MYER

MY STORE

5 March 2020

HALF YEAR 2020 RESULTS

SOLID RESULT DESPITE MACRO HEADWINDS

EBITDA[1] $113.1 million (-0.4%)
Net Profit After Tax[1] $41.5 million (+0.4%)
Net cash improved $65 million to $103 million

1H20 RESULTS (pre-AASB 16) for the 26 weeks to 25 January 2020, compared to 1H19:

- Total sales[2] down 3.8% to $1.607.9 million; comparable store sales up 0.4% excluding Apple and Country Road Group sales
- Online sales[3] up 25.2% to $168.2 million, now representing 10.5% of total sales
- Operating Gross Profit (OGP) margin increased by 62 basis points to 39.14%
- Cost of Doing Business[1] down 2.6% to $516.1 million
- Implementation Costs and Individually Significant Items of $13.4 million (post-tax) associated with implementation of the Customer First Plan, including closure of the clearance floor concept and support office simplification
- Statutory NPAT of $24.4 million (post-AASB 16)
- Operating cash flow (before interest & tax) decreased by $8 million to $179 million, total net cash at the end of the period increased by $65 million to $103 million compared to 1H19

CUSTOMER FIRST PLAN PROGRESS:

- Solid progress made on implementing Customer First Plan initiatives despite macro headwinds
- Improved execution of peak trading periods including Black Friday and Christmas
- Increased gross profit in Menswear, Homewares and Childrenswear, despite several brand exits

KEY FINANCIALS $ MILLIONS	1H20 (Statutory)	1H20 (Pre-AASB16)	1H19 (Pre-AASB16)	CHANGE (Pre-AASB16)
Total Sales[2]	1,607.9	**1,607.9**	1,671.4	(3.8%)
Operating Gross Profit (OGP)	629.6	**629.3**	643.8	(2.3%)
Cost of Doing Business (CODB)[4]	(411.2)	**(516.1)**	(530.2)	(2.6%)
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)[4]	218.4	**113.1**	113.6	(0.4%)
Earnings before Interest and Tax (EBIT)[4]	106.2	**64.5**	63.8	1.2%
Net Profit after Tax (NPAT)[4]	39.6	**41.5**	41.3	0.4%
Statutory NPAT	24.4	**28.1**	38.4	(26.9%)

Myer Chief Executive Officer and Managing Director, John King, said: “This result demonstrates our continued focus on profitable sales, a disciplined management of costs and cash and strengthening the balance sheet.

“Achieving growth in EBIT despite a deterioration in the operating environment during our peak trading period validates the Customer First Plan and illustrates the progress made to date.

“Sales were impacted by a number of factors including the continued focus on profitability, the exit of Apple and the Country Road Group brands, and a disappointing performance in Womenswear. Management acknowledge the underperformance in the Womenswear category and expect improvements made by the new leadership team to flow through later in the calendar year.

“Pleasingly, there was continued strong growth in online sales, despite the exit of several low margin brands. During the period the online range was expanded, in particular in concessions, and checkout and Click & Collect were improved which combined to underpin the continued growth.

“The improved operating gross profit margin and continued disciplined cost management combined to offset the reduction in total sales.

“The reduction in costs reflected further simplification of the business including the enhanced in-store staffing model, reduced store occupancy as well as improved processes and efficiencies which resulted in a reduction of management and administration roles, primarily in the Support Office.

“Depreciation for the half was down 2.5% to $48.6m. Interest was up 6.4% to $5.5m reflecting a full period under the November 2018 refinancing arrangements, partly offset by lower average net debt during the period.

“Further progress was made to strengthen the balance sheet. Net cash at the end of the period increased by $65m to $103m compared to 1H19, reflecting continued disciplined cash management. Capital expenditure was $22m in the half, down $5m compared to 1H19, reflecting the heightened focus on return hurdles. There continues to be headroom in all covenants and the dividend remains suspended.

“We continue to work with our landlords via a portfolio partnership approach to reduce our footprint and refurbish stores to transform the customer experience, whilst delivering material cost savings,” he said.

The Hornsby store closed during January. The clearance floor concept has closed, and the space has either been returned to normal trading or converted into dark floors. Refurbishments have commenced at the Cairns and Karrinyup stores underpinned by significant landlord contributions. During the second half, a major upgrade of the Sydney City ground floor and atrium will begin, and work will also commence at our Belconnen store to reduce space, followed by a refurbishment. Upgrades are also planned at our Albury and Ballarat stores.

During January we sublet a further floor of the Support Office taking the total space that has been reduced since 2017 to 4.5 floors out of 10. Separately, we have signed an Agreement for Lease to move our Support Office to a new building at 1000 La Trobe Street in 2022, with a significantly reduced annual rent.

Implementation costs and individually significant items included a restructuring program to simplify the organisation, and costs associated with the closure of the clearance floor concept and merchandise brand exits. An accelerated liquidation of clearance inventory largely associated with the clearance floor concept was completed early in calendar 2020.

“Significant retail experience amongst the leadership team combined with prudent fiscal management has resulted in a solid result as well as a strengthened balance sheet despite a significant deterioration in the operating environment during the peak trading period,” he said.

Outlook

John King said that all team members remain focused on implementing the Customer First Plan.

“Management have demonstrated discipline in a tough trading environment and while I am encouraged by the progress I am in no doubt that we still have considerable work to do.

“The supply chain impact of Coronavirus is currently being managed by our teams in Hong Kong and Shanghai. The team are focused on mitigating the impact of delays to the planned delivery of merchandise.

“Myer anticipates the challenging macro environment will continue in the second half, and the ongoing impact of the Coronavirus on store traffic remains uncertain. The pace of change will therefore be managed in the best interests of customers and shareholders.

“We have a clear plan to address the underperformance in Womenswear with new management and a strengthened design team for Myer Exclusive Brands, with improvements not anticipated until FY21.

“Numerous opportunities remain to improve productivity and further reduce costs particularly in the areas of store occupancy, factory to customer and fulfilment for both stores and online.

“We have commenced refinancing discussions with our banking syndicate and will update the market once completed,” he said.

-ends-

Footnotes

[1] *Excluding implementation costs and individually significant items and pre-AASB 16*

[2] *Revenue from sale of goods excluding concession sales and sales revenue deferred under customer loyalty program was $1,281.2m (1H19: $1,312.7m)*

[3] *Online sales excludes $11.7m of sales via in-store iPads. Digital sales (including iPads) increased by 19.0% to $179.9m (11.2% of total sales)*

[4] *Excluding implementation costs and individually significant items*

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: 9066687

Attendees will need to have the attached slides available for the call. An archive of the briefing will be available afterwards at: www.myer.com.au/investor

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MARCH 5 2020

MYER HALF YEAR 2020 RESULTS TO 25 JANUARY 2020

JOHN KING
CHIEF EXECUTIVE OFFICER

NIGEL CHADWICK
CHIEF FINANCIAL OFFICER

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Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

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1H20 Results Summary (Pre-AASB 16), compared to 1H19

Trading	• Total sales down 3.8% to $1,607.9 million • Comparable store sales, excluding sales in Apple and Country Road Group (CRG), up 0.4% • Operating Gross Profit (OGP) down 2.3% to $629.3 million, up 62bps to 39.14% • Cost of Doing Business* (CODB) down 2.6% to $516.1 million
Earnings	• EBITDA* broadly flat at $113.1 million; EBIT* up 1.2% to $64.5 million • NPAT* up 0.4% to $41.5 million; Earnings per share* 5.0 cents • Implementation costs and individually significant items (ISIs) $13.4 million ($19.0 million pre-tax) • Dividend continues to be suspended
Balance Sheet / Cash Flow	• Net cash improved $65 million; $103 million at the end of the period • Operating cash flow (before interest & tax) down $8 million to $179 million • Inventory down 5.4% to $340.7 million • All banking covenants have substantial headroom

**Excluding implementation costs and individually significant items totalling $13.4 million ($19.0 million pre-tax)*

Solid result considering macro headwinds in key trade periods

Operational Highlights	

Operational Highlights

- Customer satisfaction metrics improved
- Continued strong growth in online sales; online OGP margin grew faster than sales
- The focus on the Customer First Plan has delivered gross profit growth in the following categories: Menswear, Homewares and Childrenswear; with the Cosmetics category stable
- Closure of clearance floor concept
- Further simplification of the business delivered cost savings
- Prudent fiscal management resulted in a strengthened balance sheet

Work in Progress

- Peak trade events generally executed well e.g. Black Friday period (4 days) online orders up >100%; however potential exists to improve cost efficiency benefits
- Womenswear weakness; in process of rebuild with new leadership and improved design skills in MEBs
- Gross Profit improvements are, in part, being offset by FX pressure
- Further improvement to online product offer to meet online sales mix targets
- Progress made on space reduction; discussions ongoing

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Income statement (Pre-AASB 16)

$ MILLIONS	1H20	1H19	CHANGE
Total Sales	1,607.9	1,671.4	(3.8%)
Operating Gross Profit	629.3	643.8	(2.3%)
Cost of Doing Business*	(516.1)	(530.2)	(2.6%)
EBITDA*	113.1	113.6	(0.4%)
Depreciation*	(48.6)	(49.8)	(2.5%)
EBIT*	64.5	63.8	1.2%
Net Finance Costs	(5.5)	(5.2)	6.4%
Tax*	(17.6)	(17.3)	1.6%
NPAT*	41.5	41.3	0.4%
Operating Gross Profit Margin (%)	39.14	38.52	+62bps
Cost of Doing Business* Margin (%)	32.10	31.72	+38bps

- Sales decrease driven by exit of Apple and CRG ($65m) and the subdued operating environment
- Comparable sales, excluding Apple and CRG, up 0.4%
- Online sales** grew by 25.2% which partially offset store declines
- OGP decline is sales volume driven. OGP margin improved by 62bps; due to exit of low margin brands, improved online margin, and reduced shrinkage
- OGP margin was negatively impacted by FX
- CODB* reduced by 2.6%; reflecting improved efficiencies in store and Support Office, and savings in IT and occupancy
- Depreciation* down 2.5% reflecting lower capital investments, and changes in useful lives offset in part by changes to mix of capital expenditure
- NPAT* up 0.4% to $41.5 million

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Excluding implementation costs and individually significant items
***Online sales excludes $11.7 million of sales via in-store iPads. Digital sales (including iPads) total $179.9 million, up 19.0% YOY*

1H20 Results Summary

$ MILLIONS	1H20 (STATUTORY)	1H20 (PRE-AASB 16)	1H19 (PRE-AASB 16)	CHANGE (PRE-AASB 16)
Total Sales*	1,607.9	1,607.9	1,671.4	(3.8%)
EBITDA**	218.4	113.1	113.6	(0.4%)
EBIT**	106.2	64.5	63.8	1.2%
NPAT**	39.6	41.5	41.3	0.4%
Implementation Costs and Individually Significant Items	(15.2)	(13.4)	(2.9)	nm***
Statutory NPAT	24.4	28.1	38.4	(26.9%)

Implementation costs and individually significant items associated with implementation of the Customer First Plan include:

- Restructuring program to simplify organisation structure resulting in redundancies $2.1 million
- Costs associated with closure of clearance floor concept and merchandise brand exits $13.0 million, primarily the write-down of inventory. An accelerated liquidation of clearance inventory was completed early in calendar 2020 as a consequence of the clearance floor concept exit
- Sublease agreement for an additional Support Office floor results in pre-AASB 16 reversal of onerous lease provision -$1.8 million

AASB 16 *Leases* Impact

The Statutory results for 1H20 reflect the adoption of the new accounting standard AASB 16 *Leases*. Myer Holdings Ltd has adopted AASB 16 using the modified retrospective approach and, as a result, prior period comparatives have not been restated. To allow for prior period comparison, some of the 1H20 results disclosed in this presentation are pre-application of AASB 16 ("pre-AASB 16") and exclude the impact of AASB 16. Refer Appendices 1-3 for reconciliations of Statutory and pre-AASB 16 results.

*Revenue from sale of goods excluding concession sales and sales revenue deferred under customer loyalty program was $1,281.2 million (1H19: $1,312.7 million)

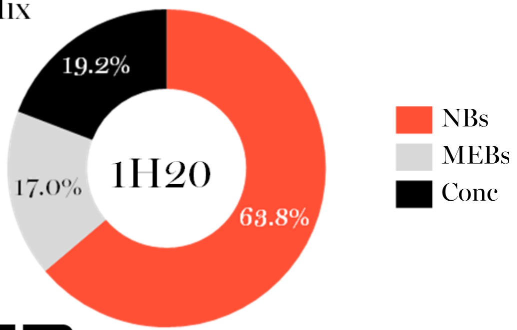
**Excluding implementation costs and individually significant items totalling $15.2 million ($21.6 million pre-tax); or $13.4 million ($19.0 million pre-tax) pre-AASB 16

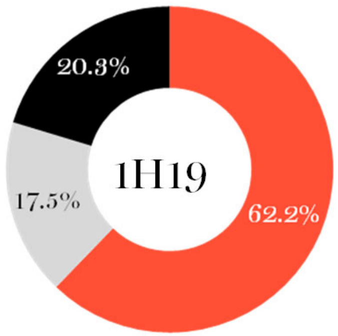
***Not meaningful

1H20 trade was challenging as expected

YOY MOVEMENT	1H20	FY19	1H19
Comparable store sales	(3.6%)	(2.9%)	(2.3%)
Comparable sales (ex. Apple)	(2.0%)	(1.3%)	n/a
Comparable sales (ex. Apple & CRG)	0.4%	n/a	n/a
Online sales*	25.2%	25.6%	19.8%
Inventory reduction	(5.4%)	(5.4%)	(3.2%)
Store Gross Lettable Area (m^2)	1,046,370	1,058,528	1,058,840
Selling Leasable Area (m^2)	754,541	763,306	762,866

Sales Mix





- Key trading events generally well executed; trade outside of key events subdued, particularly in critical Q2
- Decline in footfall impacted store trade
- Exit of Apple and CRG; sales impact $65 million
- Womenswear performance was disappointing driven by MEBs; rebuild in progress
- Strong strategy execution in Menswear, Homewares and Childrenswear delivered gross profit growth
- Online sales growth constrained by focus on profitability, with OGP growing faster than sales
- GLA and SLA change primarily reflects the closure of the Hornsby store

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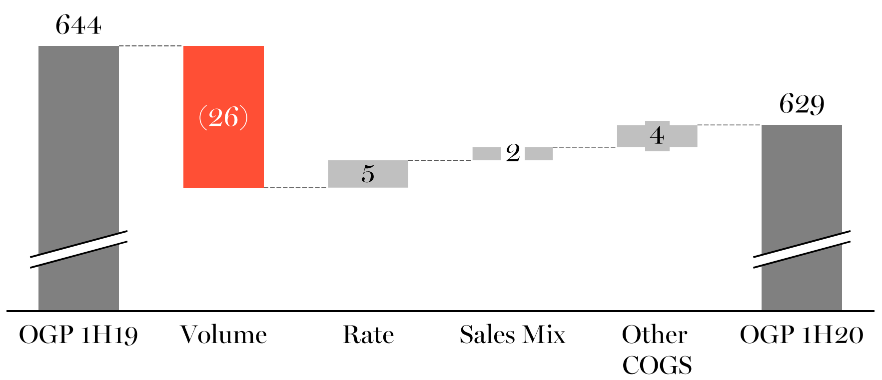
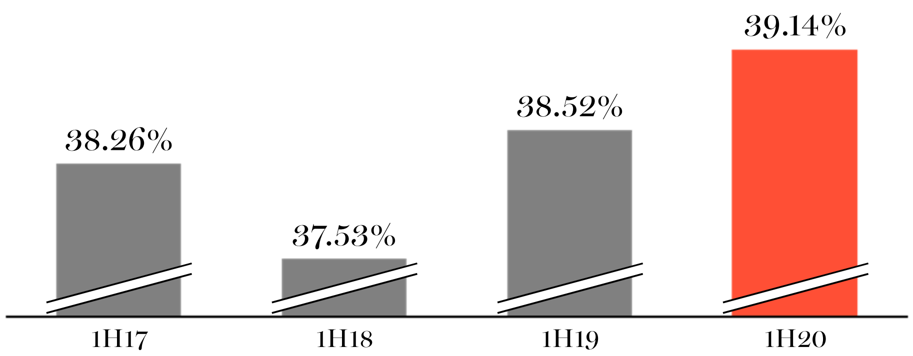
Online sales excludes $11.7 million of sales via in-store iPads. Digital sales (including iPads) total $179.9 million, up 19.0% YOY

Operating gross profit margin improvement (Pre-AASB 16)

Operating Gross Profit ($m)



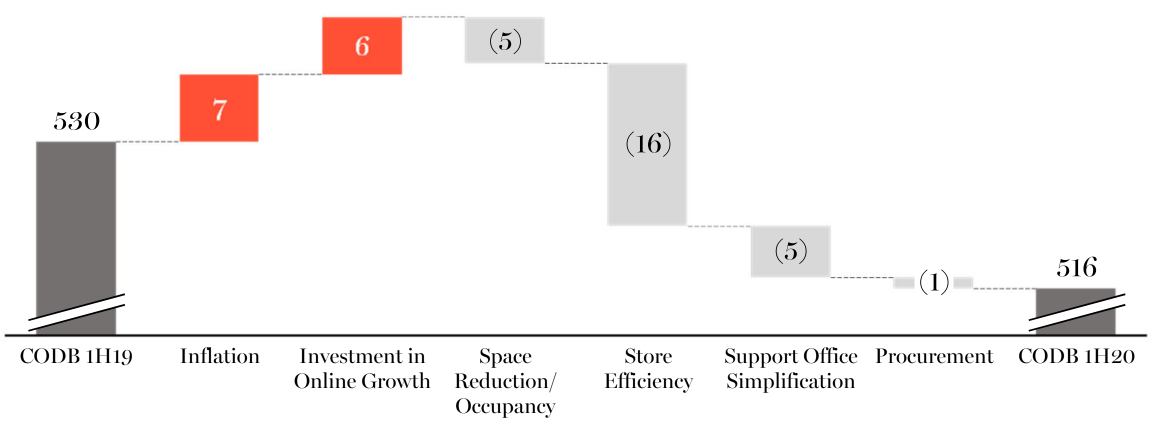
Operating Gross Profit Margin (%) – 1H17 to 1H20



- The 62bps increase in OGP margin did not offset the sales volume decline
- The following Customer First Plan initiatives delivered rate improvements during the period:
  - Exit of lower margin brands
  - Overall lower markdowns
  - Online sales mix increases in apparel, footwear and homewares
  - Increased supplier contributions
  - Reduced shrinkage
- Partially offset by:
  - Unfavourable FX impact $4 million included in rate
  - Underperformance of Womenswear impacted margin mix

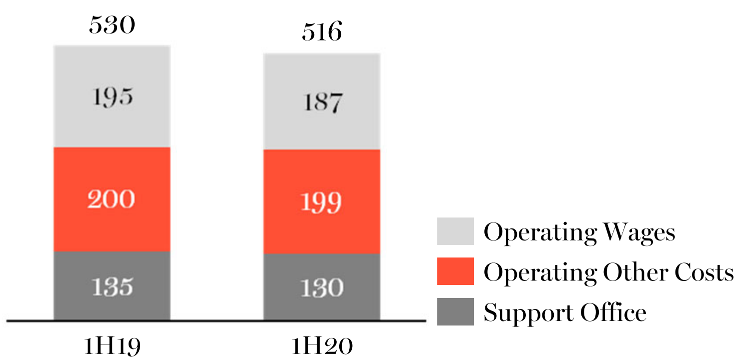
Cost reductions achieved (Pre-AASB 16)

Cost of Doing Business ($m)



- Costs continue to be well managed, with savings from workforce management, occupancy and IT
- Efficiencies, reduced duplication and simplification across all business areas
- Investment in online growth includes variable costs associated with sales growth

Myer Group Cost Structure ($m)



- Further opportunities exist for cost savings and improved operational efficiencies, particularly relating to:
  - Occupancy; from reduced space/renegotiation
  - Supply chain; through factory to customer and fulfilment for both stores and online
  - Process and business simplification

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Operating Cash Flow (Pre-AASB 16)

$ MILLIONS	1H20	1H19
EBITDA*	113.1	113.6
Less Implementation Costs and ISIs	(19.0)	(4.1)
Add Non-Cash Asset Impairments	1.0	-
Working capital movement	83.6	77.0
Operating cash flow (before interest & tax)	**178.7**	**186.5**
Conversion	187.9%	170.4%
Tax paid	(8.2)	(9.6)
Interest paid	(4.7)	(4.3)
Operating cash flow	**165.8**	**172.6**
Capex paid**	(22.4)	(27.1)
Other	0.2	0.2
Free cash flow	**143.6**	**145.7**
Other	(0.7)	(0.2)
Net cash flow	**142.9**	**145.5**

- Operating cash flow (before interest & tax) decreased by $8 million to $179 million; conversion up
- The seasonal working capital release in the current half year period was not as favourable as the prior year; a large inventory reduction was recorded in the prior half year period
- Net inventory days metric (12 month rolling) has continued to improve due to focus on cash and terms
- Lower capital expenditure reflecting heightened focus on returns hurdles, particularly in environment of subdued consumer sentiment
- Dividend continues to be suspended
- Focus continues to be to strengthen the balance sheet

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** Excluding implementation costs and individually significant items*
*** Net of landlord contributions*

Balance Sheet

$ MILLIONS	1H20 (STATUTORY)	AASB 16 IMPACT	1H20 (PRE-AASB16)	FY19 (PRE-AASB16)	1H19 (PRE-AASB16)
Inventory	340.7	-	340.7	346.9	360.1
Creditors	(455.1)	0.5	(454.6)	(372.6)	(466.1)
Other Assets	84.9	(48.7)	36.2	41.2	41.5
Other Liabilities	(76.1)	(145.7)	(221.8)	(225.8)	(242.7)
Right-of-Use Assets	1,388.7	(1,388.7)	-	-	-
Lease Liabilities	(1,834.2)	1,834.2	-	-	-
Property	22.4	-	22.4	22.7	22.9
Fixed Assets	337.5	-	337.5	360.8	387.9
Intangibles (Brands)	371.6	-	371.6	371.6	371.6
Intangibles Software	92.0	-	92.0	96.0	104.9
Total Funds Employed	**272.4**	**251.6**	**524.0**	**640.8**	**580.1**
Debt	(77.4)	-	(77.4)	(86.1)	(95.4)
Less cash	180.3	-	180.3	47.4	132.9
Net (Debt)/Cash	**102.9**	**-**	**102.9**	**(38.7)**	**37.5**
Equity	**375.3**	**251.6**	**626.9**	**602.1**	**617.6**

- Inventory continues to be well managed, down 5.4%
- Net cash at end of period of $103 million
- Net cash increased by $65 million reflecting focus on deleverage
- Return on Funds Employed* 10.8% up from 9.7% at 1H19
- AASB 16 impacts are within the ranges published in FY19 accounts

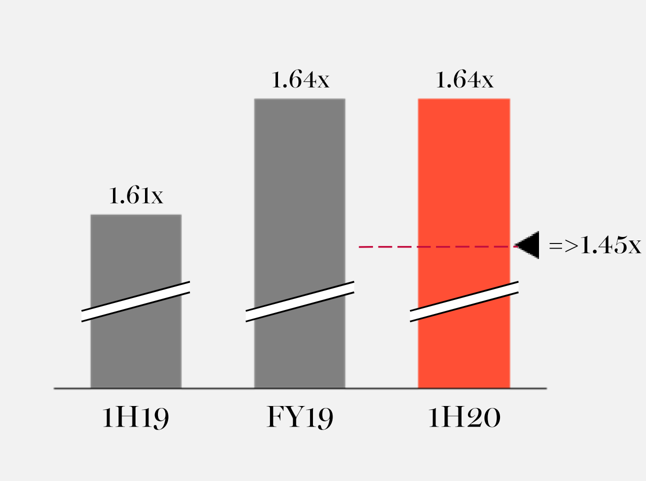
** Return on Funds Employed is calculated on a rolling 12 months basis; EBIT excludes implementation costs and individually significant items*

Significant headroom exists in all covenants*

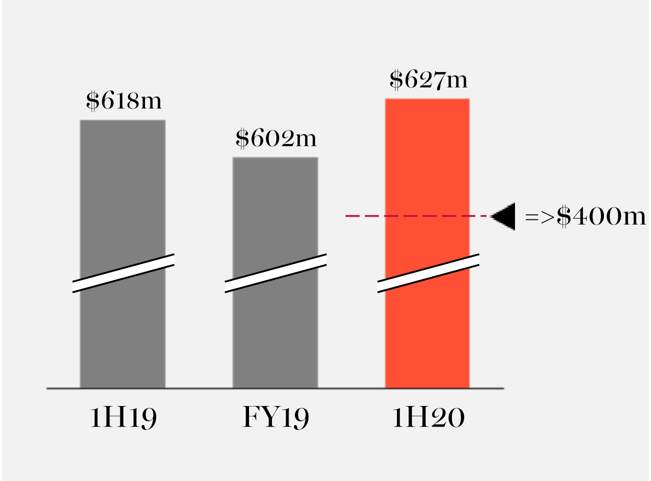
$ MILLIONS	1H20	1H19
Opening Net (Debt)	(38.7)	(107.4)
Closing Net Cash	102.9	37.5

Debt Covenants

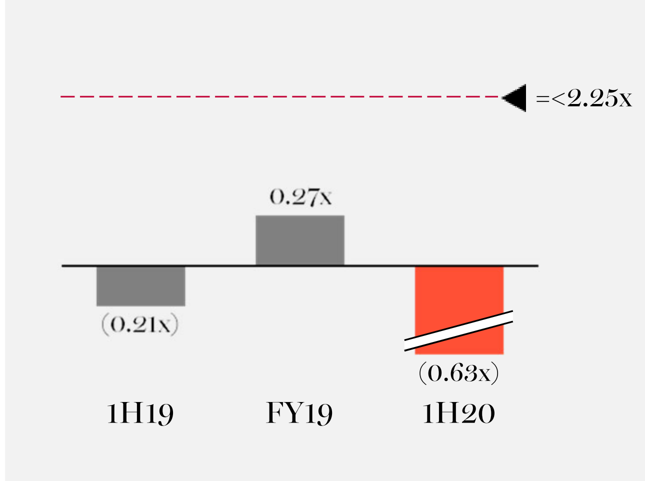
Fixed Charge Cover (FCCR) Ratio



Minimum Shareholders' Funds



Net Leverage Ratio



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Covenant

Banking covenants continue to be measured excluding the adoption of AASB 16 as agreed with the Banking syndicate

In Summary

- We have continued to deliver financial improvements and strengthen the balance sheet in a subdued trading environment:
  - Improved OGP margin
  - Focus on simplification; CODB* down 2.6%
  - NPAT* up 0.4%, despite lower sales
  - Operating cash flow (before interest & tax) down $8 million to $179 million, net cash increased by $65 million
- 2H20:
  - Continue the disciplined approach to cash and the balance sheet, however expect CAPEX to increase as we start to make some critical investments
  - Inventory management benefits
  - Impact of macro headwinds including consumer sentiment and coronavirus will see the top-line subdued
  - Mitigate with margin improvements, and cost savings including online fulfilment, store footprint, simplification and reduced shrinkage
  - Refinance process commenced

Excluding implementation costs and individually significant items and pre-AASB 16

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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	Efficient from factory to customer	Accelerated cost reduction
'Work smarter'	*'Move product at lowest total cost'*	*'Spend prudently'*

Customer First Plan: Transform the Customer Experience

Progress

- Customer satisfaction with team members up 1%
- Expanded experiential retail and personalisation e.g. Harry Potter, Litmus Labs, Giftorium expansion including FAO Schwartz
- World class store destination upgrades; Melbourne Handbags, Parramatta Beauty Hall, Sydney Homewares
- Clearance floor concept closed
- Afterpay and Humm available in-store

Areas of Focus

- Store refurbishment at Cairns commenced; complete by end 2020
- Store refurbishment at Karrinyup commenced; complete in 2021
- Phase 1 of Sydney City refurbishment (ground floor and atrium) to commence in 2H20
- Reduction in space at Belconnen store, followed by a refurbishment to commence in 2H20
- Lease extension and store upgrades agreed for Albury and Ballarat
- Additional space and category location changes to come in 2H20; program to focus on improved space productivity

Customer First Plan: ‘Only at Myer’ Brands and Categories

Progress

- 135 new brands launched since August 2019; including YD, Forever New, Raging Bull, Lorna Jane, Reebok, Pixie Mood, Underlines, DKNY
- Menswear, Homewares, Childrenswear and Cosmetics categories performed well, despite exit of brands
- ‘Make the big bigger’ - expansion of better performing brands including Polo Ralph Lauren, Industrie, French Connection, Seed, Rodd & Gunn, Karl Lagerfield Paris
- Rebuilt promotional and clearance cycle, improving GP margin

Areas of Focus

- Rebuild Womenswear business at speed; new leadership in place
- MEB product being refined and improved; new teams in place to lift quality and design of ranges
- Further edit of under-performing categories and brands in 2H20
- New clearance cycle post exit of clearance floors; focus on quitting stock quicker to drive full price sell through

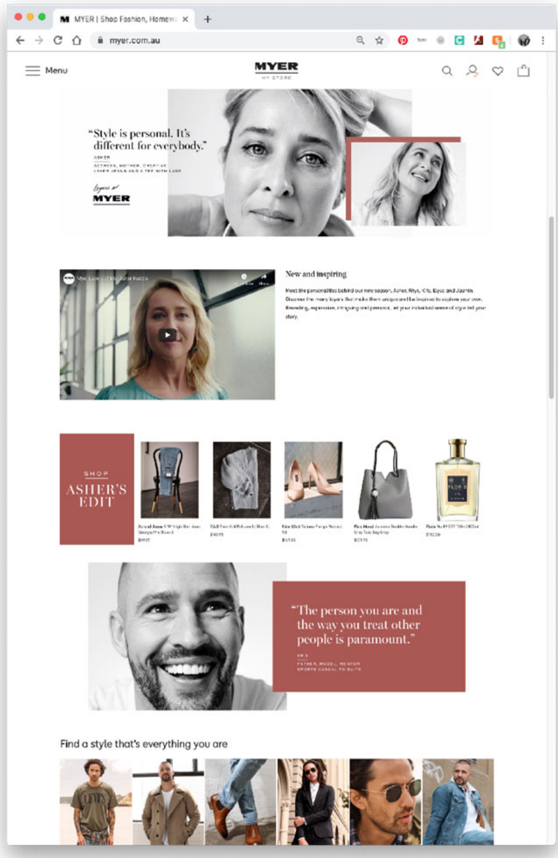
Customer First Plan: Continue enhancing myer.com.au

Progress

- Online sales[*] now 10.5% of total sales, with gross profit growing faster than sales
- Improved customer satisfaction score; up 5%
- Enhanced systems and processes successfully managed peak trading periods; Black Friday trading period saw online orders grow over 100%
- Over 50% of range now online; with over 50% of Concessions now online via drop ship model
- Product Enrichment Portal improving speed of on-boarding product

Next Phase of Growth

- Marketplace integration and scaling has commenced
- Conversion lifting features being deployed – improved checkout experience, search and navigation
- Leveraging MYER one and development of other loyalty partnerships
- Continue range extension – National Brands, MEBs and Concessions
- Improving the delivery experience



Online sales excludes $11.7 million of sales via in-store iPads. Digital sales (including iPads) total $179.9 million, up 19.0% YOY

Customer First Plan: Efficiency Levers

Space Reduction	• Store closures 27,000m^2; Logan closed January 2019, Hornsby closed January 2020 • Space reduction agreed for GLA of 22,000m^2; including Belconnen, Cairns, Emporium • Further stores under active negotiation for handback; GLA reduction of 50,000m^2 if all executed • Clearance floor concept closed; transitioned to dark floors where operational efficiencies exist • Support Office relocation in FY22; reduction of 5,000m^2 with lower annual rent
Factory to Customer	• Enhanced fulfilment capability supported peak trade across Black Friday, Christmas and Sale periods; however expected savings in cost per order did not eventuate due to mix of baskets • Continue with tactical initiatives to support expected volumes for next peak trade periods • Commenced evaluation of central stocks facilities – Myer controlled and/or 3rd parties (3PL) • Complete design for future state supply chain operating model in 2H20; work to commence in FY21
Accelerated Cost Reduction	• Technology assisting delivery of efficiencies and simplification across the business • Removal of Administration and Management roles, primarily in the Support Office • Shrinkage program delivering results • Further opportunities exist – total loss program, outsourcing, IT efficiencies

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Good progress in key areas, progress reflects macro environment

- 1H20 Highlights
  - Disciplined management of costs and cash in subdued trading environment
  - Merchandise strategy is working in key categories such as Menswear, Homewares, Childrenswear and Cosmetics
  - Customer satisfaction continues to improve
- Focused on continuing implementation of Customer First Plan
  - Improved customer experiences in store and online
  - Focus on rebuilding Womenswear; including improving the MEB product
  - Delivering footprint reductions and improving space productivity
- Anticipate challenging macro environment and subdued consumer sentiment to continue during 2H20
- Opportunities for further cost efficiencies
  - Simplification
  - Progression of the Factory to Customer benefits

MARCH 5 2020

MYER HALF YEAR 2020 RESULTS TO 25 JANUARY 2020

JOHN KING
CHIEF EXECUTIVE OFFICER

NIGEL CHADWICK
CHIEF FINANCIAL OFFICER

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Appendix 1: NPAT Reconciliation with statutory accounts

$ MILLIONS	EBIT	INTEREST	TAX	NPAT
Statutory reported result	**84.6**	**(49.8)**	**(10.4)**	**24.4**
Add back: Implementation costs and individually significant items				
Restructuring and redundancy costs	3.1	-	(1.0)	2.1
Clearance Floor closure and brand exit costs and related asset impairments	18.4	-	(5.4)	13.0
Store exit costs and other asset impairments/(reversals)	0.1	-	-	0.1
Result: post-AASB 16*	**106.2**	**(49.8)**	**(16.8)**	**39.6**
Impact from adoption of AASB 16	(41.7)	44.3	(0.8)	1.9
Result: pre-AASB 16*	**64.5**	**(5.5)**	**(17.6)**	**41.5**

Excluding implementation costs and individually significant items

Appendix 2: Income statement – AASB 16 Impact

$ MILLIONS	1H20 (STATUTORY)	AASB 16 IMPACT	1H20 (PRE-AASB16)	1H19 (PRE-AASB16)	CHANGE (PRE-AASB16)
Total Sales	1,607.9	-	1,607.9	1,671.4	(3.8%)
Operating Gross Profit	629.6	(0.3)	629.3	643.8	(2.3%)
Cost of Doing Business*	(411.2)	(104.9)	(516.1)	(530.2)	(2.6%)
EBITDA*	**218.4**	**(105.3)**	**113.1**	**113.6**	**(0.4%)**
Depreciation*	(112.2)	63.6	(48.6)	(49.8)	(2.5%)
EBIT*	**106.2**	**(41.7)**	**64.5**	**63.8**	**1.2%**
Net Finance Costs	(49.8)	44.3	(5.5)	(5.2)	6.4%
Tax*	(16.8)	(0.8)	(17.6)	(17.3)	1.6%
NPAT*	**39.6**	**1.9**	**41.5**	**41.3**	**0.4%**
Statutory NPAT	**24.4**	**3.7**	**28.1**	**38.4**	**(26.9%)**

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**Excluding implementation costs and individually significant items*

Appendix 3: Operating cash flow – AASB 16 Impact

$ MILLIONS	1H20 (STATUTORY)	AASB 16 IMPACT	1H20 (PRE-AASB16)	1H19 (PRE-AASB16)
EBITDA*	218.4	(105.3)	113.1	113.6
Less Implementation Costs and ISIs	(21.6)	2.6	(19.0)	(4.1)
Add Non-Cash Asset Impairments	1.0	-	1.0	-
Working capital movement	92.9	(9.3)	83.6	77.0
Operating cash flow (before interest & tax)	**290.7**	**(112.0)**	**178.7**	**186.5**
Conversion	147.0%	-	187.9%	170.4%
Tax paid	(8.2)	-	(8.2)	(9.6)
Interest paid	(4.7)	-	(4.7)	(4.3)
Interest – lease liabilities	(44.3)	44.3	-	-
Operating cash flow	**233.5**	**(67.7)**	**165.8**	**172.6**
Capex paid**	(22.4)	-	(22.4)	(27.1)
Other	0.2	-	0.2	0.2
Free cash flow	**211.3**	**(67.7)**	**143.6**	**145.7**
Principle portion of lease liabilities paid	(67.7)	67.7	-	-
Other	(0.7)	-	(0.7)	(0.2)
Net cash flow	**142.9**	**-**	**142.9**	**145.5**

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** Excluding implementation costs and individually significant items*
***Net of landlord contributions*