Fi Limited.

JB HI-FI is, and has always been, a discount retailer supported by a low cost model which enables it to offer one of Australia and New Zealand's best value home entertainment, consumer electrical and home appliance product ranges. JB HI-FI has the ability to bring brands to life and create engagement in categories, both in store and out of store. We have a reputation for price leadership, a unique brand personality, a low cost operating model, highly productive floor space, a high traffic website, great people, loyal customers and the ability to adapt our model and innovate to ensure it remains current and relevant.

After 14 years with the Company, Terry Smart retired in June 2014 and was succeeded by Richard Murray. Terry was a critical part of JB HI-FI's success and had been CEO since 2010. As CEO, Terry grew both revenue and earnings during some of the most challenging and unpredictable years in the retail industry. He continued to drive the successful store roll-out program and took JB HI-FI into the home appliance market with the launch and growth of the JB HI-FI HOME stores. Terry also reinforced JB HI-FI's strong online presence and oversaw the launch of the JB HI-FI NOW digital platform.

On behalf of the Board, the staff of JB HI-FI and shareholders, I want to thank Terry for his outstanding contribution to JB HI-FI over the past 14 years, particularly whilst he was CEO, and to wish him all the best for the future.

Richard Murray joined JB HI-FI as CFO and Company Secretary in 2003 and took the business through the Initial Public Offer that year. He was appointed to the Board as an Executive Director in June 2012. The Board is delighted to have made an appointment of the calibre of Richard from within our own ranks and we look forward to him putting his own stamp on JB HI-FI. JB HI-FI operates in a dynamic market and the Board will support Richard and the team as our strategies evolve over the coming years.

For the year ended 30 June 2014, your Company delivered a solid result with sales, profits and dividends all up on the prior year. A record sales result of \$3.48 billion was achieved and the Company reported an increase in net profit after tax of 10.3% to \$128.4 million. This result was driven by improved gross margins, ongoing cost control and our continued emphasis on customer service.

The total dividend paid relating to FY14 was 84 cents per share fully franked, an increase of 16.7% over the prior year. The dividend payout ratio was increased in FY14 from 60% to 65%, which we believe appropriately balances the distribution of profit to shareholders and the reinvestment of earnings for future growth.

The Company regularly reviews all aspects of its capital structure with a focus on maximising returns to shareholders. Continued solid earnings growth and prudent management of our balance sheet, including relatively low gearing, enables us to consider various capital management initiatives. In the 12 months to October 2014, we have returned \$84m to shareholders through dividends and completed two on market buybacks totalling \$31m to offset the dilutionary impact of shares issued to employees under the JB HI-FI share option plans.

The Board has identified a number of strategic priorities for the Company including expanding the store network, rolling-out JB HI-FI HOME and continuing to grow its Online and Commercial businesses.

The Company currently employs approximately 7,000 full-time, part time and casual staff across Australia and New Zealand. With the Company currently planning to open 8 new stores in FY15, approximately 240 new positions are expected to be created this financial year. We believe the JB HI-FI staff are, and will continue to be, our greatest asset and the driver of our leading retail concept.

The Board recognises the importance of diversity at all levels within the organisation and is focused on achieving our diversity objectives. As Richard will explain later, we have recently commenced a diversity review and will provide an update in our FY15 Annual Report.

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 also promotes environmental sustainability and is committed to minimising the impact that the business has on the environment.

We are proud of our Helping Hands workplace giving program and the high level of participation amongst the Board, management and staff. Richard will expand on this further.

Shareholders who invested in the IPO in October 2003 have achieved an annual compound rate of return of 21.6% over the period to 27 October 2014 compared to 4.7% on the ASX 200 Accumulation Index over the same period. Whilst the Board acknowledges the Company's recent share price performance, it is confident that through your Company's continued commitment to its core philosophy of having the biggest range and the lowest prices, supported by talented and enthusiastic staff, it will continue to grow shareholder value.

In closing, I would like to take this opportunity to thank my fellow Directors, 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 Richard to address the meeting on the operational results.