

6 May 2018

## Response to Aware Query

In response to your letter dated 3 May 2018, JB Hi-Fi Limited ("JBH") provides the following response.

**1. When did JBH first become aware of the information contained in the FY2018 Outlook Slide?**

JBH Management and the Board continually monitor the Company's financial performance in the context of guidance given to the Market by the Company. As with all retail companies, the Company's financial performance fluctuates on a daily basis.

Management prepared draft sales and NPAT guidance which was circulated to the Board during the afternoon of Tuesday 1 May 2018 together with supporting documentation. Management and the Board considered this information and approved it that evening.

**2. Does JBH consider the information contained in the Announcement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?**

No.

**3. If the answer to question 2 is "no", please advise the basis for that view.**

The Company's revised NPAT guidance was a decrease of 3% from the mid-point of the Company's previous NPAT guidance. There was no change to the Company's sales guidance.

JBH notes guidance in section 7.3 of Guidance Note 8 issued by ASX which suggests that companies should treat an expected variation in earnings compared to its published guidance equal to or less than 5% as not being material and presume that its guidance therefore does not need updating.

JBH also notes that in the FY2018 Outlook Slide the Company explained that the revision to earnings guidance was driven by short term unfavourable weather conditions and heightened price competition. The Company confirmed that this is not expected to impact medium or long term performance.

**4. If the answer to question 2 is "yes", please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe JBH was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps JBH took to ensure that the information was released promptly and without delay.**

N/A

**5. In light of the guidance provided in ASX Guidance Notes 14 and 20 (as referred to in paragraph H above), is there any reason JBH did not provide the information contained in the FY18 Outlook Slide as a standalone announcement on ASX?**

As explained above, JBH did not consider that the information contained in the FY18 Outlook Slide would have a material effect on the price or value of the entity's securities.

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# [ JB HI-FI ]

6. **Please confirm that JBH is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.**

JBH confirms that it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

7. **Please confirm that JBH's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of JBH with delegated authority from the board to respond to ASX on disclosure matters.**

We confirm that JBH's responses to the questions above have been authorised and approved by its board or an officer of JBH with delegated authority from the board to respond to ASX on disclosure matters.

Media & Investors:

Richard Murray (Group CEO)  
03 8530 7333

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3 May 2018

**Mr Doug Smith**

Company Secretary  
JB Hi-Fi Limited  
Level 4  
Chadstone Shopping Centre  
1341 Dandenong Road  
Chadstone VIC 3148

By email: [doug.smith@jbhifi.com.au](mailto:doug.smith@jbhifi.com.au)

Dear Mr Smith

**JB Hi-Fi Limited ("JBH"): aware query**

ASX Limited ("ASX") refers to the following:

- A. JBH's announcement of a slide package entitled "Macquarie Australia Conference Presentation" lodged on the ASX Market Announcements Platform and released at 8:21am on 2 May 2018 (the "Announcement"), disclosing, among other things, JBH's 'Trading and FY18 Outlook', including the following slide (page 4) (the "FY18 Outlook Slide") which varied previous guidance provided by JBH on 12 February 2018 as part of its HY18 financial results and presentation.

## 1. Trading and FY18 Outlook

### FY18 Outlook:

- The Company reaffirms its FY18 sales guidance with total Group sales to be circa \$6.85 billion (JB Hi-Fi \$4.75 billion and The Good Guys \$2.1 billion)
  - The JB Hi-Fi business continues to perform strongly and in line with expectations
  - The Good Guys performance has been impacted by challenging conditions in the Home Appliance market, due to unfavourable weather conditions coupled with heightened price competition. This has had an adverse impact on gross margin in 2HY18 as we continue to focus on sales and market share
  - As a result of the above, in FY18 the Company now expects total Group NPAT to be circa \$230 million (previous guidance of \$235 million to \$240 million)
  - Whilst the challenging conditions in the Home Appliance market are expected to impact performance in the short term, we remain confident in the Group model and the medium and long term outlook for The Good Guys and JB Hi-Fi
- B. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- C. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

*"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity"*

and section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information"*.

- D. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

*“3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*

*3.1A.1 One or more of the following applies:*

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

*3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

*3.1A.3 A reasonable person would not expect the information to be disclosed.”*

- E. ASX’s policy position on the concept of “confidentiality”, which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states that:

*“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”*

- F. Guidance in section 7 of ASX Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B* and, in particular, section 7.3 ‘Market sensitive earnings surprises’ which includes the following.

*“If an entity becomes aware that its earnings for the current reporting period will differ (downwards or upwards) from market expectations, it needs to consider carefully whether it has a legal obligation to notify the market of that fact. This obligation may arise under Listing Rule 3.1 and section 674, if the difference is of such magnitude that a reasonable person would expect it to have a material effect on the price or value of the entity’s securities – referred to below as a “market sensitive earnings surprise”. Alternatively, in the case of an entity which becomes aware that its earnings for a reporting period will differ from earnings guidance it has published to the market, it may arise under section 1041H, because failing to inform the market that its published guidance is no longer accurate could constitute misleading conduct on its part.”*

- G. JBH’s share price decrease following the release of the Announcement from a closing price of \$25.57 on 1 May 2018 to an intraday low of \$23.06 on 2 May 2018.

- H. Guidance in section 12 of [ASX Guidance Note 14](#) and section 9 of [ASX Guidance Note 20](#) about giving an announcement that contains market sensitive information a header that clearly conveys this fact. ASX has had issues with announcements that have headers that convey an impression that they are not market sensitive when they have embedded within them market sensitive information. Section 9 of Guidance Note 20 includes the following paragraph:

*‘ASX has in the past experienced difficulties with announcements that have been given fairly innocuous titles (such as “Chairman’s Address to AGM”) but have had market sensitive material embedded in them. ASX would therefore ask listed entities to ensure that the title header to such an announcement clearly identifies*

*the fact that it contains market sensitive information (eg "Chairman's Address to AGM and Buyback Announcement") or, better still, that market sensitive announcements are made on a stand-alone basis and not incorporated in other announcements that may not be market sensitive.'*

Having regard to the above, ASX asks JBH to respond separately to each of the following questions and requests for information:

1. When did JBH first become aware of the information contained in the FY18 Outlook Slide?
2. Does JBH consider the information contained in the Announcement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
3. If the answer to question 2 is "no", please advise the basis for that view.
4. If the answer to question 2 is "yes", please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe JBH was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps JBH took to ensure that the information was released promptly and without delay.
5. In light of the guidance provided in ASX Guidance Notes 14 and 20 (as referred to in paragraph H above), is there any reason JBH did not provide the information contained in the FY18 Outlook Slide as a standalone announcement on ASX?
6. Please confirm that JBH is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
7. Please confirm that JBH's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of JBH with delegated authority from the board to respond to ASX on disclosure matters.

#### **When and where to send your response**

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than half an hour before the start of trading (ie before 9.30 a.m. AEST) on Monday 7 May 2018. If we do not have your response by then, ASX will have no choice but to consider suspending trading in JBH.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, JBH's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph and may require JBH to request a trading halt immediately.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

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Your response should be sent to me by e-mail at [dean.litis@asx.com.au](mailto:dean.litis@asx.com.au) . It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

**Listing Rules 3.1 and 3.1A**

In responding to this letter, you should have regard to JBH's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that JBH's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

**Suspension**

If you are unable to respond to this letter by the time specified above ASX will likely suspend trading in JBH's securities under Listing Rule 17.3.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

*[Sent electronically without signature]*

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**Dean Litis**  
**Principal Adviser, Listings Compliance (Melbourne)**