



MY STORE

30 October 2019

**2019 ANNUAL GENERAL MEETING
CHAIRMAN'S ADDRESS AND
CHIEF EXECUTIVE OFFICER'S PRESENTATION**

Myer Holdings Limited (MYR) will today address shareholders at its Annual General Meeting to be held in Sydney, commencing at 2:30pm.

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

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MY STORE

MYER HOLDINGS LIMITED

2019 Annual General Meeting

Wednesday, 30 October 2019 at 2:30pm

Dockside, Balcony Level, Cockle Bay Wharf,
Darling Park, NSW 2000

Chairman's Address

Good afternoon ladies and gentlemen, and welcome to the 2019 Annual General Meeting of Myer Holdings Limited.

My name is Garry Hounsell, and in accordance with the Company's Constitution, as the Company's Chairman, I am also chair of this meeting.

Before I go any further, I would like to acknowledge the custodians of the land on which we meet today, the Gadigal of the Eora Nation, and I pay my respects to their elders past and present.

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

The Notice of Meeting was mailed to shareholders on 30 September 2019 – extra copies were available at registration along with the Annual Report.

As is customary, with the approval of the room, I will take the Notice of Meeting as read.

I would like to run through some important housekeeping matters. Firstly, should an emergency arise that requires evacuation, venue staff will be on hand to direct you. Please follow their instructions, using the nearest emergency exit. These are located at the rear of the room. Please also note that photography, audio or video recording is not permitted during the meeting.

To ensure the meeting is not interrupted, I would ask that you turn mobile phones to silent or turn your device off. This meeting is being recorded and audio webcast live for those who are not able to join us here today, and I acknowledge those on the webcast who are listening today.

I would now like to take you through the agenda for today.

First, I will make my address, which will be followed by an update from Myer's Chief Executive Officer and Managing Director, John King, on Myer's Customer First Plan.

Following this, we will move to the formal business of the AGM.

Ian Cornell, our Chair of the Human Resources and Remuneration Committee, will then provide an update on Myer's remuneration approach.

I will introduce and describe all of the agenda items for consideration and you will get the opportunity to hear from Jacquie Naylor who joined the Board earlier this year and is standing for election, as well as JoAnne Stephenson who is standing for re-election today.

As was the case last year, shareholders will then have the opportunity to ask questions about, or make comments on, all agenda items rather than dealing with each item in turn.

I would now like to introduce my fellow Board team and Executives who are with me on the stage today... on my right at the end:

We have Dave Whittle

- Member of the Board since November 2015;
- Member – Audit, Finance and Risk Committee; and

- Member – Nomination Committee.

Next to Dave, we have our Chief Financial Officer, Nigel Chadwick

Then we have JoAnne Stephenson

- Member of the Board since November 2016;
- Chairman – Audit, Finance and Risk Committee; and
- Member – Nomination Committee.

Next to JoAnne is our General Counsel and Company Secretary Jonathan Garland

On my left – is John King

Then we have Ian Cornell

- Member of the Board since February 2014;
- Chairman – Human Resources and Remuneration Committee; and
- Member – Nomination Committee.

Next is Jacquie Naylor

- Member of the Board since May 2019;
- Member – Nomination Committee; and
- Member – Human Resources and Remuneration Committee.

And then we have Lyndsey Cattermole

- Member of the Board since October 2018;
- Member – Nomination Committee; and
- Member – Human Resources and Remuneration Committee.

And then finally we have Julie Ann Morrison

- Member of the Board since October 2017;
- Member – Nomination Committee; and
- Member – Human Resources and Remuneration Committee.

I will speak further about JoAnne and Jacquie, and their importance to the Board, shortly.

Turning to Management, as well as the executives up here on the stage, I would also like to acknowledge other executives who are here today.

It would be great if you could all stand up

They are:

- Allan Winstanley – Chief Merchandise Officer;
- Tony Sutton – EGM Retail Operations;
- Timothy Clark – EGM Property;
- Tabitha Pearson – EGM People and Culture;
- Geoff Ikin – Chief Customer Office; and
- our new EGM member, Tony Carr, who is EGM for Supply Chain.

...and I welcome Tony and Geoff to your first Myer AGM.

I invite you to take the opportunity to meet with Board and Executive team members after this meeting.

Also here today are:

- Jason Perry from our auditors Pricewaterhouse Coopers;
- Rory Moriarty representing our lawyers Clayton Utz; and
- Dan Reid representing our share registry Link Market Services.

2019 IN REVIEW

Ladies and gentlemen, it is such a tremendous honour to stand before you again today, as your Chairman, with my Board colleagues.

It is great to be here in Sydney today. We made the decision to be here today to ensure that the AGM is open to more of our shareholders, and not just those living in Melbourne, or those who can travel to Melbourne.

I was in store this morning, meeting with team members and the store manager Alison Muir, and the store is looking fantastic.

You can visibly see the changes John and the team are making – better service, new and exclusive brands, at a great price, and in a well presented store. I congratulate John and his team on the work they are doing to transform this business for you, our shareholders, and for our customers.

So today, seated here in front of you, is a Board, that together with John and his Executive team, are focused on delivering our Customer First Plan.

I would now like to update you on the continued progress during the past year on Board renewal.

During the year we have continued to refresh and renew the Board with five of the eight current Board members having joined within the last three years.

This includes the appointments of respected IT entrepreneur Lyndsey Cattermole AM and experienced retailer Jacquie Naylor.

Lyndsey founded one of Australia's largest and most successful IT businesses, Aspect Computing, which operated for almost thirty years before being sold to the ASX-listed company KAZ Group. She also has significant board experience including at Foster's Group Ltd, Treasury Wine Estates Ltd, Tatts Group Ltd and the Victorian Major Events Corporation.

Jacquie, who is standing for election today, brings to the Board a wealth of experience and knowledge of both women's and men's apparel, homewares and outdoor brands. She has been an owner, director and executive at some of Australia's most iconic retailers.

Jacquie will speak further to her experience and what she brings to the Board later.

We have a renewed Board to deliver our Customer First Plan and improve shareholder value – and Jacquie and JoAnne are instrumental to the work that is underway to transform the business.

I would also like to point out to shareholders today that we now have an equal split of female and male Directors demonstrating our commitment to gender diversity, which better aligns the Board with the diversity of our customer base.

In addition, as shareholders know, we have been encouraging Directors to have skin in the game to better align their interests with shareholders. Last year the Board introduced a Shareholding Policy whereby each Non-Executive Director targets the purchase of a shareholding that is the equivalent of a minimum of one year's Directors' fees within three years. The Directors have responded positively to this Policy and collectively we now own 2.9 million shares.

I would now like to take this opportunity to sincerely thank Ian Cornell who is retiring at the end of this meeting. Ian has made a significant contribution to the Myer Board since February 2014 and I would like to thank him for this, and give particular mention to his role as Chairman of the HR and Remuneration Committee.

So, let me talk in more detail on our strengthened executive team.

During the year we appointed Geoff Ikin as Chief Customer Officer. Geoff is responsible for the key customer facing functions of online, MYER one, marketing, advertising, public relations, social media, corporate affairs and communications.

More recently, Tony Carr has joined us as Executive General Manager of Supply Chain. This appointment further boosts our capability in ensuring we deliver a leading Factory to Customer offer for our customers and unlock the efficiencies in our supply chain and online fulfilment.

These appointments add strong marketing and advertising and supply chain skills and experience to our Executive team.

These follow the appointments of Tabitha Pearson and Paul Goodall to the People and Culture and Store Design and Development roles last year.

During the past year, under John's leadership, we have continued to strengthen the foundations of our Company. We have made good progress in executing the Customer First Plan, but we know there is much more to be done.

This Plan continues to put customers first - in every decision we make and every action we take.

Importantly, for all shareholders here today, John and the team continue to be focused on delivery and execution, not promises; and we are getting on with the job of executing against the Plan to improve the performance of the business and deliver shareholder value.

This includes making progress on reducing excess space, improving merchandise range and service, and continuing to execute efficiencies leading to substantial cost savings – and John will speak further on this shortly.

So, let me run through some of the financial highlights from FY2019.

These results demonstrate our focus on profitable sales, a disciplined management of costs and cash, as well as improving the condition of the balance sheet to underpin the future of the Company.

Total sales were down 3.5% to \$2.99 billion and comparable store sales were down 2.9%, in part reflecting our focus on profitable sales. Excluding sales of Apple products (which we exited in May 2019), FY2019 comparable sales were down 1.3%.

Total digital sales in FY2019 grew by 21.9% to \$292 million including Marcs and David Lawrence and sass & bide online sales, Myer Market, and \$29.8 million via in-store iPads. Digital now represents our largest store and 9.8% of total sales.

Operating gross profit declined by 1.9% to \$1.16 billion. OGP margin increased by 65 basis points to 38.9%, driven by an improved Myer Exclusive Brands mix as well as lower promotional markdowns and shrinkage.

Cost of doing business decreased by 3.1% to \$1 billion which reflected improved efficiencies both in stores and at the Support Office.

Earnings before interest, tax, depreciation and amortisation increased by 7.2% to \$160.1 million. Net profit after tax increased by 2.2% to \$33.2 million. Both EBITDA and NPAT were pre-implementation costs and individually significant items.

Operating cash flow (before interest & tax) increased by \$8 million to \$138 million and closing net debt of \$39 million was \$69 million below last year. The dividend continues to be suspended.

COMMUNITY

So, I would now like to spend a moment to update you on the work we are doing in the community. Myer has a proud history of community involvement and investment; it is well and truly in Myer's DNA.

A central part of this is our continued support of the Myer Community Fund. Through activities undertaken during the past year, the Myer Community Fund has raised \$1.9 million for 65 charities located throughout Australia.

The Myer Community Fund supports charities and programs, which support and empower women and strengthen families.

These include:

- Hosting another successful Precious Metal Ball, with the Australian Childhood Foundation as the partner and beneficiary for 2019. The event, held in May, allowed it to donate more than \$200,000 to the Australian Childhood Foundation.
- Supporting the Salvation Army, through the donation of more than \$189,000 from the proceeds of the Spirit of Christmas initiative.
- For the second successive year, the Myer Community Fund ran a successful Grants Program, resulting in more than \$535,000 distributed to 22 charities.
- Through the charity gift-wrap program for Christmas 2018 undertaken in Myer stores, of which 14 charities were recipients of donations totalling more than \$53,000.

Like John, I have now visited every store across the country, and have been inspired by our wonderful Myer team members, serving our customers with distinction in the more than 60 communities we operate in across the nation.

During the year we held several Board meetings in stores and I know my fellow directors have also been impressed and energised by our team members' loyalty and pride in this great Company. That's why, wherever I go, I have been so humbled in handing out service certificates – some for 20, 30 and 40 years. It is inspiring and shows the dedication of our team members to the Company, and to our customers.

It has also been great to hear from customers – to hear about the special place that Myer holds for them, and their family, and why a Myer store is so important to their local community – particularly those in rural and regional Australia; and we know how tough parts of the Country have been doing it in recent times.

That is why, over the past year, with our customers, we have raised more than \$290,000 to assist flood and drought affected communities.

In relation to the drought, Myer raised funds to Aussie Helpers to provide livestock feed, household essentials and mental health services to drought-affected families.

I'd particularly like to acknowledge the Mackay team who got behind the drought appeal. Many of them come from families who have been farmers over the generations, so this is a cause very close to their hearts.

We also ran a national POS Round Up campaign to support those impacted by the Townsville floods and, equally, I acknowledge our Myer Townsville team members for their efforts with this campaign.

All funds raised through the POS Round Up campaign went directly to GIVIT and assisted those affected by the floods in Townsville as well as providing longer recovery support to re-establish homes.

CLOSE

In closing, we have made good progress in executing the Customer First Plan, but we recognise there is much more to be done to transform this business in the interests of shareholders and customers.



MY STORE

The Plan we spoke to you about last year, with John, is the Plan we are delivering against today, and it will be the plan we deliver against over the coming months and years.

And this will ensure Myer remains Australia's favourite department store, with leading service, exclusive brands, all at great value.

We have had a great spring launch, and our plans for Christmas, which John will speak to you about shortly, are very exciting.

I thank you for your time today, and also for your support of our Customer First Plan, and the Board and executive team who are focused on delivering value for you, our shareholders.

I also thank you for the absolute honour of continuing to be your Chairman of this great Company.

I will now hand over to John.

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