MYER

MY STORE

5 September 2019

FULL YEAR 2019 RESULTS

EBITDA* UP 7.2% TO $160.1 MILLION

Net Profit after Tax* up 2.2% to $33.2 million

FY2019 Results (52 weeks to 27 July 2019) compared to last year:

- Total sales** down 3.5% to $2,991.8 million
- Comparable store sales down 1.3% excluding sales in Apple products (exited May 2019)
- Online sales*** up 25.6% to $262.3 million. Digital sales up 21.9% to $292.1 million, now representing our largest store and 9.8% of total sales
- Operating Gross Profit margin increased by 65 basis points to 38.85%
- Cost of Doing Business improved 3.1% to $1,002.4 million
- Statutory NPAT of $24.5 million, compared to $486.0 million loss in FY2018
- Operating cash flow (before interest & tax) increased by $8 million to $138 million with total net debt reduced by $69 million; comfortably within financial covenants

Customer First Plan progress:

- Continued to implement Customer First Plan initiatives despite macro headwinds during 2H
- Progress made on reducing excess space and improving merchandise range and service
- Executed efficiencies and reduced waste across the business leading to substantial cost savings

Income statement	FY2019 $m	FY2018 $m	CHANGE %
Total Sales**	**2,991.8**	3,100.6	(3.5%)
Operating Gross Profit (OGP)	**1,162.4**	1,184.4	(1.9%)
Cost of Doing Business (CODB)	**(1,002.4)**	(1,035.0)	(3.1%)
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)*	**160.1**	149.4	+7.2%
Earnings before Interest and Tax (EBIT)*	**58.5**	55.4	+5.5%
Net Profit after Tax (NPAT)*	**33.2**	32.5	+2.2%
Statutory NPAT	**24.5**	(486.0)	nm
Operating Gross Profit Margin (%)	***38.85***	*38.20*	*+65bps*
Cost of Doing Business Margin (%)	***33.50***	*33.38*	*+12bps*

* *Excluding implementation costs and individually significant items*

** *Revenue from sale of goods excluding concession sales and sales revenue deferred under customer loyalty program was $2,345.1 million (FY2018: $2,410.0 million)*

*** *Online sales includes Marcs and David Lawrence (MDL) and sass & bide online sales, Myer Market but excludes $29.8 million via in-store iPads. Digital sales comprise online sales and sales via in-store iPads*

Myer Chief Executive Officer and Managing Director, John King, said: “This result demonstrates our focus on profitable sales, a disciplined management of costs and cash, as well as deleveraging the business.

“In the first year of the Customer First Plan, we have progressed a number of strategic initiatives, but recognise there is much more to be done to transform this business in the interests of customers and shareholders.

“We have made progress working with landlords, through a portfolio partnership approach, to reduce our footprint and refurbish stores to transform the customer experience, whilst simultaneously delivering material cost savings.

“We announced with Scentre Group a plan to refurbish our store at Belconnen to create an enhanced shopping experience across a reduced floor space. Similarly, we will hand back a floor and refurbish our Cairns store from January 2020. We have also agreed to exit level four of Emporium in Melbourne from May 2020.

Since July 2018, we have either closed or announced the closure of 29,000m^2 in store Gross Lettable Area (GLA) (22,000m^2 SLA), with a further 5-10% of our store GLA under active discussion. Significant opportunities remain across our network for space hand backs or closures and these discussions will continue with landlords.

“Pleasingly customer service metrics have improved during the year reflecting back office efficiencies, the new labour model that ensured more appropriate service levels at peak trading times, greater training levels and improved product knowledge.

“The rollout of new and ‘Only at Myer’ brands continues with a significant brand refresh currently underway across all stores, with more than 90 new brands expected to be added to our range by Christmas 2019.

“The continued strong growth in digital sales, now representing our largest store and 9.8% of total sales, was particularly pleasing. This growth reflects both the upgraded website that was launched in September 2018 and a significant increase in products available online, which included the addition of several concessions. We aim to match our store and online ranges by the end of this calendar year and are confident that there are significant opportunities to continue to grow this channel.

“During the year we reduced costs by $32.6 million reflecting the enhanced new staffing model in-store, more focused marketing spend, reduced store occupancy, as well as efficiencies and reduced waste across all areas of our business.

“In addition to cost savings expected with further space reductions, material opportunities remain to reduce costs in supply chain and fulfilment, as well as other non-customer facing activities.” he said.

FY2019 Results

Total sales were down 3.5% to $2,991.8 million and comparable store sales were down 2.9%, in part reflecting our focus on profitable sales. Excluding sales of Apple products, FY2019 comparable sales were down 1.3%. Partly offsetting this were improvements in merchandise and store layouts and continued strong growth in digital sales. Total digital sales in FY2019 grew by 21.9% to $292.1 million. Excluding digital sales in the first quarter which represented a period of subdued growth due to the transition to the new website, growth in the last nine months was 27.3%. 2H2019 sales were down 4.4% and comparable store sales excluding sales of Apple were down 1.8%.

The improved OGP margin was driven by an improved Myer Exclusive Brands (MEBs) mix as well as lower promotional markdowns and shrinkage. During the year, we successfully grew MEBs by 1.9% to $527.2 million, now representing 17.6% of total sales as a result of improved merchandise and the prioritisation of brands both in stores and online. The OGP of the online business benefited from the focus on profitable sales as well as an increased mix of apparel sales. There are opportunities to further reduce shrinkage and a project is underway to capture those savings across the supply chain as well as in stores and online.

The $32.6 million reduction in CODB during the year reflected improved efficiencies both in stores and at the Support Office, as well as cost savings achieved in IT, occupancy and marketing. We believe further opportunities exist to reduce costs, particularly in our supply chain.

Depreciation increased by $7.6 million to $101.6 million reflecting the investment in the online business that was undertaken during 2018, the new merchandise planning system, the Eastland, Maroochydore and Castle Hill refurbishments and new technology associated with the back of house efficiencies in stores.

Higher funding costs relating to the refinancing which was completed in November 2018 led to increased finance costs, however, this was in part offset by reduced debt levels due to continued strong positive cash generation.

Implementation costs and individually significant items (post-tax) totalled $8.7 million and included redundancies reflecting the simplification of the organisational structure, as well as an onerous lease and impairment of assets for an additional level vacated at the Support Office.

A disciplined focus on inventory delivered a pleasing result with inventory at the end of the period down 5.4% to $346.9 million.

Operating cash flow (before interest & tax) increased by $8 million to $138 million. Capex decreased to $45 million reflecting a heightened focus on return hurdles, particularly in an environment of subdued consumer sentiment during the second half.

The Company finished the period in a net debt position of $39 million, which was $69 million below last year reflecting the continued focus on deleveraging. There remains significant headroom in all of our covenants.

The dividend continues to be suspended.

Customer First Plan Update

1. Transform Customer Experience

We delivered a number of initiatives to improve productivity across our store portfolio with a commitment to operating in the most efficient way. Refurbishments were completed at Maroochydore and Castle Hill.

In May, we announced that the Belconnen store would remain open, reversing an earlier decision to close it. Scentre Group committed to investing in the store to provide an enhanced shopping experience across a reduced floor space on a significantly lower rent. The decision was also made to hand back a floor and refurbish our Cairns store. Throughout the year we have enhanced the customers' in-store experience. We have provided additional space in our core categories of menswear and womenswear, optimising the brand flow and allowing the prominent display of quality brands that are exclusive to Myer.

We improved store layouts and brand adjacencies in 34 stores, which in many stores also included the introduction of new brands.

2. Only at Myer Brands

We expanded several of our most successful brands to additional stores, including: Polo Ralph Lauren, Rodd & Gunn, Tommy Hilfiger, Calvin Klein, Levi's, Forever New, Sunglass Hut, Ferrari and Bestseller Group. Similarly, a number of brands that were not performing were exited from stores.

Myer is well placed to partner with overseas brands who see value in distributing through our valuable store network. When we are in discussions with brands to bring them to Myer, we can determine which stores we should launch in first by reviewing their existing online distribution to Australia.

Vero Moda is a good example of this strategy. The brand was launched successfully in Myer in August 2018, with customers responding positively to the competitive price points. As a result of the successful launch, the brand was extended to a further 10 stores in March 2019 and subsequently to all stores.

In the past year, we have added more than 50 new brands, increasing to 90 new brands arriving in-store by this Christmas. New brands include Oasis, Warehouse, Karl Lagerfeld Paris, Selected Femme, Selected Homme, Vero Moda, Fiorucci, Rotate by Birger Christensen, Jack London, Twisted Tailor and Acqua di Parma.

3. Enhance myer.com.au

The new website, which was launched in September 2018, continued to support strong growth in the online business, now our largest store, with plans to further invest in improving our online platform.

During the fourth quarter, we made good progress in closing the gap between our in-store and online ranges with the implementation of the Myer Product Enrichment Portal. The portal simplifies and automates the process of new product on-boarding and enrichment, resulting in significant savings in time and costs for the merchandise and online teams.

Both traffic to the site and conversion improved and overall fulfilment costs per order were down 13.5% during the period, however we did encounter some issues during peak trading which lead to an increase in costs during that time. We are well progressed with a plan to resolve these issues through a combination of an increase in the number of fulfilment stores, holding some stock in the DCs and converting some underutilised store floors into fulfilment centres. This new model will ensure we are delivering products to our customers in the most efficient and timely way, as well as allowing our team members to be more focused on serving customers in-store.

4. Efficiency levers

The focus continued on uncovering efficiencies and reducing waste across all areas of our business. We continued to pursue efficiencies in our Support Office by simplifying structures and reducing duplication. This resulted in a number of management and administrative roles leaving the business during the year. In addition, we vacated another level at the Support Office.

In addition to handing back space at Belconnen and Cairns, we will also hand back level four of Emporium, with all of the departments to be accommodated in our Melbourne CBD store.

We closed our Logan store in January 2019 and our Hornsby store is scheduled to close by January 2020.

The longer term warehousing and supply chain solution will be finalised during 2020 under the leadership of our new Executive General Manager of Supply Chain, Tony Carr, who has extensive global experience in factory to customer having built world class fulfilment for retailers including ASOS. Tony is due to start in October 2019. We are confident that significant savings exist in our supply chain as well as efficiencies with a planned centralised distribution model in future years.

Outlook

John King concluded: “Our focus, since we launched our Customer First Plan, has been on profitable sales, a disciplined management of costs and cash, and deleveraging the business; and nothing has changed from this.

“Although we have made good progress on executing the Customer First Plan, we know there is much more to be done and we will continue to deliver against the Plan in the best interests of customers and shareholders.

“We anticipate the challenging macro environment and subdued consumer sentiment to continue during FY2020. However, we have identified a number of opportunities to improve productivity and to continue to reduce costs, through both cost savings and efficiencies, across our supply chain as well as other non-customer facing activities” he said.

During FY2020, we will be further investing in our online business with several key improvements to be introduced ahead of Christmas, and there will also be a renewed focus on developing customer value and business integration of MYER one.

-ends-

Investor and Analyst briefing

A teleconference will be held for investors and analysts today at 9.30am (Melbourne time).

Telephone number: +61 2 8373 3610 Conference ID: 7475367

Attendees will need to have the attached slides available for the call. In addition, attendees will need to register their name, email and company to access the teleconference. An archive of the briefing will be available afterwards at: www.myer.com.au/investor

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Appendix 1: Income Statement for the 52 weeks to 27 July 2019

	FY2019 $m	FY2018 $m	CHANGE $m	CHANGE %
Total Sales	**2,991.8**	3,100.6	(108.8)	(3.5%)
Concessions	**612.2**	654.0	(41.8)	(6.4%)
Myer Exclusive Brands	**527.2**	517.2	10.0	+1.9%
National Brands and other	**1,852.4**	1,929.4	(77.0)	(4.0%)
Operating Gross Profit	**1,162.4**	1,184.4	(21.9)	(1.9%)
Operating Gross Profit Margin (%)	***38.85***	*38.20*		*+65bps*
Cost of Doing Business	**(1,002.4)**	(1,035.0)	(32.6)	(3.1%)
Cost of Doing Business Margin (%)	***33.50***	*33.38*		*+12bps*
EBITDA*	**160.1**	149.4	10.7	+7.2%
*EBITDA Margin**	***5.35%***	*4.82%*		*+53bps*
Depreciation	**(101.6)**	(94.0)	7.6	+8.1%
EBIT*	**58.5**	55.4	3.1	+5.5%
Net Finance Costs	**(11.5)**	(9.0)	2.5	+27.0%
Tax*	**(13.8)**	(13.9)	(0.1)	(0.7%)
NPAT*	**33.2**	32.5	0.7	+2.2%
Basic EPS (cents)**	**4.0**	4.0	-	-
Implementation costs and individually significant items (post-tax)	**(8.7)**	(518.5)	509.8	nm
Statutory NPAT	**24.5**	(486.0)	510.5	nm
Basic EPS (cents)	**3.0**	(59.2)	62.2	nm

** Excluding implementation costs and individually significant items*

*** Calculated on weighted average number of shares of 821.0 million (FY2018: 821.3 million) and based on NPAT pre-implementation costs and individually significant items*

Appendix 2: Debt Covenants

Covenant	Covenant	July FY19	July FY18
Net Leverage Ratio	≤2.25 x	0.27 x	0.72 x
Fixed Charge Cover Ratio	≥1.45 x	1.64 x	1.59 x
Minimum Shareholders' Funds	≥$400m	$602m	$584m

*Net Leverage Ratio = (Gross Debt (excluding capitalised borrowing costs) less Cash)/EBITDA**
Fixed Charge Cover (FCC) Ratio = (EBITDA + Rent) / (Interest + Rent)*
Minimum Shareholders' Funds = Total Shareholders' Funds as reported on the Balance Sheet

* *Excluding implementation costs and individually significant items*

SEPTEMBER 5 2019

MYER FULL YEAR 2019 RESULTS TO 27 JULY 2019

JOHN KING
CHIEF EXECUTIVE OFFICER

NIGEL CHADWICK
CHIEF FINANCIAL OFFICER

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FY2019 Results Summary

Trading	• Total sales down 3.5% to $2,991.8 million, comparable store sales, excluding sales in Apple down 1.3% • Operating Gross Profit (OGP) down 1.9% to $1,162.4 million, OGP margin up 65bps to 38.9% • Cost of Doing Business (CODB) down 3.1% to $1,002.4 million
Earnings	• EBITDA* up 7.2% to $160.1 million • NPAT* up 2.2% to $33.2 million, Earnings per share* 4.0 cents • Dividend continues to be suspended
Balance Sheet	• Net debt down $69 million, net debt was $39 million at the end of the period • Inventory down 5.4% to $347 million • All banking covenants have substantial headroom
Cash flow	• Operating cash flow (before interest and tax) up $8 million to $138 million • Capex down to $45 million reflecting heightened focus on return hurdles in subdued macro environment

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**Excluding implementation costs and individually significant items totalling $8.7 million ($12.5 million pre-tax)*

Customer First Plan - progress

Store Experience	• Improved store layouts, brand adjacencies in 34 stores, 11 stores in 2H2019 • Team Member satisfaction increased 2%; as measured by our customers
'Only at Myer' brands	• Significant brand refresh currently underway in stores, Myer Exclusive Brand (MEB) mix increased • Continued to exit brands, products and categories that do not contribute to increased long term profitability
Online growth	• Digital sales now represent our largest store and 9.8% of total sales • Online range extended by over 100 brands; new website and digital marketing strategy delivering conversion improvement, plans for fulfilment at peak periods are now in place
Progress on space reduction	• Belconnen and Cairns to be refurbished, with landlord contributions, smaller footprint, lower cost / m^2 • Space hand back at Emporium and vacated additional level at Support Office
Efficiencies and reduced waste	• $33 million reduction in costs reflected wages efficiency in store, focused marketing, reduced store occupancy, and a focus on simplification in the Support Office • Focus on profitable sales has delivered efficiencies

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Income statement

$ MILLIONS	FY2019	FY2018	CHANGE
Total Sales	2,991.8	3,100.6	(3.5%)
Operating Gross Profit	1,162.4	1,184.4	(1.9%)
Cost of Doing Business	(1,002.4)	(1,035.0)	(3.1%)
EBITDA*	160.1	149.4	7.2%
EBIT*	58.5	55.4	5.5%
NPAT*	33.2	32.5	2.2%
Statutory NPAT	24.5	(486.0)	nm**
Operating Gross Profit Margin (%)	38.85	38.20	+65bps
Cost of Doing Business Margin (%)	33.50	33.38	+12bps

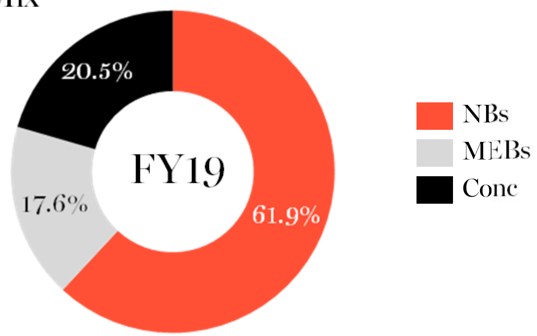
- Sales reduction reflects focus on profitable sales
- Online sales*** grew by 25.6% to $262.3 million
- Digital sales grew by 21.9% to $292.1 million, now 9.8% of total sales
- OGP margin improved by 65bps; reflecting improved MEBs, lower markdowns and shrinkage
- CODB reduced by 3.1%; reflecting improved efficiencies in store and Support Office, savings in IT and occupancy
- NPAT* up 2.2% to $33.2 million, despite higher depreciation and interest

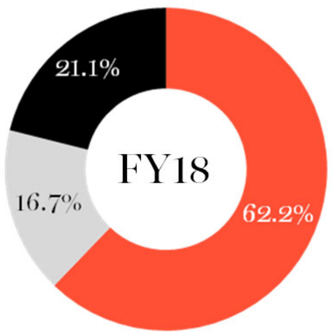
**Excluding implementation costs and individually significant items **Not meaningful*
****Online sales includes Marcs and David Lawrence (MDL) and sass & bide online sales, Myer Market but excludes $29.8 million via in-store iPads. Digital sales comprise online sales and sales via in-store iPads*

H2 trade was challenging as expected

	FY2019	1H2019	2H2019
Total sales movement (YOY)	(3.5%)	(2.8%)	(4.4%)
Comparable store sales (YOY)	(2.9%)	(2.3%)	(3.8%)
Digital sales (YOY)	21.9%	18.6%	25.6%
Online sales (excluding in-store iPads) (YOY)	25.6%	19.8%	32.3%
Inventory reduction (YOY)		(3.2%)	(5.4%)
Store Gross Lettable Area (m^2)		1,058,840	1,058,528
Selling Leasable Area (m^2)		762,866	763,306

Sales Mix

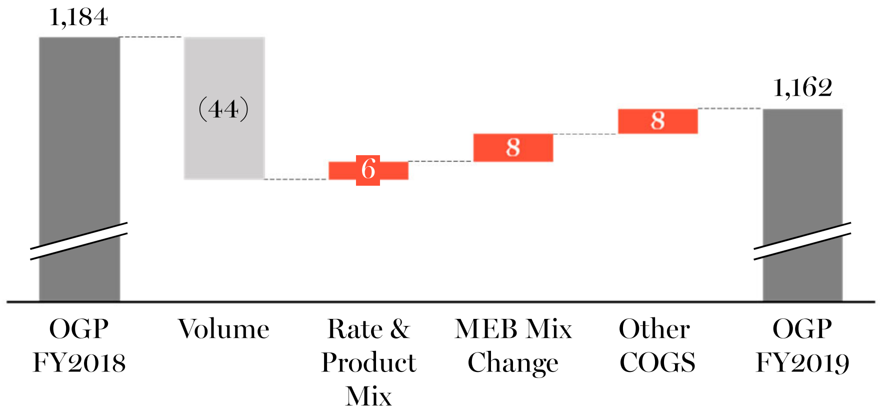




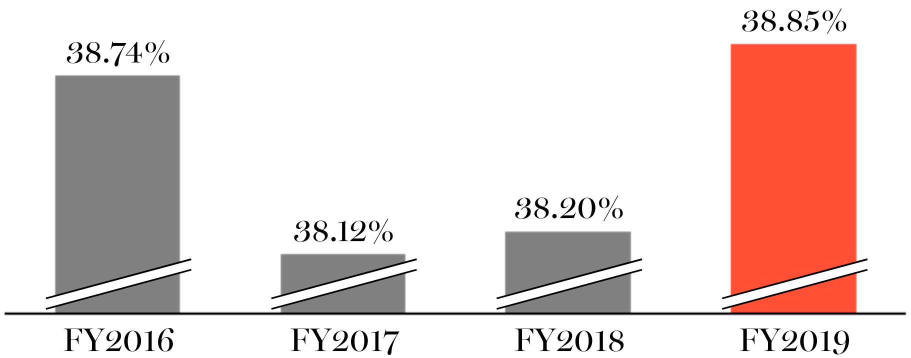
- FY2019 comparable sales were down 1.3% if Apple was excluded
- Maroochydore and Castle Hill refurbished
- Colonnades closed March 2018 and Logan closed Jan 2019
- Return to normalised growth in online business post launch of new website and exit of unprofitable sales
- Over 100 brands new to online; including Forever New, Seed, Selected Femme & Selected Homme, Tommy Hilfiger
- Accelerated reductions in inventory expected to realise markdown benefits going forward
- MEBs sales +1.9% to $527.2 million in FY2019

Operating gross profit margin improvement

Operating Gross Profit ($m)



Operating Gross Profit Margin (%) – FY2016 to FY2019



- The 65bps increase in OGP margin did not offset the sales volume decline
- Margin was favourably impacted by;
  - Exit of lower margin brands
  - Improved online margins, including higher sales mix in apparel, footwear and beauty
  - Increased MEB mix
  - Lower promotional markdowns
  - Increased supplier contributions YoY
  - Reduced shrinkage
- Margin was unfavourably impacted by higher sales of clearance product as stock was reduced

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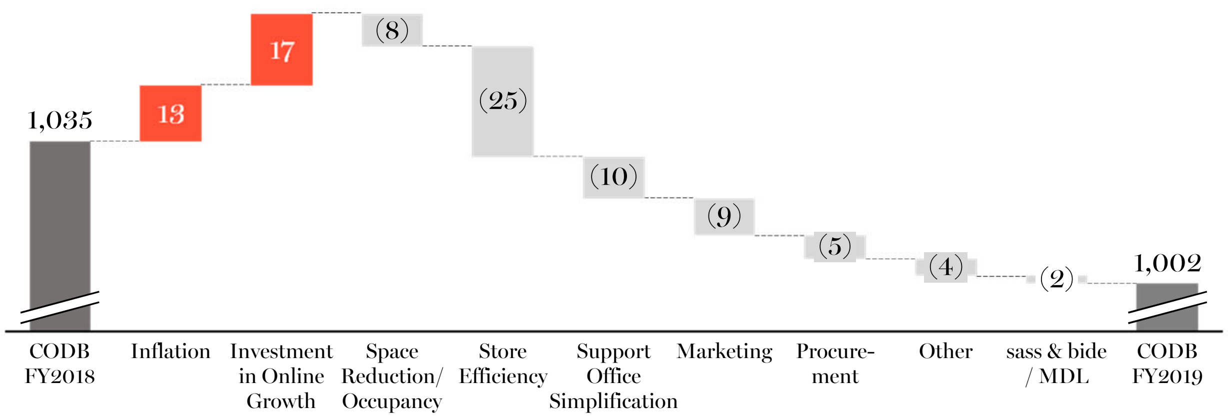
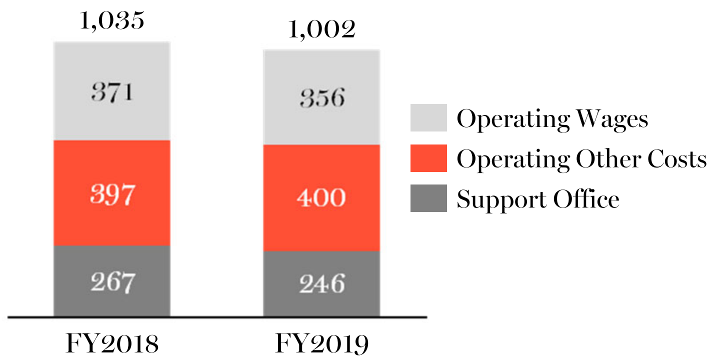
Continuing focus on costs and efficiencies

Cost of Doing Business ($m)



Myer Group Cost Structure ($m)



- Cost savings from workforce management, marketing, occupancy, IT and procurement
- Efficiencies, reduced duplication and simplification across all business areas
- Investment in online growth includes variable costs associated with rapid sales growth
- Costs continue to be well managed
- Further opportunities exist for cost savings and improved operational efficiencies, particularly relating to occupancy, supply chain and other non customer facing activities

Improving operating cash flow

$ MILLIONS	FY2019	FY2018
EBITDA*	151.0	135.0
Working capital movement	(12.5)	(4.4)
Operating cash flow (before interest & tax)	**138.5**	**130.6**
Conversion	91.7%	96.7%
Tax paid	(13.6)	(12.3)
Interest paid	(9.3)	(8.7)
Operating cash flow	**115.6**	**109.6**
Capex paid**	(44.7)	(86.8)
Free cash flow before dividends	**70.9**	**22.8**
Dividends	-	(16.4)
Other	(0.4)	(0.2)
Net cash flow	**70.6**	**6.2**

- Disciplined capital management continued
- Working capital movement reflects utilisation of store closure related provisions and amortisation of deferred income from landlord contributions
- Net inventory days improved due to focus on cash and mix of product
- Operating cash flow increased by $8 million to $138 million
- Capex $42 million lower reflecting heightened focus on returns hurdles, particularly in environment of subdued consumer sentiment
- Dividend continues to be suspended
- Focus continues to be to deleverage

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** EBITDA includes implementation costs and individually significant items with the exception of non-cash asset impairments*
***Net of landlord contributions*

Balance Sheet

$ MILLIONS	FY2019	1H2019	FY2018
Inventory	346.9	360.1	366.8
Creditors	(372.7)	(466.1)	(381.2)
Other Assets	41.1	41.5	35.1
Other Liabilities	(225.8)	(242.7)	(238.7)
Property	22.7	22.9	23.2
Fixed Assets	360.8	387.9	400.9
Intangibles (Brands)	371.6	371.6	371.6
Intangibles Software	96.0	104.9	113.5
Total Funds Employed	**640.7**	**580.1**	**691.4**
Debt	(86.1)	(95.4)	(149.2)
Less cash	47.4	132.9	41.8
Net (Debt)/Cash	**(38.7)**	**37.5**	**(107.4)**
Equity	**602.1**	**617.6**	**584.0**

- Inventory continues to be well managed, down 5.4%
- Net debt as at end of period of $39 million
- Net debt reduced by $69 million reflecting focus on deleverage
- Leases to be recognised on balance sheet in FY2020; as shown on page 13

New Lease Accounting Standard

ESTIMATED PRO-FORMA IMPACT OF NEW LEASE ACCOUNTING STANDARDS ON FY20

Balance Sheet (Transition)		**$m**
Right-of-Use assets	↑	1,350 – 1,550
Lease liabilities	↑	1,800 – 2,000
Deferred income and lease provisions	↓	90 – 110
Deferred tax asset	↑	95 – 115
Retained earnings	↓	200 – 300
Income Statement (FY20)		
Depreciation expense	↑	115 – 135
Finance costs	↑	80 – 100
Operating lease expenses, and unwind of deferred income and lease provisions	↓	200 – 220
Net profit before tax	↓	0 – 15

Estimated pro-forma impact may be materially different to actual impact due to changes in the Group's lease portfolio or changes to material judgement areas.

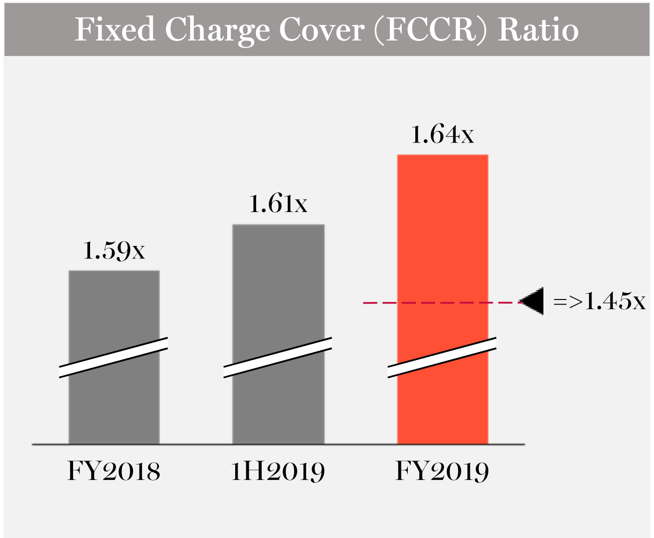
- AASB 16 *Leases* effective from FY20
- Modified retrospective method adopted (no restatement of comparative amounts)
- Recognise on balance sheet:
  - Right-of-use asset – right to use underlying leased assets
  - Lease liability – present value of future lease payments
- EBIT and EBITDA to materially increase as a result of operating lease expenses being replaced by depreciation on right-of-use assets and interest on lease liabilities
- NPBT initially expected to be lower due to maturity of leases
- Increase in operating cashflows offset by decrease in financing cashflows – no overall cashflow impact
- No impact on debt covenants
- No economic or operational impact

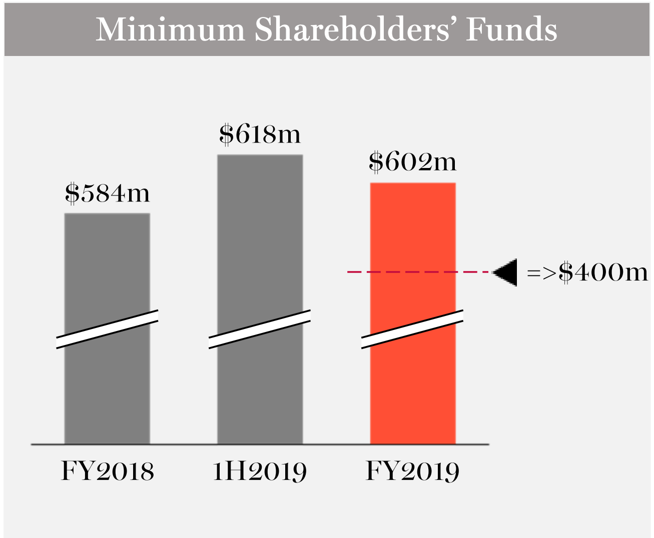
Significant headroom exists in all covenants

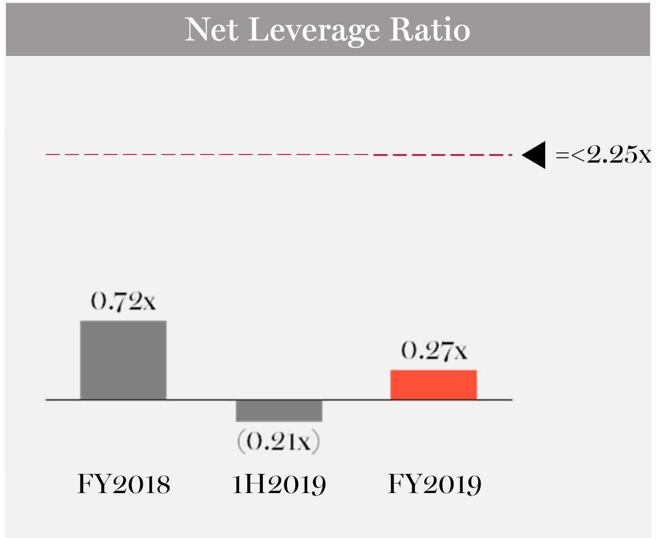
$ MILLIONS	FY2019	FY2018
Opening Net Debt	(107.4)	(112.8)
Closing Net (Debt) / Cash	(38.7)	(107.4)

- Headroom in covenants has improved from FY2018

Debt Covenants







MYER
MY STORE

Covenant

In Summary

- Improvements delivered in FY2019:
  - Improved OGP margin
  - Focus on simplification
  - NPAT* +2.2% despite lower sales, increased depreciation and interest
  - Operating cash flow up $8 million to $138 million, net debt reduced by $69 million

- FY2020:
  - Disruption with brand exits, offset by several new and exclusive brands
  - Disruption with floor relays post space handbacks
  - Continued investment in MEBs to improve range
  - Investment in online business to further improve customer experience
  - Continued higher interest and depreciation
  - Cost savings expected with further space reductions as well as efficiencies in supply chain, fulfilment and the Support Office
  - Continued disciplined approach to cash and deleverage

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MY STORE

Excluding implementation costs and individually significant items

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Our Customer First Plan – Ensuring Myer is Australia's Favourite Department Store

Providing friendly helpful service, high quality and exclusive brands, and offering compelling value

Our Values

Customers Come First	Own Our Future	Do What's Right	One Inclusive Team

Our Priorities

Focus areas	1 Transform customer experience in store	2 'Only at Myer' brands and categories; value for money	3 Continue enhancing myer.com.au
4 Efficiency levers	Simplified business processes *'Work smarter'*	Efficient from factory to customer *'Move product at lowest total cost'*	Accelerated cost reduction *'Spend prudently'*

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Customer First Plan

1 Transform Customer Experience in Store

FY2019 Highlights

- Announced refurbishments of Belconnen and Cairns, providing an enhanced shopping experience
- M-comms and My Wallet fully deployed, increased Team Member satisfaction as measured by our customers
- Relayering and personalisation continues to deliver positive results

Current Focus Areas

- Renewed focus on MYER one
- Myer Beauty Emporium opened in Melbourne, Sydney and Chadstone with plans to further roll-out
- Afterpay and Humm to launch in-store by end of October
- New experiences – Litmus Lab and Libertine Parfumerie

2 'Only at Myer' brands and categories

FY2019 Highlights

- Exited unprofitable ranges, commenced improvements to promotional and clearance cycle
- Enhanced MEB offering and investment (17.6% of mix vs. 16.7% in FY2018)
- Key brands being rolled out to additional stores include: Polo Ralph Lauren, Rodd & Gunn, Tommy Hilfiger, SK-II, Levi's, Sunglass Hut, Radley and Bestseller Group

Current Focus Areas

- Well progressed in rollout of 90+ new brands by Christmas 2019, exit of Country Road Group during Q1 FY2020
- Option/inventory reduction, focus on full price sales
- Expand most successful brands to additional stores, make the big bigger and exit the unprofitable tail

Customer First Plan

3 Continue enhancing myer.com.au

FY2019 Highlights

- New website continued to support strong growth in online
- Improved customer satisfaction through improved browsing, brand and content experience
- Improved profitability with gross margin growing faster than sales
- Fulfilment costs per order reduced by 13.5%

Current Focus Areas

- Easier checkout experience for customers, in place for peak trading periods
- Creating a personalised and relevant experience for customers, further range extension
- Expanding online fulfilment options to include additional fulfilment stores, dark floors in some stores and DCs

4 Efficiency Levers

FY2019 Highlights

- Realised benefits of Workforce Management investment; improved staff alignment to peak trade and customer activity
- GLA reduction 29,000 m^2 agreed (SLA: 22,000 m^2): Cairns, Belconnen and Emporium space hand backs, Support Office space reduction
- Delivered 3.1% reduction in CODB in FY19
- Shrinkage reduction of 12%

Current Focus Areas

- 5-10% of Store Gross Lettable Area under active discussion
- Closure of Hornsby and clearance floors (by Jan 2020)
- Factory to Customer solution (online fulfilment and store replenishment) – new Executive General Manager of Supply Chain appointed
- Investment in shrinkage and other cost leakage

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Some good progress made on Customer First Plan, more to come

- FY2019 Highlights
  - Focus on profitable sales, disciplined management of costs and cash, and deleveraging the business all delivered results
  - Subdued consumer sentiment particularly in 2H2019 negatively impacted pace of change
  - NPAT* +2.2% despite lower sales, increased depreciation and interest
- Focused on delivery of results through our Customer First Plan
  - Emphasis on improved customer experiences in stores and online
  - Focus on profitable sales
- Anticipate challenging macro environment and subdued consumer sentiment to continue during FY2020
- Opportunities for more cost efficiencies
  - Further opportunities to reduce excess space and reduce occupancy costs
  - Further cost savings exist in supply chain and simplification

MYER
MY STORE

Excluding implementation costs and individually significant items

SEPTEMBER 5, 2019

MYER FULL YEAR 2019 RESULTS TO 27 JULY 2019

JOHN KING
CHIEF EXECUTIVE OFFICER

NIGEL CHADWICK
CHIEF FINANCIAL OFFICER

MYER

MY STORE

Appendix 1: Reconciliation with statutory accounts

$ MILLIONS	EBIT	INTEREST	TAX	NPAT
Statutory reported result	**46.0**	**(11.5)**	**(10.0)**	**24.5**
Add back: Implementation costs and individually significant items				
Restructuring and redundancy costs	7.8	-	(2.3)	5.5
Store exit costs/(reversals) and other asset impairments	(0.8)	-	0.2	(0.6)
Support office onerous lease expenses and impairment of assets	5.5	-	(1.7)	3.8
Underlying result	**58.5**	**(11.5)**	**(13.8)**	**33.2**

Appendix 2: Other Metrics and Financial Ratios

	FY2019	FY2018
Return on Total Funds Employed*	8.8%	5.9%**
Gearing	6.0%	15.5%**

** Calculated on a rolling 12 months basis; EBIT excludes implementation costs and individually significant items*
***ROFE 4.7% and Gearing 9.0% if goodwill and brand impairment is excluded from Total Funds Employed*