



MY STORE

29 October 2020

2020 ANNUAL GENERAL MEETING CHAIRMAN'S ADDRESS AND CHIEF EXECUTIVE OFFICER'S PRESENTATION

Myer Holdings Limited (ASX:MYR) today addresses shareholders in its Annual General Meeting to be held virtually at: <https://agmlive.link/MYR20>, commencing at 2:30pm (Melbourne time).

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

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For enquiries please contact:

Investors

Davina Gunn, Investor Relations, +61 (0) 400 896 809

Media

Martin Barr, Corporate Affairs & Communications, +61 (0) 418 101 127



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Myer Holdings Limited

2020 Annual General Meeting

Thursday, 29 October 2020, at 2:30pm (Melbourne time)

Held virtually at: <https://agmlive.link/MYR20>

Chairman's Address

2020 IN REVIEW / COVID

I'd like to now make some remarks on the FY20 year.

2020 has been a year like no other, firstly with devastating bushfires, and then with the onset of COVID-19, which has challenged the community's health, the economy, businesses, and of course Myer.

When the COVID-19 pandemic first hit, as a Board and Executive team, we acted to prioritise the health and wellbeing of our customers, team members, and the broader communities in which we operate.

This resulted in us making one of the toughest decisions in the Company's 120 year history – we closed stores nationally from late March until early May to assist in preventing the spread of COVID-19.

Also, as you know, until yesterday, stores closed in metropolitan Melbourne as part of the Stage 4 restrictions put in place in August 2020 by the Victorian Government.

Throughout the closure periods, Myer has successfully operated its rapidly growing online business, while ensuring a safe and hygienic environment for those team members.

As stores reopened around the country, we focused on providing a safe working and shopping environment for our team members and customers, with enhanced safety and cleaning measures implemented across our stores and support office.

This was a challenging and difficult period for our team members, where we focused on providing support and assistance, with a strong focus on their health and wellbeing.

During the first half, Myer delivered a solid financial result, as well as a strengthened balance sheet despite the macro headwinds that occurred during the peak trading period over Christmas and the New Year.

In response to the deterioration in trading conditions, we took decisive action, reducing operating expenses, deferring non-essential expenditure, and preserving cash.

For the majority of the second half, there was substantially reduced traffic to physical stores, particularly to those located in CBD locations. Total sales for FY20 were down 15.8% to \$2,519.4 million, with comparable store sales down 3.3%.

During FY20, we delivered record online sales of \$422.5 million, up 61.1%, and representing 17% of total sales. This online growth was particularly strong in the second half; up 98.8% and representing 28% of total sales. Myer's online business is now one of the largest online stores in Australia and John will speak further about our focus on continuing to grow this business.

During FY20, we also successfully reduced CODB by \$138.6 million. As a result of the reduction in sales, Myer was successful in its application for the Australian Government's original JobKeeper Payment Scheme and several other tax payment deferrals, as well as rent relief, were also negotiated.

Our focus continues to be rationalising our stores portfolio and negotiations continue with our landlords as we seek to manage our short- and long-term space requirements.

The FY20 statutory net loss after tax of \$172.4 million included non-cash impairment charges of \$133 million (including impairments to brand names of \$95.9 million and lease right-of-use assets of \$37.1 million) and other implementation & individually significant items of \$26 million.

Our underlying trading result, excluding implementation costs and individually significant items and the impact of the new lease accounting standard AASB 16, was EBITDA of \$94 million and a loss after tax of \$11.3 million.

As a result of the prudent approach to preserving cash, disciplined cost control, support from the Australian Government and other payment deferrals, and despite the loss of revenue and earnings as a result of the store closures and reduced foot traffic, the Company finished the period with a net cash position of \$7.9 million, representing a \$46.6 million improvement on the prior year. The dividend continues to be suspended, reflecting the Board's focus on prudent capital management and focus on deleveraging.

In August 2020, we announced that we had completed an agreement to amend and extend our bank facility until August 2022. It was pleasing to see the support of the existing banking syndicate in this extension during a period of such retail and economic uncertainty.

This financing extension provides liquidity through our seasonal cycle, ensuring a stable platform through COVID and to execute our Customer First Plan.

John will make some detailed comments about progress on the execution of the Customer First Plan. During the past six months the plan has been adapted for the current operating environment to ensure Myer can capitalise on available opportunities and mitigate applicable risks as restrictions are eased.

We will accelerate, re-sequence and expand various initiatives, especially in the areas of online and factory to customer.

On behalf of the Board – I would like to once again thank the Executive team and our approximately 10,000 Myer Team members for their hard work and focus during a period of unprecedented disruption and their relentless focus on our customers.

I would now like to update you on some Board matters.

The Board has evolved significantly during the past three years, however, it is important that the Board continues to evolve to reflect the current operating environment.

Following Garry Hounsell's retirement as a director and our Chairman, we have commenced a process to identify and appoint a suitable replacement Chairman.

In September, we announced that Lyndsey Cattermole AM and Julie Ann Morrison have made the decision to retire as Directors at this AGM and do not intend to seek re-election. We thank Lyndsey, Julie Ann and Garry, for their service and significant contribution to the Company and in particular to Garry for his energy, commitment and leadership during the past three years.



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With my appointment as Acting Chairman, the Board is focused on ensuring that John King and his management team are able to execute the all-important upcoming peak trading period without further disruption.

During April 2020, when all stores were closed due to COVID-19, the Executive Management Team elected to either forego their base salaries, or access their existing leave entitlements, and all Non-Executive Directors elected to forego their Director fees.

During May and June 2020, the Executive Management Team worked at reduced base salaries and the Non-Executive Directors received reduced Director fees.

From 1 July 2020, the Chairman and Non-Executive Directors resolved to reduce their annual base fee to \$250,000 (from \$300,000) and \$100,000 (from \$120,000) respectively. This represents the third reduction to Chairman and Non-Executive Director fees since FY18. These reduced fees will remain in place for at least two years.

COMMUNITY

In what has been a year like no other, helping the community has never been more important, especially with so many doing it tough.

Myer has a proud history of community involvement and investment and this work continued throughout the year.

In FY20, the Myer Community Fund was proud to donate over \$1.1 million to support women and children impacted by family violence and over \$400,000 to assist Australians impacted by natural disasters.

Importantly, I can advise shareholders that our POS Round Up will now be active in-store permanently, ensuring with the support of our customers that we can provide even greater assistance to our Myer Community Fund Charity Partners. Over \$650,000 was raised in FY20 through POS Round Up Campaigns.

CLOSE

In closing, we have a well-articulated strategy in the Customer First Plan, which commenced barely two years ago and, prior to COVID, was starting to deliver positive results.

We will continue to accelerate key parts of our Customer First Plan to ensure that we are on the best footing to meet the challenges, and to embrace the opportunities of tomorrow, as we enter a COVID normal retail environment.

We have the right CEO and management team in place, and they need to stay focused on trading, in particular during this critical time in the lead up to Black Friday, Christmas and Stocktake.

We are focused on delivering for customers and improving the performance of the business and we are heartened by the loyalty of our customers, the commitment of our team members and the support of our banking syndicate.



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A war of words in the media is damaging for customers, damaging for the Myer brand, and therefore damaging for you our shareholders.

What Myer needs now, more than ever, is stability.

Through the challenging conditions presented in 2020 and looking to the future, each decision we make is in the interests of our customers, team members, and you, our valued shareholders.

I will now hand over to John.

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