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First half 2018 results update

Myer Holdings Limited (MYR) today announced an update in relation to the 1H 2018 results.

On 14 December 2017, Myer announced a second quarter trading update reporting a deterioration in trading during the start of the second quarter following a subdued performance during the first quarter. Total sales to the end of November were down 2.3 percent and comparable store sales were down 1.8 percent, compared to the previous corresponding period. Total sales during the first two weeks in December deteriorated and were down 5 percent on the previous corresponding period. Myer detailed expectations for 1H 2018 Net Profit After Tax (NPAT), pre implementation costs and individually significant items, to be materially below the previous corresponding period.

Myer's trading during the key Stocktake Sale period was below expectations with total sales during January down 6.5 percent on the previous corresponding period.

Total sales in the 1H 2018 were down 3.6 percent to \$1,719.6 million, down 3.0 percent on a comparable store sales basis. Despite the sales shortfall through December and January, Myer remains comfortable with the quality of its inventory and the closing position at the end of the 1H 2018 was below the previous corresponding period. Sales online in 1H 2018 were up 48.9 percent, following a 48.4 percent increase in 1H 2017.

Myer Chief Executive Officer Richard Umbers said: "The significant deterioration in trading reflects ongoing challenging retail conditions with widespread industry discounting, a subdued performance of Myer's Stocktake Sale and a continued shift in consumer behaviour characterised by reduced foot traffic and an increase in online shopping."

As a result of the further deterioration in trading, Myer anticipates 1H 2018 NPAT to be between \$37 million and \$41 million pre implementation costs and individually significant items.

Myer is currently undertaking an impairment assessment of the carrying values of assets on the balance sheet. Impairment indicators are in place, including the recent trading results, and we anticipate that there will be a non-cash impairment charge to be taken at the first half 2018 result. The first half results and any non-cash impairment are subject to audit review.

Myer does not anticipate an improvement in retail trading conditions during the second half and, given the recent sales volatility, Myer does not have a reasonable basis to provide a specific profit range for the full year 2018 NPAT at this time.

Mr Umbers said: "Myer recognises the ongoing, challenging and competitive retail conditions and remains resolutely focused on improving foot traffic and sales across all channels during the second half including the need to remain competitive in key categories where we are

facing the most competition.”

“I am in no doubt that our heightened focus areas including online and productivity are correct for this low growth environment as evidenced by the strong growth in online sales in the first half,” Mr Umbers said.

Myer Chairman Garry Hounsell said: “I recognise that shareholders will be disappointed with today’s announcement. I am continuing my Chairman’s review of all aspects of the business including MYER one, omni-channel, merchandise, marketing, customer service, property and a thorough cost review. The focus on costs is ongoing and was evidenced by the announcement on 18 January in which we announced a number of redundancies and the exit of a further floor at the Support Office, which will deliver annualised cost savings of over \$7 million. I will provide further updates when appropriate.”

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