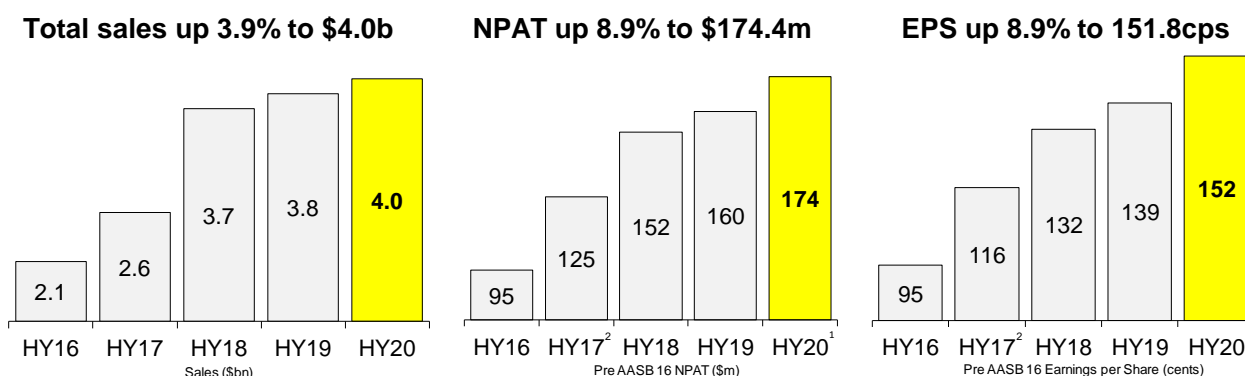


## COMPANY ANNOUNCEMENT

10 February 2020

## JB Hi-Fi Limited Half Year 2020 Results

### HY20 Highlights<sup>1</sup>



### HY20 Trading Performance<sup>1</sup>

JB Hi-Fi Limited (“Company”) today reports:

- Total sales up 3.9% to \$4.0 billion, with positive comparable sales growth across all three divisions;
- EBIT up 8.0% to \$255.6 million;
- Net profit after tax (NPAT) up 8.9% to \$174.4 million (Statutory NPAT up 6.6% to \$170.6 million);
- EPS up 8.9% to 151.8 cps; and
- Interim dividend up 8.8% to 99 cps.

Group CEO, Richard Murray, said “We are pleased to report record sales and earnings in the first half, with JB HI-FI Australia and The Good Guys recording strong earnings growth. I would like to thank the over 12,000 team members across Australia and New Zealand whose hard work and continued focus on our customers delivered this result.”

#### JB HI-FI Australia

Total sales grew by 5.1% to \$2.72 billion, with comparable sales up 4.4%. The key growth categories were Communications, Audio, Computers, Visual and Accessories. Online sales grew 18.3% to \$170.8 million or 6.3% of total sales, as the Online offer continues to evolve. The Commercial business recorded strong sales growth as we continue to expand our product and service offering.

Gross profit increased by 4.8% to \$600.8 million resulting in a gross margin of 22.1%. CODB was 13.9%, down 10 bps on the pcp. The business’s low CODB remains a competitive advantage and is maintained through a continued focus on productivity, minimising unnecessary expenditure and leveraging scale.

Sales growth, combined with cost control and lower depreciation, drove solid earnings growth. EBIT was up 6.5% on the pcp to \$204.5 million with EBIT margin up 10 bps to 7.5%.

<sup>1</sup> The Company adopted the new Accounting Standard AASB 16 Leases on 1 July 2019 and, accordingly, HY20 Statutory Results presented in the JB Hi-Fi Limited 31 December 2019 Financial Statements have been prepared in accordance with the new standard. The Company used the modified retrospective approach when adopting AASB 16 and, as a result, prior period comparatives were not restated. To allow for prior period comparison, all HY20 results disclosed in this Announcement are pre application of AASB 16 (“Pre AASB 16”) and exclude the impact of AASB 16. Refer JB Hi-Fi Limited HY20 Results Presentation for reconciliations of Statutory and Pre AASB 16 results.

<sup>2</sup> HY17 are underlying results which exclude transaction fees and implementation costs totaling \$15.3m associated with the acquisition of The Good Guys in November 2016.

**JB HI-FI New Zealand**

Total sales were up 0.8% to NZD132.8 million, with comparable sales up 0.8%. The key growth categories were Communications, Small Appliances, Accessories and Fitness. Online sales in New Zealand grew 22.3% to NZD9.6 million, or 7.3% of total sales. Gross margins declined 16 bps to 17.4% and CODB was 15.8%, up 10 bps on the pcp. EBIT was NZD1.1 million, in line with last year as the impact of the gross margin decline was offset by reductions in depreciation.

“We are pleased to have delivered positive comparable sales growth in the first half in New Zealand as we cycled very strong sales in the prior year. We are encouraged by the improvements made over the last 18 months and remain focused on delivering on our plan to reposition our New Zealand business.” said Mr Murray.

**The Good Guys**

Total sales grew by 1.5% to \$1.15 billion, with comparable sales up 0.6%. The key growth categories were Dishwashers, Floorcare, Cooking, Communications and Computers. Online sales were up 12.6% to \$79.6 million or 6.9% of total sales with strong sales on The Good Guys website partially offset by a decline in third party marketplace sales.

Gross profit was \$237.6 million with gross margin up 8 bps to 20.7%, with improvements in gross margin partially offset by changes in sales mix. CODB was 15.8%, down 38 bps with operating costs well controlled and the business benefiting from productivity initiatives implemented in 2HY19. Sales growth, combined with gross margin expansion, cost control and lower depreciation, drove strong EBIT growth. EBIT was up 14.7% on the pcp to \$50.1 million with EBIT margin up 50 bps to 4.4%.

“We are pleased to deliver positive sales and strong earnings growth in the first half of FY20, with sales improving throughout the half and culminating in a strong Christmas quarter. In a competitive environment we remained focused on growing sales and market share in a sustainable manner whilst continuing to evolve the business.” said Mr Murray.

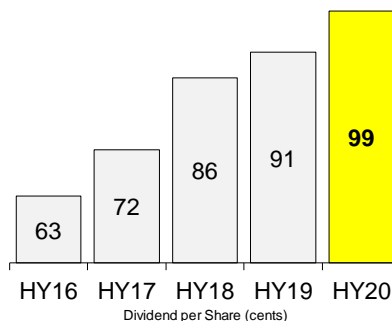
**Capital Management**

The Board has today declared an interim dividend of 99 cents per share fully franked, up 8.8% from the pcp, representing 65% of Pre AASB 16 NPAT.

The Board regularly reviews the Company’s capital structure and believes the current dividend payout ratio of 65% appropriately balances the distribution of profit to shareholders, the repayment of debt and the reinvestment of earnings for future growth.

The interim dividend will be paid on 6 March 2020. The record date for determining the entitlement is 21 February 2020.

**Interim dividend up 8.8% to 99 cps**



**People, Environment, Community**

In HY20 the Company adopted a Sustainability Plan, outlining the Company’s commitment to having a positive impact on our people, our environment and our community.

The key areas of focus in this Sustainability Plan are:

- Health, Safety and Diversity – encouraging a diverse and inclusive work environment and protecting the health and safety of our people;
- Energy Consumption and Efficiency – monitoring and reducing our energy consumption and greenhouse gas emissions;
- Product and Waste Recycling – minimising the waste we create and encouraging responsible recycling;
- Social Impact – supporting social causes that are important to our staff, particularly through our workplace giving programs; and
- Ethical Sourcing – working with our supply partners to improve working conditions in our supply chain and ensure what we use and sell is sourced ethically.

The Company is pleased with the progress made on these key areas of focus to date and the overwhelmingly positive response from our team members.

In addition to the initiatives undertaken in the Sustainability Plan, the Company is providing assistance to those impacted by the recent Australian bushfires. Mr Murray, said "On behalf of JB Hi-Fi and The Good Guys, I extend our deepest sympathies to everyone affected by the bushfires. The Company is supporting the communities and wildlife impacted by the bushfires with over \$560,000 in combined contributions from the Company, our team members and customers. In addition to these contributions, paid Emergency Services Leave is being provided to those team members involved in volunteer emergency response activity."

### **FY20 Trading Update and Outlook**

#### **January 2020 sales update:**

- Total sales growth for JB HI-FI Australia was 6.5% (January 2019: 3.0%) with comparable sales growth of 6.0% (January 2019: 1.5%);
- Total sales growth for JB HI-FI New Zealand was -1.6% (January 2019: -1.8%) with comparable sales growth of -1.6% (January 2019: 4.1%); and
- Total sales growth for The Good Guys was 1.4% (January 2019: 1.8%) with comparable sales growth of 1.4% (January 2019: 0.3%).

The Company is pleased with the Q2 and January sales momentum in Australia, however the Company continues to see growth in low margin categories and a bias in customer purchasing towards key promotional periods.

#### **FY20 Guidance:**

In FY20 the Company expects:

- Total sales to be circa \$7.33 billion, comprising:
  - JB HI-FI Australia \$4.93 billion;
  - JB HI-FI New Zealand (NZD) \$0.24 billion; and
  - The Good Guys \$2.18 billion.
- Total NPAT, pre application of AASB 16, to be in the range of \$265 million to \$270 million, an increase of 6.1% to 8.1% on the pcp.

Mr Murray, said "We are pleased with our performance in the important first half of FY20. We are clear on our objectives for the next 6 months and are excited by the outlook for the business."

Authorised by the Board.

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