



# ASX & MEDIA RELEASE

*27 April 2018*

## **Letter to shareholders**

Myer Holdings Limited (MYR) advises it will be sending the attached letter to Myer shareholders.

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## **Update from your Executive Chairman A full mandate for change**

Dear fellow shareholder,

We recently made an important and exciting announcement for the future of our great Company with the appointment of John King as Chief Executive Officer and Managing Director.

This follows an extensive international search, which we undertook to ensure we got the best possible candidate to lead Myer.

We sought extensive retail and, particularly, department store experience, a person who understood our product mix and the complexity of our operations. John meets all of these requirements, and more.

John brings over thirty years of highly relevant retail experience across department stores, specialty retailing, premium global brands, wholesale apparel and discount retail.

John is a highly experienced retail executive who led the successful transformation at UK department store House of Fraser from 2006, culminating in a sale to Chinese conglomerate Sanpower in 2014.

During John's time as CEO, House of Fraser had sales, a store footprint and an operational complexity similar to Myer. Over the course of his tenure, John and his team consistently grew revenues, differentiated the product offering, launched a successful online business, improved EBITDA and reduced the Company's debt. John and his team also refurbished more than 70 percent of the property portfolio and implemented a vision, values and culture program.

John understands fashion retailing, particularly department stores. He is an excellent executive to lead Myer and I look forward to working with him to unlock the Company's significant potential and deliver shareholder value.

John will bring a new perspective to Myer and has been given a full mandate by the Board to deliver an improvement in the financial performance.

As outlined at our first half results in March, we are currently considering establishing separate business units for the Myer One and Myer Online businesses. By adopting a more single-minded focus on them, we believe we will be able to drive these assets harder and faster.

Separate business units may also enable a clearer and more appropriate valuation of these assets.

Since January 2018, we have aligned the key digital, data, loyalty and financial services businesses under Mark Cripsey, our Chief Operating Officer (COO). This alone has led to greater synergy supporting improved performance amongst these teams.

Key achievements to date include:

- Strong growth in online sales;
- Strong customer response to the relaunched Myer One app taking the rating from 1.5 stars to 4.6 stars in the App store;
- Launched Zippy, an 'all-in-one' team member fulfilment app, which has significantly improved the time and cost to fulfil;
- Launch partner for Australia Post's Shipster delivery club;
- Launched last minute Christmas deliveries with Uber;
- Launched the Myer Market in conjunction with Marketplacer; and
- First Australian department store retailer to offer Apple Pay and Android Pay via our recently launched Myer Credit Card.

To date, our focus for these businesses has been to support the core business. However, there is no doubt that there is significant longer term potential to leverage these assets to support initiatives outside our core retailing business. These are not traditional retail assets, they are assets relating to technology, media, and publishing as well as insights and analytics.

With the management team we are driving further work to:

- Consider the commercial value in the digital and data products we create, beyond the value in supporting the core retail business (for example licensing our Zippy solution to other parties);
- Better understand the standalone economic value in these assets;
- Hire new talent from a wide range of traditional, start up and international companies;
- Be singularly focused on driving further growth through the digital and data channels;
- Deliver new digital experiences to market faster;
- Establish digital and data infrastructure faster and with less constraints; and
- Collaborate with some of the best start ups in the country to drive greater innovation.

The Board and I are acutely aware that our recent financial results have not been good enough. As outlined on 21 March, the Board approved a reduction in Board Fees for the Chairman and Non-Executive Directors. In addition, the Board agreed that all Board members will target a shareholding in the Company that is the equivalent to at least one year's director's fees within three years.

We strongly believe, that your interests as shareholders will be very well served with John King at the helm, supported by a conflict-free Myer board. Thank you for your ongoing support of Myer.

Yours sincerely,



Garry Hounsell  
Executive Chairman  
**Myer Holdings Limited**