

Chairman's Address 2015 Annual General Meeting

Good morning ladies and gentlemen. Welcome to the 12th Annual General Meeting of JB Hi-Fi Limited.

The financial year ended 30 June 2015 was a record year for JB HI-FI in terms of sales, profits and dividends. This result was driven by improved gross margins, our continued emphasis on customer service and ongoing cost control.

JB HI-FI offers one of Australia and New Zealand's largest ranges of home entertainment, consumer electronics and home appliances at discounted prices, positioned to appeal to all customers. We are a discount retailer with the ability to consistently offer everyday low prices through the scale of our operations, high stock turnover and low cost of doing business. JB HI-FI is constantly innovating to ensure that it remains current and relevant to its customers and has a culture of embracing change, which is seen as a "natural" part of the business.

In August 2015 we announced the intention of Jim King to retire as a non-executive director following today's AGM and the appointment of Wai Tang as a non-executive director with effect from 14 September 2015.

Jim joined the Board in May 2004 and was Chairman of the Company between May 2006 and September 2007. Jim has made a significant contribution to JB HI-FI and his experience, expertise and advice have been of great value to the business as it has gone from strength to strength over the past 11 years. On behalf of the Board, I would like to thank Jim for his valuable service and contribution to JB HI-FI.

Wai is currently a non-executive director of Federation Centres, Kikki K and the Melbourne Festival and brings a wealth of retail industry experience at both the senior corporate executive and board level. We look forward to working with Wai and will hear from her later in today's AGM.

JB HI-FI 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.

As part of our ongoing capital management, over the last 12 months we have returned \$89.3m to shareholders through dividends and completed an on-market share buy-back of \$13.2m in order to offset the dilutionary impact of shares issued to employees under JB HI-FI's share option plans.

The Board believes that our dividend payout ratio of 65% appropriately balances the distribution of profit to shareholders and the reinvestment of earnings for future growth. The total dividend paid relating to FY15 was 90 cents per share fully franked, an increase of 7.1% on the prior year.

An integral part of the Board's strategy is 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. Our current strategic priorities include expanding the store network, rolling out JB HI-FI HOME, introducing small appliances to existing JB HI-FI stores and continuing to grow our Online and Solutions businesses.

As at 30 June 2015, JB HI-FI employed 7,320 full-time, part time and casual staff across Australia and New Zealand. With up to eight new stores planned for FY16, approximately 240 new positions are expected to be created this financial year. Our motivated, passionate, knowledgeable and highly trained staff members continue to be one of our most important assets. We believe JB HI-FI is an employer of choice, with a busy and enjoyable working environment that helps us continue to attract and retain high calibre staff.

The Board recognises the importance of governance, environmental and social matters to our shareholders, suppliers and customers and continually reviews and monitors developments in corporate governance which are relevant to JB HI-FI. We are committed to ensuring that JB HI-FI's business is conducted ethically and in accordance with the highest standards of corporate governance.

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 in his address.

The Board continues to remain focused on building long term shareholder value. For the record, since JB HI-FI listed in October 2003, the annual compound rate of return was 22.0% to 27 October 2015, compared to 4.1% on the ASX 200 Accumulation Index over the same period. More recently, for shareholders over the past three years to 27 October 2015, the share price is up on an annual compound basis by 23.0% whilst the ASX 200 Accumulation Index is up by 6.1%.

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 now invite Richard to address the meeting on the operational results.