



# ASX & MEDIA RELEASE

20 July 2017

## **Myer Holdings Limited Update**

### **Trading Update**

In May, Myer Holdings Limited stated that on the assumption there was no return to conditions that existed around the January Stocktake period, the Company anticipated EBITDA growth to exceed sales growth in FY2017 and NPAT would be higher than \$69.3 million (pre-implementation costs).

Today Myer said that as a result of continued weakness in retail trading conditions, and particularly in July, the Company now anticipates FY2017 NPAT (pre implementation costs and significant items set out below) to be between \$66 million and \$70 million. Myer anticipates FY2017 implementation costs (pre-tax) to be between \$18 million and \$20 million.

Myer Chief Executive Officer and Managing Director Richard Umbers said: "The period of the June – July Stocktake sale has traditionally been an important period of profit generation for Myer. This year we have executed a number of new initiatives to engage our customers, drive foot traffic to our stores and increase average transaction value. These initiatives have delivered positive results and have provided some mitigation against volatile and challenging trading conditions."

"We are responding to the challenging external environment in a way that preserves the integrity of the New Myer strategy that is built around customer service, engaging retail experiences and wanted brands, while continuing our focus on efficiency and productivity."

### **TOPSHOP TOPMAN and sass & bide**

Myer today also provided information regarding the carrying value of certain assets.

On 24<sup>th</sup> May 2017, Austradia Pty Limited, the Australian franchisee of TOPSHOP TOPMAN appointed administrators. Myer holds a 20% interest in Austradia. Myer today announced the decision to write down the full carrying value of Myer's 20% stake in Austradia of \$6.8 million. In addition to this Myer confirms it has been unable to secure a deal on acceptable commercial terms with UK based brand owner Arcadia Group to allow for the continuation of TOPSHOP TOPMAN concessions in Myer.

As previously outlined in 1H 2017 and Q3 2017 results, the performance of sass & bide has been challenged during the past year and while every effort is being made to improve the performance of the business, the Board has assessed the carrying value and there will be an impairment charge of \$38.8 million.

Both the write off of the Austradia investment and the impairment of sass & bide are non-cash, subject to audit, and will be taken as individually significant items in the FY2017 results.

## **Executive management changes**

After over two and half years in the role, Daniel Bracken (Chief Merchandise and Customer Officer / Deputy CEO) is leaving Myer. In addition to his line responsibilities, Daniel played an instrumental role in developing New Myer, and in particular with the introduction of new brands to Myer. We give him our thanks for his commitment and the hard work, and wish him well in his future career.

## **For further information please contact:**

### **Investors**

Grant Devonport, Chief Financial Officer, +61 (3) 8667 7810

Davina Gunn, General Manager, Investor Relations +61 (3) 8667 7879

### **Media**

Ben Wilson, GRACosway, +61 (0) 407 966 083

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*This information is presented to assist readers in making appropriate comparisons with prior periods and to assess the performance of Myer. The non-IFRS financial information includes total sales, sales per square metre, OGP margin, CODB, EBITDA, total funds employed, net debt, working capital, operating cash flow and free cash flow. These are measures frequently quoted in the industry and forms the basis upon which many investors, financiers and analysts are briefed.*

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