



# **ASX & MEDIA RELEASE**

FOR IMMEDIATE RELEASE

18 November 2016

## **2016 Annual General Meeting – 18 November 2016 Chairman's Address and Chief Executive Officer's Presentation**

Myer Holdings Limited will today address shareholders at its Annual General Meeting to be held in Melbourne, commencing at 11.00am.

The Chairman's Address follows. We will lodge separately the Chief Executive Officer's presentation.

**For further information, please contact:**

**Investors:**

Davina Gunn, General Manager Investor Relations, +61 (0) 400 896 809

**Media:**

Mel Ward, National Communications & Corporate Affairs Manager, +61 (3) 8667 7596

## MYER HOLDINGS LIMITED

Annual General Meeting

Friday, 18 November 2016 at 11.00am

Mural Hall, Myer Melbourne

### Chairman's Address

Good morning, and welcome to the 2016 Annual General Meeting of Myer Holdings Limited.

My name is Paul McClintock, I am the Company's Chairman.

I would like to thank those in the room for taking the time to join us today and also those watching via the webcast.

The time indicated in the Notice of Meeting has passed and as there is a quorum present, I declare the meeting open.

I begin today by acknowledging the custodians of the land on which we meet, the traditional owners of the Kulin nation, and I pay my respects to their elders past and present.

The Notice of Meeting was mailed to shareholders on 17 October along with the Annual Report for those who elected to receive it. With your approval I will take the Notice of Meeting as read. I would also like to make you aware of a few housekeeping matters.

The emergency exits are located behind you, at the entrance of the Mural Hall, and to my left. Should an emergency arise that requires evacuation, staff will be on hand to assist you.

If you have a mobile phone, please set it to silent or switch it off for the duration of the meeting. I ask that you do not use cameras, video or any other recording devices during the meeting. Please also note that this meeting is being recorded and webcast live for those who aren't able to join us here today.

The first item of business for today's meeting will be my address, which will be followed by a business update by Myer's Chief Executive Officer and Managing Director, Richard Umbers.

Together Richard and I will provide you with an overview of the past year and some of our achievements to date for financial year 2017. Richard will discuss in more details the performance of the Company and operational highlights for 2016.

Then we will host a panel discussion with our Directors. We thought it was appropriate to update our format and give you an opportunity to hear more from my fellow directors about **their** observations on Myer's progress this year. We have a diverse, experienced and talented Board and I hope you will get a deeper understanding of New Myer's progress from our discussion.

After the Director Q+A, Chris Froggatt, the Chair of Myer's Human Resources and Remuneration Committee, will provide an update on Myer's remuneration philosophy and strategy.

We will then turn to the formal business of the meeting. Each item of business will be discussed in turn and shareholders will have the opportunity to ask questions on each item of business.

I would now like to introduce the members of your Board who are with me on the stage. First to my left is Chris Froggatt. Chris is the Chairman of the Human Resources and Remuneration Committee, and a member of the Nomination Committee.

Next to Chris is Ian Cornell. Ian is a member of the Human Resources and Remuneration Committee and is standing for re-election today.

Next to Ian is Bob Thorn who is a member of the Audit, Finance and Risk Committee. Bob is also standing for re-election today.

Next to Bob is Anne Brennan. Anne is the Chairman of the Audit, Finance and Risk Committee, and a member of the Human Resources and Remuneration Committee, and the Nomination Committee.

Next to Anne is Dave Whittle who is a member of the Audit, Finance and Risk Committee. Dave is standing for election today.

Next to Dave is Richard Umbers, Myer's CEO and Managing Director.

Our leadership team has been further strengthened during the past year. The most senior members of the leadership team are seated in the front row and I invite you to take the opportunity to meet with them after this meeting.

Also here today are:

- Jason Perry from our auditors Pricewaterhouse Coopers;
- Bruno Cecchini from our remuneration adviser Ernst & Young;
- Joe Muraca representing our lawyers King & Wood Mallesons; and,
- Dan Reid from Link Market Services who took over the management of our register in August of this year.

### **The first year of New Myer**

Yesterday, the Board had the enormous pleasure of participating in what was for us one of the most encouraging days we have experienced in the short history of New Myer.

The occasion was the opening of the doors at our sparkling new Warringah store on Sydney's Northern Beaches. You may have seen coverage of it online or in the papers this morning.

I wish you could have all been there, not just because it is a magnificent store that represents every aspect of our New Myer strategy brought to life, but more importantly because it is the result of so much hard work, by so many people across the company who have opened a window to the future of our business. And because you couldn't be there yesterday, a little later in the meeting we'll be showing you a video of what's been created and I'm sure you'll share our excitement.

While we are all justifiably excited about what's been delivered at Warringah, you could remind us that it is only one store – and that is true. Our excitement, however, is because we see profound change taking place in every area of this business and Warringah is just the most powerful manifestation of so much more.

At Warringah, our customers, our team and our investors will see the first evidence of what New Myer can be when all the streams of our strategy come together in one large project.

The new store is everything that the team have been striving for and sets a new benchmark for contemporary retailing. It is the result of a relentless focus on execution by a well-credentialed and committed team of retailers.

Warringah has it all – wanted brands, wonderful experiences and bespoke services brought together under one roof in a truly localised offer that reflects the northern beaches lifestyle. So again, if you are in Sydney go and have a look – even better buy something.

## **2016 in review**

So let me turn to the year in review, and make some comments from the board before Richard gives his more detailed overview of the year's highlights.

Australia continues to see rapid changes in the retail environment, with the arrival of international entrants and the evolution in consumer behaviour and technology for purchases. New Myer is designed to make us more resilient to these external forces, but there is no complacency in management or the board on their impact on our business.

We also work in an economic and political environment that is not without its challenges.

Nevertheless, whilst our first year demonstrates some of the complexity in what we are trying to achieve, it is clear to the Board that we have the right strategy.

The changes we have made under our four strategic priorities – to our merchandise range, our service levels, our omni-channel business, and our store network are all consistent with our strategy. So too are the improvements we have made to the underpinning capabilities in systems, work processes and people. Some of these changes were made in the knowledge they would have a near term effect on our operating metrics, but we have done them to deliver a long term benefit to our profitability.

As you will see from our results there is momentum building, but you will also see that it is very early days and there is a long way to go.

I did make the point in this very room to a whole leadership team a few weeks ago – as part of a really inspiring leadership conference – that the progress we have made this year would not have been possible without the talent and leadership of the management team. I told our leaders that the two immediate risks the board saw for New Myer when we last met with you our shareholders was a very new leadership team that had to unite powerfully to command this project, and the possibility that our wider team would not own the changes that the strategy required.

The board believes this year past has largely removed those risks, and that is perhaps the most important achievement in this initial stage of our new strategy.

So to Richard and the rest of the executive, and to all team members, on behalf of the Board I extend our warm thanks for the immense effort that has been made in executing those key strategic initiatives and building strong foundations for New Myer.

## **FY2016 result**

I would now like to turn to the FY2016 result and the headline items.

After 12 months of significant change across the business, Myer reported an underlying Net Profit after Tax of \$69.3 million dollars which was in line with expectations and the guidance we gave as part of our capital raising, with Statutory NPAT of \$60.5 million.

Full year sales grew by 2.9% to \$3.29 billion, or 3% on a comparable stores basis. The Board was also pleased to restore the final dividend of 3.0 cents per share fully franked.

Of course the ultimate test of New Myer is whether it delivers the financial results over the next four years upon which our new investment is based. Some of those results will take time to achieve and will be seen more clearly at the back end of the program, but the Board continues to hold the view that subject to no significant deterioration in consumer sentiment, 2017 will see EBITDA growth ahead of sales growth and a return to NPAT growth both before and after implementation costs.

Richard will speak to the 2016 result in further detail and will also provide an update on our trading in the first quarter of 2017.

## **Board membership**

As you would expect in periods of significant change in both strategy and leadership your Board has been heavily engaged in playing its role to deliver New Myer. In the panel later you will hear more about how we as Directors have contributed.

As you will be aware, in 2015 we welcomed Dave Whittle to the Board. Dave has made a substantial contribution so far, with his extensive retail experience in the areas of digital, data and marketing being invaluable in delivering our omni-channel, technology and marketing initiatives.

Today I am delighted to announce the appointment of JoAnne Stephenson as a non-Executive Director with effect from 28<sup>th</sup> November 2016. JoAnne who is with us today is a valuable addition to the Board having had more than 25 years of corporate experience across a range of industries. On behalf of the Board and management team, welcome JoAnne – we are delighted to have you joining us.

Board renewal is a continuous process. It has neither a beginning nor an ending. The Board continuously evaluates its own capabilities and skills mix to ensure we are capable of serving shareholders well. In 2015 we concentrated on capabilities and appointed Dave to strengthen our ability to oversee the areas of digital transformation which are a key part of the New Myer journey. This year, priority was given to succession as we sought a smooth transition of the key role of chair of the Audit and Risk Committee, and JoAnne joins the board to cover that task.

This process will continue in 2017 as I approach the end of my current term as Chairman of Myer. By that time I will have served five years as Chair, a period I viewed from the outset as being the minimum required to provide the necessary stability and continuity through a period of transformation in the company and the renewal at Board level. Over the next year there will be an emphasis on ensuring the Board has the capabilities and processes in place to ensure a smooth transition of the Chairman's role whenever it is required.

I would like to take this opportunity to thank my fellow Directors for their ongoing support. And on behalf of the Directors, I would like to extend our warm thanks to our valued global retail advisor, Andrew Jennings who continues to provide key insights and support to the Board and management.

## **Investing in our communities**

I would now like to take the opportunity to publicly acknowledge the continued efforts of the Myer team and our customers to give back to our communities.

Myer has long been a supporter of the communities in which it operates and Australians in need. I am reminded of the famously generous and humble actions of Sidney Myer, whose community spirit continues to live on in Myer's philanthropic efforts.

This year in the lead up to Mother's and Father's Day and Christmas, Myer offered customers the opportunity to 'round up' their purchases to the nearest dollar, with all monies donated to the Myer Community Fund which provides funding to charities supporting women and families who have survived domestic violence. We want to thank our customers for their generosity with over \$260,000 raised from this initiative.

As you may also be aware, each year our stores, distribution centres and support office nominate a local charity for team members to raise funds that are used to support local area initiatives.

I am immensely proud of our team members who this year raised over \$300,000 for more than 65 charities around Australia. Myer also matched this employee fundraising to a maximum of \$200,000. This is an exceptional effort by our team members, and I sincerely thank them for their charitable spirit.

This year we also raised \$500,000 for the Salvation Army through sales of our much-loved Spirit of Christmas CD. This is in addition to the money raised as part of the newly launched 'Give Registry' which aims to support women and children fleeing domestic violence.

To conclude, I want to reiterate to you the confidence that we have for the future of our company. We are not confident because we expect competition to lessen, or the economy to give us a leg up. Rather, we are confident because the New Myer strategy we have put in place is designed to restore our company to profitable growth by changing the things that we can control and that journey is well underway.

There will be many challenges ahead, and we must be prepared for the unexpected because nothing in this current environment is certain but we have strong conviction in our people and our direction.

We are all immensely proud of what the Myer team has delivered, they have taken to their task with great energy and enthusiasm and we support them whole-heartedly.

To see the doors at Warringah thrown open yesterday – it was very much like seeing our strategy open up before our eyes.

It has reinforced my confidence in Richard and the rest of the management team in their ability to execute and I look forward to sharing more of those achievements with you as we continue to build our momentum in the coming years.

On that note, I would now like to hand over to your Managing Director and Chief Executive Officer, Richard Umbers for his report.