

ANNUAL GENERAL MEETING

20 November 2013

BERNIE BROOKES
CEO and Managing Director

MYER



Image: Jayson Brunsdon Black Label
(Myer Exclusive Brand)



ANNUAL GENERAL MEETING

FY2013 result
Delivering our five-point plan
Our current focus
Current trading and Outlook

MYER

Image: Wayne by Wayne Cooper (Myer Exclusive Brand)

FY2013 - a solid result

- Total sales \$3.1 billion, up 0.8%
- Operating gross profit margin +40 bps to 41.7%
- Cash CODB \$1,007 million, up 3.1%
- EBITDA \$305 million, EBITDA margin 9.7%
- EBIT \$215 million, EBIT margin 6.8%
- Reported NPAT \$127 million, down 8.7%
- NPAT* excluding sass & bide put option revaluation \$129 million, down 5.1%
- Strong cash flow supports final dividend of 8 cps, full year dividend 18 cps, fully franked

“Continued execution of five-point plan”

* Excludes sass & bide put option revaluation: FY2012 (\$3.0 million gain) and FY2013 (\$2.2 million expense)



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Image: Wayne Jnr by Wayne Cooper (Myer Exclusive Brand)

FINANCIAL RESULT / 3

Full year highlights

- Sales and gross profit growth in key categories
- Myer Exclusive Brands now 20.0% of sales mix
- sass & bide double-digit sales and profit growth
- Increased recognition of our customer service journey
- Ongoing investment: new stores, refurbishments, brands, online
- **MYER** one strengthened with Platinum tier, app launched
- Online sales, page views and average monthly visits doubled
- Net debt down 11.2%, lending facilities refinanced



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Image: sass & bide

FINANCIAL RESULT / 4

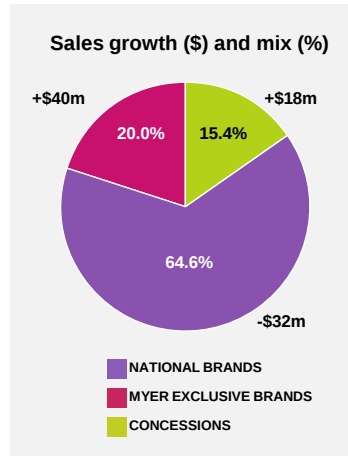
FY2013 sales performance

Highlights:

- Myer Exclusive Brands, Concessions, new stores, online, new brands
- sass & bide double-digit sales growth
- Best states: QLD, WA, VIC, NSW
- Top categories: Cosmetics, Womenswear, Menswear, Accessories

Challenges:

- Tough retail environment, particularly Q4
- Refurbishment of three of top 20 stores



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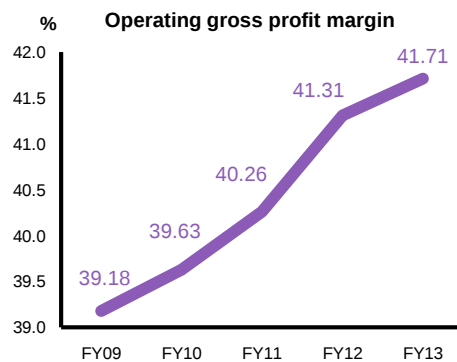
Image: Wayne Cooper (Myer Exclusive Brand)

FINANCIAL RESULT / 5

Operating gross profit growth

	\$m	%change
FY13	1,312	+1.8%
FY12	1,288	+1.3%
FY11	1,272	-2.3%
FY10*	1,301	+1.9%
FY09	1,278	-2.6%

*FY10 on pro-forma basis, includes Melbourne store profit underpinning



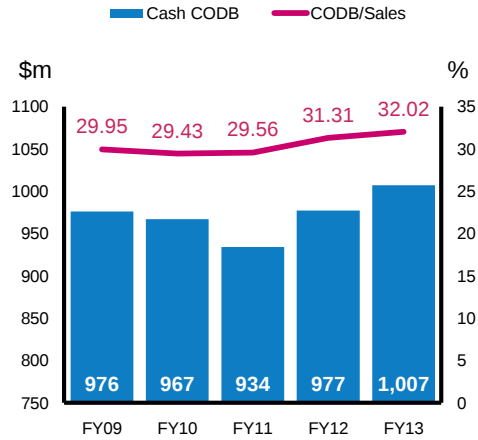
“Delivered gross profit improvement as well as sales growth”

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FINANCIAL RESULT / 6

Cash cost of doing business

- Investment in omni-channel, Myer Exclusive Brands, MYER one
- New store costs
- Opex associated with refurbishments
- Increased store labour costs
- Increased occupancy costs (rent, utilities, rates, taxes)

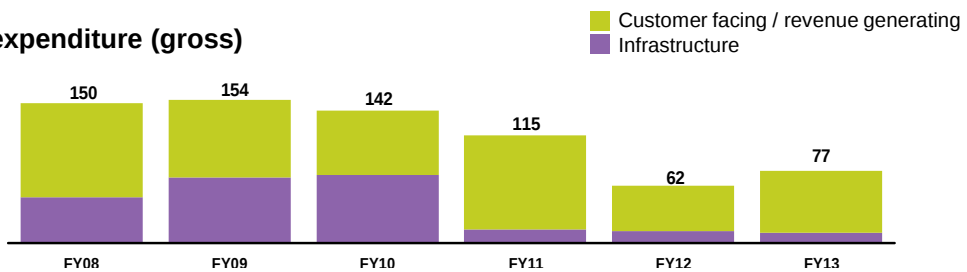


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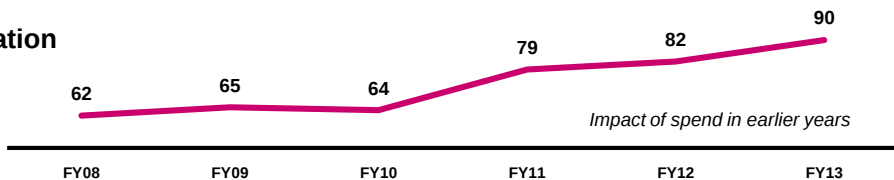
FINANCIAL RESULT / 7

Shift in capital investment

Capital expenditure (gross)

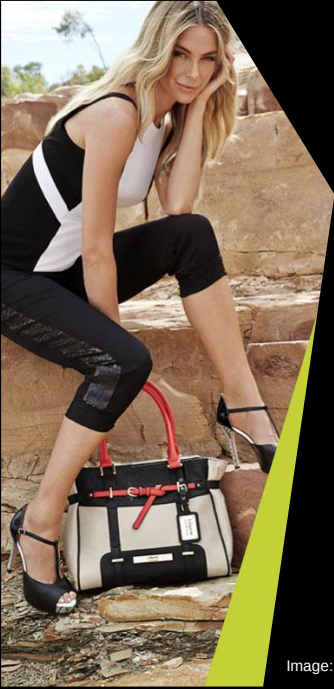


Depreciation



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FINANCIAL RESULT / 8



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Progress against five-point plan

- ① Improve customer service
- ② Enhance our merchandise offer
- ③ Strengthen our loyalty program
- ④ Build a leading omni-channel offer
- ⑤ Optimise our store network

“Continued execution of five-point plan while investing in growth areas of the business, significant opportunities exist”



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Image: Vue cookware (Myer Exclusive Brand)

DELIVERING OUR PLAN / 10



1. Improve customer service

Service initiatives

- New training program focused on customer service culture
- Engagement program for premium MYER one members
- Customer Service Centre technology upgrade and integration with online service
- Successful personal shopping service extended to menswear
- Year two benefits of leading point-of-sale system investment

***“Winner 2013 ICSP International Customer Service Award
– People’s Choice Award”***



1. Improve customer service

Efficiency initiatives

- Shrinkage further reduced, remains below 1%
- Increased compliance by suppliers to 'floor ready' standards
- Stock management processes review to increase speed to floor
- Safety record improvement, LTIFR* 8.6 (FY12: 10.8)

Feedback metrics trend upwards

- Compliments up, complaints down
- Customer voice feedback program, provides net promoter score

"Efficiency gains reinvested in customer facing hours in store"

* Lost time injury frequency rate



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Image: Sydney City Store team member (Kitchen Appliances Department)

DELIVERING OUR PLAN / 13

2. Enhance merchandise offer

- Focus on unique and inspirational products for our customers
- Best performing brands included:



- Growth in established and new Myer Exclusive Brands
- Strong growth from Concessions
- Increasingly price competitive in global marketplace
- Enhanced climatic ranging

"Focus is on being first choice for fashion, cosmetics and the home"



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Image: Kitchenaid

DELIVERING OUR PLAN / 14

2. Enhance merchandise offer

Myer Exclusive Brands growth continues

- Now represent 20.0% of sales mix
- Top performing Myer Exclusive Brands in FY2013:

HOUSE & GARDEN WILKINSON blaq regatta Trent Nathan RESERVE BASQUE

- Introduction of new brands in FY2013:

HOUSE & GARDEN Trent Nathan MATERIAL WORLD BY MADONNA KAREN WALKER HOME sass & bide intimates fleurette by fleur wood

“Myer Exclusive Brands deliver significantly higher margins”



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Image: Blaq (Myer Exclusive Brand)

DELIVERING OUR PLAN / 15

2. Enhance merchandise offer

Leveraging our supply chain advantage

- Global sourcing offices, over 110 employees
- Volume and margin improvement, delivering ahead of expectations
- Factory consolidation delivering quality and price improvements
- Supporting Myer Exclusive Brands growth
- Speed to market a constant focus
- Strong sourcing governance framework

“Quality control and assurance through close relationships and local oversight”



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Image: Childrenswear (Myer Exclusive Brand)

DELIVERING OUR PLAN / 16

EXCITING NEW BRANDS

SEAFOLLY
australia

napoleon
PERDIS

♠
kate spade
NEW YORK

BAKER
BY TED BAKER

BAKER
BY TED BAKER

peteralexander

orla Kiely

SOPHIE HULME

A.BRAND

BANG & OLUFSEN

DELPHONICS

CROSLEY

LSA
International

Dualit.

NIGHTS NEVER DIE

Christian Lacroix

Keith Hamy

CHINO
KIDS

Orla Kiely

blue illusion

SONOS

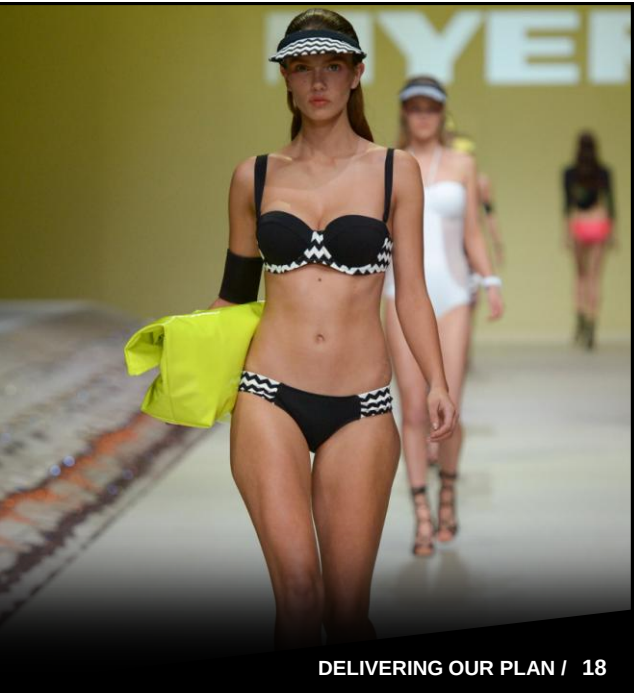
ASSEMBLY
LABEL

DESIGNERS GUILD

Superdry

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DELIVERING OUR PLAN / 17





3. Strengthen our loyalty program

- Milestone 5 millionth member joined the program
- Represents ~70% of sales
- Tier restructure including new premium Platinum tier
- MYER one smartphone app launched, >200,000 downloads
- \$50m Rewards Cards, average spend on redemption 3.8x
- Affiliates program refocused on key national partners
- Significant advancements in data analytics driving sales

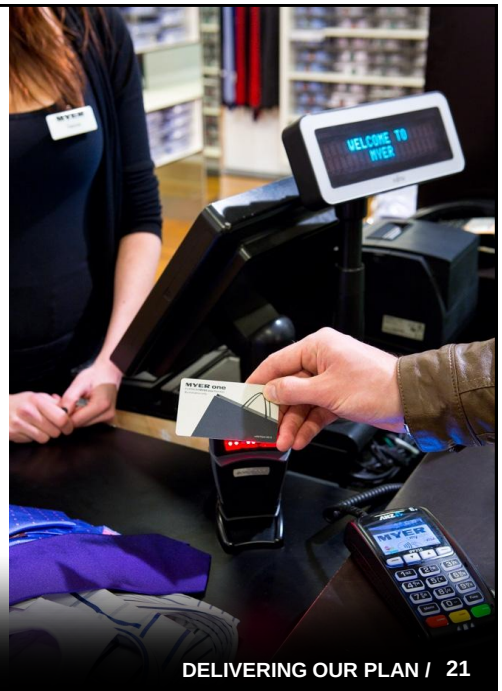
“Key competitive advantage providing incredible insights through sophisticated data analysis”



MYER one

Image: MYER one smartphone app being scanned at POS

DELIVERING OUR PLAN / 20



DELIVERING OUR PLAN / 21

3. Strengthen our loyalty program

Innovating to delight MYER one members

- Offering MYER one members more choice to be rewarded
- MYER one Wine Club established and growing
- MYER Visa Card delivering loyalty rewards
- Commonwealth Bank pay-with-points collaboration
- Digital gift cards scanned direct from smartphone
- Better targeted email communication with members

“Stretching the brand to broaden our relationship with MYER one members”



MYER one

DELIVERING OUR PLAN / 22

4. Build a leading omni-channel offer

Key metrics demonstrate solid progress

- Online sales growth >200%
- Online store continues to climb store rankings
- Average monthly website visits doubled
- Growth in average basket size and online order value
- SKUs online now over 90,000
- Consistent customer experience across all channels



“Providing online inspiration, information and digital commerce in a global marketplace”

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DELIVERING OUR PLAN / 23





5. Optimise our store network

- Store network integral to omni-channel strategy
- New stores opened Fountain Gate, Townsville, Shellharbour
- Closures: Forest Hill and Tuggeranong (FY2012), Fremantle (FY2013), Dandenong (FY2014), Elizabeth (February 2014)
- Space hand back to improve returns
- Refurbishments: Highpoint, Adelaide, Indooroopilly, Miranda
- Space optimisation project, complete in 4 stores, 4 to come
- Continue to review base leases, ahead of lease expiry

“Focus on maximising returns per square metre”



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Image: Team members in Sydney City store (menswear department)

DELIVERING OUR PLAN / 27

NEW STORE AT SHELLHARBOUR

Opened May 2013

Regional city – only full-line department store in region

Catchment population: 205,000

12,000sqm, two floors

Wide range of new merchandise

Centre MAT: \$263m



DELIVERING OUR PLAN / 28

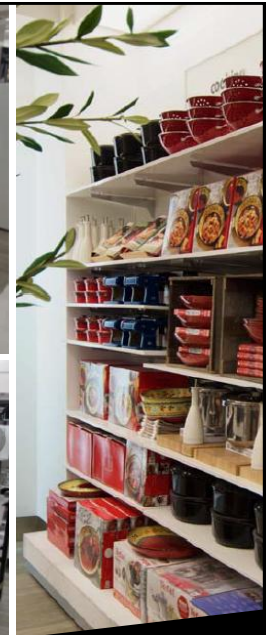
ADELAIDE REFURBISHMENT

Full store refurbishment,
completion due April 2014

Centre and mall upgrade
also underway

New 'lifestyle' zoned
homewares floor

Space reduced,
6 to 5 floors



DELIVERING OUR PLAN / 29

sass & bide ownership

- Acquired remaining 35% stake, resulting in full ownership
- Since 65% acquisition in 2011: sales up 45%, profit up 112%
- FY2013: successful brand stretch into intimate apparel, 2 new freestanding stores, 2 new concessions
- Exciting pipeline of growth initiatives, including international expansion: additional NZ store (November 2013), New York store (opens tomorrow)
- Business as usual, creative founders to remain with business
- sass & bide to retain autonomy of management and design
- Acquisition price \$30.2 million*

* Net of cash acquired.



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Image: sass & bide

DELIVERING OUR PLAN / 30



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the Power of **GIVE**

Myer Christmas App

- First retailer in Australia to offer augmented reality
- Customers can make in-store Christmas characters “come alive” on their smartphone or tablet
- Free to download and will help customers easily connect with in-store experiences they cannot get elsewhere
- Experiences in-store activated using printed floor decal markers and in-store displays
- Customers can also create an online Christmas card, book a visit to Santa and find the perfect Christmas gift



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OUR CURRENT FOCUS / 33

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the Power of
GIVE

MYER

At Myer, we believe we can all give a little more. By pitching in together, we can make sure more Australians get to have a happy Christmas this year. With your generous donations, we're committed to raise \$3million for The Salvation Army to help families in need.

We're starting things off by
MATCHING THE FIRST \$300,000

that you donate, dollar for dollar. We have also committed to donating all proceeds of our famous Spirit of Christmas CD.

You can help us reach our goal by donating in store. No donation is too small. Together, let's give all we can and make a real difference.

[► FIND YOUR NEAREST STORE](#)

[▶ FIND YOUR NEAREST STORE](#)

THE SPIRIT OF CHRISTMAS 2013 CD

You can help raise money for the Salvos by purchasing our famous Spirit of Christmas CD. Enjoy listening to some of your favourite artists, including Guy Sebastian and Samantha Jade, sing classic Christmas carols for the 20th Anniversary Edition. All the proceeds go to helping those in need have a happier Christmas.

The Spirit of Christmas 2013 CD \$19.95

[▶ BUY NOW ON ITUNES](#)



GO BEHIND THE SCENES



AVAILABLE ON ITUNES \$19.95

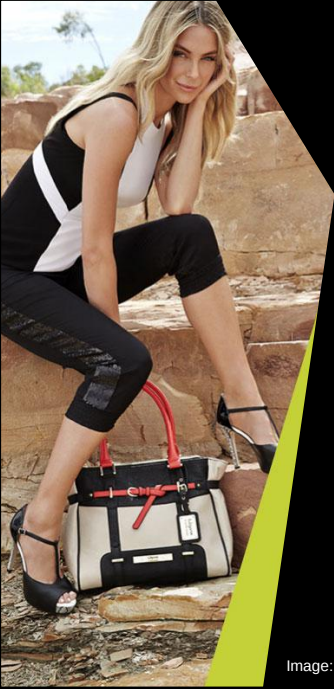


Sustainability focus

Sustainability at Myer				
My Customer	My Team	My Community	My Environment	My Business
Customer service & satisfaction	Attraction and retention	Strategic partnerships	Energy and emissions	Corporate governance
MYER one loyalty rewards	Capability and development	Philanthropy	Waste & recycling	Ethical sourcing
	Reward and recognition	Volunteering	Packaging stewardship	Shrinkage loss prevention
	Workplace safety			Product responsibility

“A sustainability strategy built on five key pillars”





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Q1 FY2014 sales result pleasing

- Total sales up 0.44% to \$691.1 million
- Comparable sales up 0.41%
- Significant impact caused by refurbishment of 3 of top 20 stores
- Trading improved modestly during the quarter, but remains patchy
- Well positioned for the Christmas and Stocktake trading period



Competitive advantages

Adapting the business for current and future challenges

Investing in growth initiatives	Myer Exclusive Brands, MYER one, omni-channel, sass & bide, new stores
Leveraging previous \$600m investments	IT, supply chain, POS, merchandise system, stores
Improving productivity	Training, labour management tool, MYER one analytics
Revitalising store environments	New VM concepts, refurbish 2-3 stores per year, pop-up stores

“Significant capital investment creates foundations for future growth”



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Image: Manning Cartel

OUTLOOK / 39

Outlook

- Cautious outlook for FY2014
- Anticipate year of two different halves
- Sales benefits: new stores, completion of two major refurbishments, key categories growth, new brands, online sales
- Sales impacts: store closure, refurbishment of 3 of top 20 stores
- Gross profit margin expansion at similar rate to FY2013
- Cash CODB 4-5% increase, including \$11m one-off costs
- Forecast capital expenditure \$90m (net)
- Depreciation \$6m increase (recent investment and write-offs)
- Performance improving into FY2015, stronger fundamentals



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Image: Toni Maticevski

OUTLOOK / 40



Disclaimer

All numbers are unaudited.

This release may contain “forward-looking statements”. Forward-looking statements can generally be identified by the use of words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “believe”, “continue”, “objectives”, “outlook”, “guidance” and similar expressions. Indications of plans, strategies and objectives of management, sales and financial performance are also forward-looking statements. Forward-looking statements are not guarantees of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Myer. Actual results, performance or achievements may vary materially from any forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements, which are current only as at the date of this release. Myer assumes no obligation to update such information.