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COMPANY ANNOUNCEMENT

3 February 2014

JB HI-FI reports Sales up 6.8%, NPAT up 10.0% and Dividend up 10.0% to 55.0 cps

Highlights

- ❖ Total sales up 6.8%
- ❖ Comparable sales up 2.8%
- ❖ Gross margin up 11 bps
- ❖ NPAT up 10.0%
- ❖ EPS up 9.0%
- ❖ Interim dividend up 10.0% or 5 cps to 55.0 cps

Overview

JB Hi-Fi Limited today reports net profit after tax (NPAT) of \$90.3 million (HY13: \$82.1 million) from \$1.94 billion of sales (HY13: \$1.82 billion) for the six months ended 31 December 2013 (HY14).

Total sales growth for HY14 was up 6.8% with comparable sales growth of 2.8%.

Gross margin improved 11 bps to 21.6% (HY13: 21.5%) and cost of doing business was 13.9% (HY13: 13.8%), resulting in EBIT of \$132.9 million (HY13: \$123.7 million) and an EBIT margin of 6.8% (HY13: 6.8%).

JB HI-FI CEO, Terry Smart, said "We are very pleased with the results for the half year which again highlight JB HI-FI's ability to continually leverage the power of the brand and adapt to the ever changing retail landscape. We have seen positive comparable sales across the majority of our hardware categories, the successful introduction of home appliances and strong growth in our commercial division. Gross margins also improved and costs continued to be well controlled, all contributing to solid NPAT growth for the half year."

The directors have declared an interim dividend of 55.0 cents per share fully franked (HY13: 50.0 cents per share). The interim dividend will be paid on 28 February 2014. The record date for determining the entitlement is 14 February 2014.

Stores

The Company had 182 JB HI-FI stores (Australia: 169, NZ: 13) at 31 December 2013. During HY14, the Company opened five new JB HI-FI stores and 1 new JB-HI-FI HOME store, all in Australia, and closed the final Clive Anthonys store. The Company expects to open a total of eight new stores in FY14 and maintains its stated target of 214 stores.

Seven existing stores were converted to JB HI-FI HOME in HY14. The Company now anticipates converting a total of 13 existing stores to the HOME format in FY14 and sees the potential for approximately 50 HOME stores over the next three years, with the long term opportunity still to be fully quantified.

JB HI-FI CEO, Terry Smart, said "Our newly converted JB HI-FI HOME stores, while in their early stages and with limited customer awareness, have performed strongly, achieving 13.6% comparable sales growth post conversion. With less than 9% of our stores converted today the continued rollout of the new HOME stores presents JB HI-FI with a significant opportunity to increase comparable sales growth into the future."



Out of Store

Online sales continue to grow, up 15.4% in HY14, and represent approximately 2.2% of total sales (HY13: 2.0%). Unique visitors to the websites increased by 17.8% over the previous 12 months to an average of 1.23 million per week. JB HI-FI’s websites, including the JB HI-FI NOW digital offering, provide customers with a choice on how they wish to shop at JB HI-FI, for both physical goods and digital content. The Company’s commercial business also continued to see strong growth in HY14.

Outlook

January 2014 sales update:

- ❖ total consolidated sales growth in January 2014 was +7.4%; and
- ❖ consolidated comparable sales growth in January 2014 was +3.8%.

JB HI-FI CEO, Terry Smart, said “We continue to have many opportunities for growth in our traditional categories with the opening of new stores, market share gains and the expansion of our commercial division. JB HI-FI has a proven track record of successfully entering new categories to continually grow and expand the business and we see the \$4.6 billion home appliances market as another significant new category growth opportunity for us moving forward.”

In FY14 the Company expects:

- ❖ to open eight new stores, with two opening in the second half;
- ❖ to convert 13 existing stores to JB HI-FI HOME, with six to be converted in the second half;
- ❖ total sales to increase by between 6% and 8% on the prior year; and
- ❖ NPAT to be in the range of \$126.0m to \$129.0m, an increase of 8.3% to 10.8% on the prior year.

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