

COMPANY ANNOUNCEMENT

15 August 2016

JB HI-FI Full Year 2016 Results

Highlights

- Total sales up 8.3% to \$3.95 billion
- Comparable sales up 5.4%
- EBIT up 10.1% to \$221.2 million
- NPAT up 11.5% to \$152.2 million
- EPS up 11.5% to 153.8 cps
- Total dividend for FY16 up 10 cps to 100 cps

FY16 Results

Trading Performance

JB Hi-Fi Limited today reports net profit after tax (NPAT) up 11.5% to \$152.2 million (FY15: \$136.5 million) from \$3.95 billion of sales (FY15: \$3.65 billion) for the full year ended 30 June 2016 (FY16). Total sales growth for FY16 was 8.3% with comparable sales up 5.4%.

Gross profit increased 8.4%, with gross margin up 3 bps to 21.9% (FY15: 21.9%). Cost of doing business was 15.2% (FY15: 15.3%), resulting in EBIT of \$221.2 million (FY15: \$200.9 million) and an EBIT margin of 5.6% (FY15: 5.5%).

JB HI-FI CEO, Richard Murray, said "We had a great finish to the financial year and are proud to deliver both net profit and earnings per share up 11.5%. Particularly pleasing was how we cycled a strong June in the prior year, with good sales driven by tax time buying."

Business Update

The Company had 194 stores in Australia and New Zealand at 30 June 2016. During FY16, the Company opened nine new stores and closed two stores. The Company expects to open a total of seven new stores in FY17 and continues to review opportunities for its store rollout beyond 214 locations across Australia and New Zealand.

Of these 194 stores, 59 were JB HI-FI HOME stores, with five new JB HI-FI HOME stores opened and 13 existing JB HI-FI stores converted to JB HI-FI HOME during FY16. The Company is targeting a total of 75 JB HI-FI HOME stores across Australia and New Zealand. In addition to the HOME store roll-out, the Company continues to introduce small appliances to its existing store network.

Online sales continue to grow, up 35.8% in FY16, and represent 3.0% of total sales (FY15: 2.4%). Unique visitors to JB HI-FI's websites during FY16 averaged 1.3 million per week. JB HI-FI CEO, Richard Murray, said "We continue to leverage the benefits of a strong online presence combined with our convenient store locations. We are very focused on building a great customer experience online and are pleased with the progress made in FY16."

JB HI-FI Solutions saw double digit sales and earnings growth in FY16 and remains on track to deliver on its longer term aspirational sales target of approximately \$500 million per annum, through both organic growth and strategic acquisitions.

"JB HI-FI Solutions is a key driver of our future growth. The combination of our product and service offering, along with our extensive store distribution network, continues to resonate with our clients." said JB HI-FI CEO Richard Murray.

Capital Management

The Board has today declared a final dividend of 37 cents per share (cps) fully franked, bringing the total dividend for FY16 to 100 cps, up 10 cps on the prior year (FY15: 90 cps). The Board believes that the Company's dividend payout ratio of 65% appropriately balances the distribution of profit to shareholders and the reinvestment of earnings for future growth. The final dividend will be paid on 9 September 2016. The record date for determining the entitlement is 26 August 2016.

During FY16 the Company completed an on-market buy-back of 0.7 million ordinary shares (at a cost of \$13.2 million), to offset the dilutionary impact of shares expected to be issued to employees under the Company's share option plans in FY16.

Today the Company announced it will continue with its on-market buy-back program in FY17 with the buy-back of a maximum of 0.4 million ordinary shares. The buy-back is intended to offset the dilutionary impact of shares likely to be issued under the Company's share option plans and deferred short-term incentive plan in FY17.

The Good Guys Sale Process

As noted in our ASX release on 11 August 2016, JB HI-FI continues to participate in The Good Guys sale process. JB HI-FI has made no decision and nor has it entered into any agreement with respect to an acquisition of The Good Guys. JB HI-FI understands that The Good Guys are looking at a range of options including an IPO on the ASX. JB HI-FI evaluates all possible opportunities against a range of factors and would only pursue an acquisition if it made compelling financial sense for its shareholders.

Trading Outlook

July 2016 sales update:

- consolidated total sales growth was +13.4% (July 2015: +7.6%); and
- consolidated comparable sales growth was +9.5% (July 2015: +5.7%).

The sales result in July 2016 was a very pleasing start to FY17. Visual sales were particularly strong on the back of dedicated promotional activity launched on 1 July. Other key growth categories included Communications, Accessories and Home Appliances.

JB HI-FI CEO, Richard Murray, said "The closure of DSE during the second half of FY16 has contributed to an increase in our sales of Computers, Visual, Audio and Accessories. We anticipate this will continue to drive sales growth in the first half of FY17; however the impact will moderate as we cycle through their decline and eventual market exit."

FY17 Guidance:

In FY17 the Company expects:

- to open seven new stores;
- to convert five existing stores to JB HI-FI HOME; and
- total sales to be circa \$4.25 billion.

JB HI-FI CEO, Richard Murray, said "We continue to invest in our store network, online offering and Solutions business. These initiatives, coupled with a strong promotional plan, will position us well for growth in FY17."

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