MYER

ASX & MEDIA RELEASE

For immediate release **Thursday 19 March 2015**

Myer First Half 2015 Results and Full Year 2015 Guidance

Myer Holdings Limited (MYR) today announced results for the 26 weeks to 24 January 2015.

First Half Overview

- 1H FY2015 total sales up 1.5% to $1,763 million, up 0.9% on a comparable store sales basis
- Q2 total sales up 2.5% to $1,072 million, up 1.0% on a comparable store sales basis
- January total sales up 3.9%
- Continued strong growth in online sales
- Operating gross profit[1] up 0.9% to $714.9 million
- Operating gross profit margin down 24 basis points (bps) to 40.54%
- Cash cost of doing business (CCODB)[1] up 6.2% to $569.6 million
    - Underlying costs up 2.4%
    - $20 million investment in the business
- Earnings before interest, tax, depreciation, amortisation (EBITDA) down 15.6% to $145.3 million
- Earnings before interest and tax (EBIT) down 20.8% to $100.2 million
- Net profit after tax (NPAT) down 23.1% to $62.2 million
- Interim dividend of 7 cents per share, fully franked, to be paid on 7 May 2015 (Record Date is 30 March 2015)

FY2015 Outlook

- Recent sales have been ahead of last year but below expectations and the Company now anticipates operating gross profit margin pressure to continue during the second half
- We anticipate total costs to grow by approximately $15 million in the second half compared to 2H FY2014
- One-off costs in 2H relating to the strategic review are expected to be approximately $7 million
- The Company now expects FY2015 NPAT to be between $75-80 million (excluding one-off costs)

Overview of trading and performance

Trading conditions during the second quarter were challenging, only improving in late December. The Stocktake sale was ahead of last year on a total and comparable store sales basis, however this was not sufficient to make up for the shortfall in sales earlier in the half. The highly competitive environment, together with the overall effect of a weaker Australian dollar, contributed to a deterioration in the gross profit margin of 24 basis points.

Preparation and execution ahead of the important Christmas trading period was strong, with two new stores trading, four major refurbishments completed, and the opening of additional space in Emporium adjoining the Melbourne flagship store. The launch of the unique Christmas 'Giftorium' concept across all stores reflected a focus on innovation and was successful in delivering an enhanced customer experience with positive feedback received from customers and suppliers.

A number of new brands were rolled out during the half including: White Suede, By Johnny and Alex Perry in Womenswear; M.J. Bale, Herringbone and Aquila in Menswear; and Calvin Klein Performance in Women's Active.

Myer is pleased to have welcomed a number of new Australian and international brands since the start of the second half including: Maison Scotch, Skin and Threads, and Asilio in Womenswear; Jo Malone in Cosmetics; Scotch & Soda, and Pierre Balmain in Menswear; and Calvin Klein in handbags.

A proposed store at Greenhills in New South Wales will no longer proceed.

A review of Myer's strategy continued during the half and was accelerated towards the end of the period. This work is ongoing with a view to positioning the business for a sustainable and profitable future.

1H FY2015 FINANCIAL PERFORMANCE

Sales

Total sales grew by 1.5 percent for the half to $1,763 million (up 0.9 percent on a comparable store sales basis). Q2 sales were up 2.5 percent to $1,072 million (up 1.0 percent on a comparable store sales basis).

Cosmetics was once again the top performing category during the half, benefiting from growth across a number of brands and an ongoing commitment to high quality service and theatre in stores. Other strong performing categories included Menswear, Childrenswear, Toys, and Entertainment. Offsetting this was the continued challenges in the Womenswear category.

Online sales continued to grow driven by improvements in the presentation, functionality and stability of the website, ongoing improvements to fulfilment processes, and increased customer engagement.

Margins and costs

Operating gross profit margin declined by 24 basis points to 40.54 percent (1H FY2014: 40.78 percent). Operating gross profit margin fell as a result of pricing pressure in a highly competitive environment, the depreciation of the Australian dollar, as well as an increased mix of lower margin categories.

Cash CODB increased by 6.2 percent to $570 million during the half. Myer previously flagged that it would make investments in the range of $35-50 million during FY2015. As sales tracked below expectations, a prudent approach to this investment was taken. Approximately $20 million was spent during the first half, primarily on revenue generating initiatives including Myer's brand relaunch, refurbished and new stores, IT infrastructure, and costs relating to the merchandise and omni-channel strategies.

Depreciation, net finance costs and tax

Depreciation fell marginally to $45 million (1H FY2014: $46 million). The net interest expense increased to $11.4 million from $11.1 million. Tax expense of $27 million represents an effective tax rate of 30 percent (1H FY2014: 30 percent).

Cash generation and working capital

Operating cashflow fell 25.3 percent to $194 million (1H FY2014: $259 million) as a result of reduced earnings and investment to support refurbishments and merchandise initiatives.

Aged inventory fell 4.7 percent during the period, while overall inventory increased by 6.9 percent to $375 million (1H FY2014: $351 million) driven by additional merchandise for new and refurbished stores. Stock turns were flat at 3.5 times. Creditor days improved to 73 days (1H FY2014: 70 days), partly due to timing.

Capital expenditure

Capital expenditure (gross) increased by 35.8 percent to $43 million for the period (1H FY2014: $32 million) reflecting investment in new stores, store refurbishments, ongoing investment in our omni-channel strategy, and investment in the launch of 'Giftorium' and other merchandise initiatives.

Balance sheet and dividend
Net debt increased by 13.7 percent to $261 million. Cash generation remains strong and the Company remains confident in its balance sheet position. The Board has determined an interim dividend of 7 cents per share (1H FY2014: 9 cents per share).

OUTLOOK

While ahead of last year, sales in February were below expectations and this trend has continued into March. The February operating gross profit margin result and early read on March sales has led to the Company revising expectations for the year.

During the second half, sales will be supported by two new stores and four completed refurbishments, as well as continued growth in online sales. However, the heightened competitive environment experienced in the first seven weeks in the half is expected to continue. A number of new sales driving initiatives will be rolled out across stores and online, particularly in the fourth quarter.

Overall costs will be carefully managed with a focus on investment in customer facing and revenue generating initiatives.

The Company's expectations for the financial year 2015 are as follows:

- Growth in second half total sales of 3-4 percent compared to 2H FY2014
- Decrease in second half operating gross profit margin of 15-30 basis points compared to 2H FY2014
- Increase in second half total costs of approximately $15 million (excluding one-off costs of $7 million relating to the strategic review) compared to 2H FY2014
- Second half FY2015 NPAT is expected to be between $13-18 million (2H FY2014 $17.5 million)
- Full year 2015 NPAT is expected to be between $75-80 million, excluding one-off costs (FY2014 $98.5 million)
- Full year 2015 capital expenditure of $70-75 million ($52-57 million net of landlord contributions)
- No change to the Board's target dividend payout ratio of between 70-80 percent of NPAT

This guidance assumes no further weakening of the retail trading environment and does not include any benefits or costs associated with the implementation of the strategic review.

STRATEGIC REVIEW

Myer has been undertaking a thorough review of its strategy. This has continued under the leadership of new Chief Executive Officer, Richard Umbers.

Myer Chief Executive Officer, and Managing Director, Richard Umbers said "We acknowledge that in recent years, cost growth has outpaced sales growth, and profits have declined. At a macro level, the challenges are well known, particularly the globalisation of retail which has brought new competitors to our shores. Digitisation has both empowered the consumer and created new channels to market. Customers have changed the way they shop and their expectations of retailers have changed significantly.

"Some elements of the existing strategy represent solid retail fundamentals. However, overall it did not deliver a business model able to respond to this new retail environment and we have lost relevance with some customers.

"There is strong evidence that department stores can transform and be inspirational to customers. Our international peers have responded to disruption by leading in omni-channel, by reinventing the in-store experience, overhauling the range, and by differentiating through innovation.

"Our new strategy to bring the love of shopping to life will be guided by a clear vision and a plan to win back market share, to respond faster to change and deliver a sustainable recovery in earnings.

“An extensive customer research project using internal and external data sources has delivered a detailed analysis of the current and future Myer customer, and the merchandise and services they want to enrich their lifestyle,” he said.

The enablers of the new strategy include:

- Customer driven decision making – all decisions will be guided using a targeted approach to the current and future customers
- Merchandise assortment and in-store services – transform ranging, strong brand emphasis, space allocation and in-store experience
- Data and digital – accelerate omni-channel and leverage the MYER one program
- Asset and cost productivity – maximise productivity from all assets to increase returns

“All our efforts will be underpinned by strong execution and organisational capability,” Mr Umbers said.

“Creation of shareholder value is our key priority and rigorous return on investment hurdles will be enforced. Over time we will create an operational model that is better leveraged to reward shareholders for growth.

“The management team has a valuable mix of new and established leadership that is energised and determined to repostition the new Myer as a modern, inspiring department store.

“We are confident that there is a significant opportunity available to the business in a changing retail landscape. We look forward to sharing more details on our strategic review later in the year,” he said.

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Myer shares are traded on the Australian Securities Exchange (MYR). Myer has a Sponsored Level I American Depository Receipt program which trades in the United States on OTC Markets (MYRSY).
All numbers are unaudited. The financial information includes non-IFRS information which has not been specifically audited in accordance with Australian Accounting Standards but has been extracted from the Half-Year Financial Report (Appendix 4D). This release may contain “forward-looking statements”. Forward-looking statements can generally be identified by the use of words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “believe”, “continue”, “objectives”, “outlook”, “guidance” and similar expressions. Indications of plans, strategies and objectives of management, sales and financial performance are also forward-looking statements. Forward-looking statements are not guarantees of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Myer. Actual results, performance or achievements may vary materially from any forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements, which are current only as at the date of this release. Subject to law, Myer assumes no obligation to update such information.

Table 1: Profit & Loss Statement for the 26 weeks to 24 January 2015

	1H 2015 $m	1H 2014 $m	Change vs. LY
Total Sales Value	**1,763.4**	**1,737.1**	**+1.5%**
Concessions	**265.1**	264.3	+0.3%
Myer Exclusive Brands	**364.9**	350.8	+4.0%
Other	**1,133.4**	1,122.0	+1.0%
Operating Gross Profit[1]	**714.9**	708.4	+0.9%
Operating Gross Profit margin	***40.54%***	*40.78%*	(24bps)
Cash Cost of Doing Business[1]	**(569.6)**	(536.2)	+6.2%
Cash Cost of Doing Business/Sales	***32.30%***	*30.87%*	+143bps
EBITDA	**145.3**	**172.2**	**(15.6%)**
EBITDA margin	*8.24%*	*9.91%*	*(167bps)*
Depreciation and amortisation	(45.1)	(45.6)	(1.1%)
EBIT	**100.2**	**126.6**	**(20.8%)**
EBIT margin	***5.68%***	*7.29%*	(161bps)
Interest	(11.4)	(11.1)	+2.7%
Net Profit Before Tax	**88.8**	**115.5**	**(23.1%)**
Tax	(26.6)	(34.7)	(23.1%)
Net Profit After Tax (NPAT)	**62.2**	**80.8**	**(23.1%)**

Table 2: Balance Sheet as at 24 January 2015

	January 2015 $m	January 2014 $m
Inventory	375	351
Other Assets	64	57
Less Creditors	(474)	(466)
Less Other Liabilities	(202)	(199)
Net Trading Investment	**(237)**	**(257)**
Property	25	25
Fixed Assets	476	471
Tangible Funds Employed	**264**	**239**
Intangibles	933	929
Total Funds Employed	**1,197**	**1,168**
Debt	307	306
Less Cash	(46)	(76)
Net Debt	**261**	**230**
Equity	936	938
Total Investment	**1,197**	**1,168**

Table 3: Other Statistics and Financial Ratios

	1H 2015	1H 2014
Capital Expenditure (gross)	$43m	$32m
Return on Total Funds Employed[2]	11.31%	17.20%
Gearing	21.84%	19.69%
Net Debt/EBITDA[2]	1.16x	0.80x
Fixed Charges Cover[2,3]	1.84x	2.16x
Stock turn (times)	3.5	3.5
Creditor Days	73 days	70 days

Table 4: Shares and Dividends

	1H 2015	1H 2014
Shares on Issue[4]	585.7 million	584.8 million
Basic EPS	10.6 cents	13.8 cents
Dividend per share	7 cents	9 cents

[1] *To better reflect the nature of certain items of income and expense the income statement includes a reclassification of those items from Operating Gross Profit to Cash Cost of Doing Business. This is in line with the reclassification disclosed in the FY2014 full year results. Please refer to slide 24 in the presentation for details.*

[2] *Calculated on a rolling 12 months basis*

[3] *Calculated as EBITDAR / (net interest expense + fixed rental expense)*

[4] *Weighted average number of shares*

2015 HALF YEAR RESULTS

Thursday 19 March 2015

RICHARD UMBERS
CEO and Managing Director
MARK ASHBY
Chief Financial Officer

MYER

2015 HALF YEAR RESULTS

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Looking forward

MYER

RICHARD UMBERS
CEO and Managing Director

2015 HALF YEAR RESULTS

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MARK ASHBY
Chief Financial Officer

1H FY2015 FINANCIAL OVERVIEW

- Sales growth disappointing given completed initiatives
  - 1H sales up 1.5% to $1,763 million (comparable store sales up 0.9%)
  - Q2 sales up 2.5% (comparable store sales up 1.0%), January sales up 3.9%
- Operating gross profit up 0.9% to $715 million
- Operating gross profit margin down 24 bps to 40.54% reflecting:
  - Increased pricing pressure in a highly competitive retail environment, depreciation of AUD, mix impact from lower margin categories
- Cash CODB up 6.2% to $570 million as flagged in September 2014
  - Underlying cost inflation, investment in key initiatives
- NPAT down 23.1% to $62 million
- Interim dividend of 7 cents, fully franked

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1H FY2015 OPERATIONAL HIGHLIGHTS

- Strong execution of strategic initiatives pre Christmas
  - Two store openings, four major refurbishments launched
  - 'Giftorium' Christmas concept
  - Brand relaunch, 'find wonderful'
- Strengthened omni-channel offering
  - Key metrics improved, strong growth in online sales
  - Improved presentation, functionality and stability of website
  - Strong in-store sales via iPads, increasing take up of Click & Collect
- Continued focus on improving customer service
  - Strengthened frontline management in store
- New Australian & international brands secured

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1H FY2015 SALES PERFORMANCE

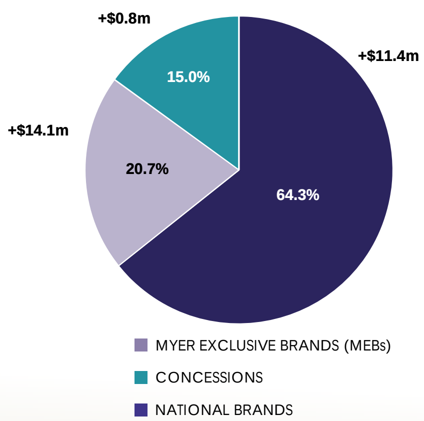
Sales drivers:

- Growth across National brands, MEBs, Concessions, sass & bide
- Cosmetics, Menswear, Childrenswear, Toys, Entertainment
- New and refurbished stores, Giftorium, continued online sales growth
- Strong Stocktake sale
- Comparable store sales growth in 10 of the last 11 quarters

Offset by:

- Challenging trading conditions, particularly during first half of Q2 including early December
- Continued challenges in Womenswear
- Disruption from Macquarie and Miranda refurbishments
- Pacific Fair centre refurbishment

SALES GROWTH ($) AND MIX (%)



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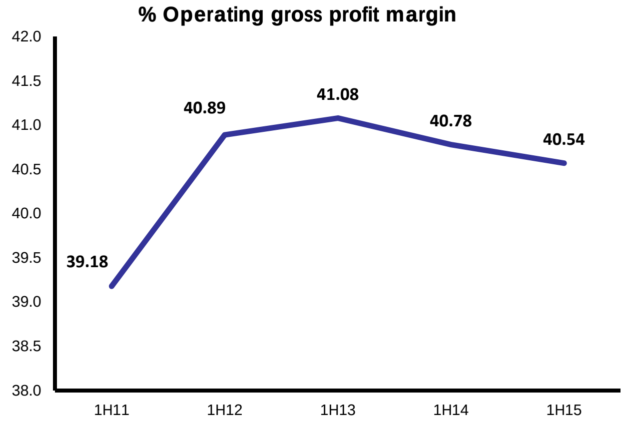
OPERATING GROSS PROFIT MARGIN*

Margin-enhancing drivers

- Positive mix impact from MEBs sales growth

Offsetting factors

- Pricing pressure across merchandise portfolio
- Highly competitive environment
- Depreciation of AUD
- Mix impact from lower margin categories



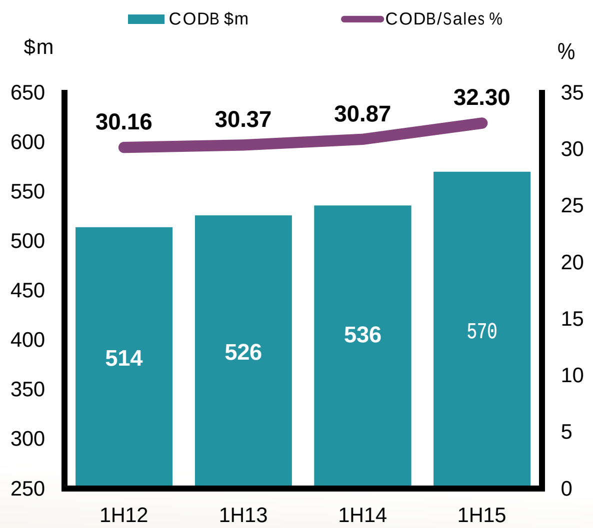
*Refer slide 20 for OGP to cash CODB reclassification

"OPERATING GROSS PROFIT MARGIN RESULT REFLECTS COMPETITIVE TRADING ENVIRONMENT"

CASH COST OF DOING BUSINESS*

Previously flagged cash CODB increases:

- $20m additional investment in 1H reflecting:
  - Brand relaunch
  - New stores, refurbished stores
  - IT infrastructure
  - Omni-channel initiatives
  - Merchandise initiatives



*Refer slide 20 for OGP to cash CODB reclassification

WORKING CAPITAL

- Increased stock levels reflected:
  - Increase in stock held for new and refurbished stores
- Aged inventory fell 4.7%
- Inventory turns flat at 3.5 times
- Creditor days improved to 73 days (1H FY2014: 70 days), partly due to timing

"INVENTORY REMAINS WELL MANAGED"

KEY CREDIT METRICS

Key credit metrics	24 January 2015	Bank covenants
Net debt / EBITDA [1]	1.16x	<2.5x
Fixed charge cover [1, 2]	1.84x	>1.65x
Shareholders' equity	$936m	>$500m

[1] Calculated on a 12 month rolling basis

[2] Fixed charge cover is calculated as EBITDAR / (net interest expense + fixed rental expense)

"SIGNIFICANT HEADROOM IN COVENANTS"

2015 HALF YEAR RESULTS

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MARK ASHBY
Chief Financial Officer

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FY2015 OUTLOOK

- February and March sales below expectations
- February operating gross profit margin result and March sales trend has led the Company to revise financial year 2015 expectations:
  - Growth in 2H total sales of 3-4% vs. 2H FY2014
  - Decrease in 2H operating gross profit margin of 15-30bps vs. 2H FY2014
  - Increase in 2H total costs of approximately $15 million (excluding one-off costs of $7 million relating to strategic review) vs. 2H FY2014
  - 2H FY2015 NPAT of $13-18 million (2H FY2014 $17.5 million)
  - FY2015 NPAT of $75-80 million, excluding one-off costs
  - Capital expenditure $70-75 million (gross), $52-57 million (net)
  - No change to Board target dividend payout ratio of 70–80%

Assuming no deterioration in trading conditions, and excluding benefits or costs associated with implementation of strategic review initiatives

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OUTLOOK 12

2015 HALF YEAR RESULTS

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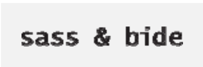
RICHARD UMBERS
CEO and Managing Director

OUR RECENT JOURNEY – REPOSITIONING THE BUSINESS

sass & bide acquisition completed – Sept 2013



Strengthened leadership team – Aug 2014

Brand relaunch – Oct 2014

Mt Gravatt opened – Oct 2014

Joondalup opened – Nov 2014

Giftorium – Nov 2014

New customer communications creative – Jan 2015

Hurstville closure – Jan 2015

New CEO – Mar 2015

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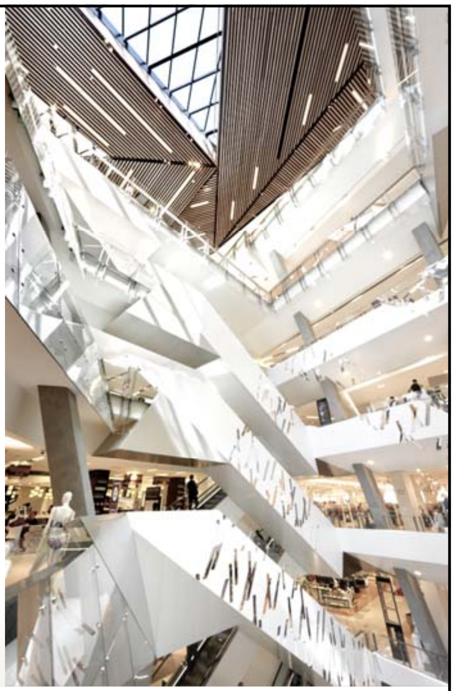
REINVIGORATING OUR OFFER

- Strategic review underway
  - To respond to changing customer behaviour and retail landscape
- Target outcome is an operational model better leveraged to reward shareholders by
  - Delivering a sustainable earnings growth
  - Yielding strong returns above investment hurdles
- Positioning Myer for a sustainable, profitable future



"CREATING WONDERFUL SHOPPING EXPERIENCES"

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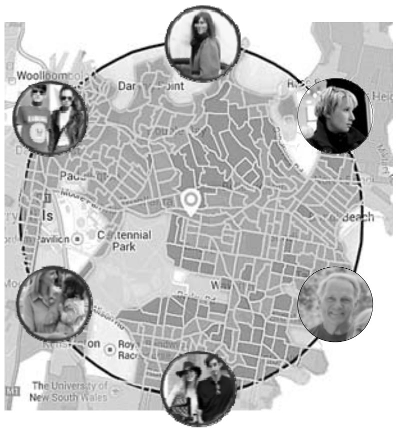
EXTENSIVE CUSTOMER ANALYSIS

- Well advanced on extensive research to better understand our current and future customers
  - ~50,000 shoppers surveyed (internal and external sources), multiple segments and demographics
  - All store catchments analysed
- Emerging insights that will help us
  - Become more relevant for our customers
  - Respond faster, benefit from globalisation and digitisation forces
  - Win back market share



"DEEP UNDERSTANDING OF OUR CUSTOMER INFORMS NEW THINKING"

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TRANSFORMING THE BUSINESS

- Immediate focus on reversing the trend of 1H and recalibrating the business for growth
- Enablers
  - Customer driven decision making
  - Merchandise assortment and in-store services
  - Data and digital
  - Asset and cost productivity

  Underpinned by strong execution and organisational capability
- Shareholder value creation is key, rigorous return on investment hurdles

"BRINGING THE LOVE OF SHOPPING TO LIFE"

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LOOKING FORWARD **17**

2015 HALF YEAR RESULTS

Thursday 19 March 2015

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HISTORICAL SALES INCLUDING CONCESSIONS

	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15
Total sales $m	652.5	759.9	691.1	1,046.0	646.5	759.4	691.6	1,071.8
Total Sales growth	+0.5%	-0.8%	+0.4%	+0.2%	-0.9%	-0.1%	+0.1%	+2.5%
LFL sales growth*	+0.4%	-1.6%	+0.4%	+1.7%	+0.2%	+2.1%	+0.7%	+1.0%

Notes:
** In the like-for-like methodology (comparable store sales) sales for refurbished stores are excluded for the period of refurbishment only. Also excluded are new and closed stores.*

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OPERATING GROSS PROFIT CASH CODB RECLASSIFICATION

To better reflect the nature of certain items of income and expense in the profit and loss statement, we have reclassified certain items from Operating Gross Profit (OGP) to cash Cost of Doing Business (cash CODB). This adjustment has resulted in the reclassification of certain items previously included in the Other Income line into Other Operating Revenue or Cost of Goods Sold (where items previously classified as Other Income relate to trading activities). The remaining items previously included within Other Income as part of OGP have been reclassified to cash CODB (where they relate to cost recovery, rebates associated with overhead costs, or non-trading income items).

$m	1H15	1H14	1H13	1H12	1H11
Operating Gross Profit previous classification	-	712.1	714.0	698.3	702.6
% margin	-	*41.00%*	*41.21%*	*40.98%*	*40.54%*
Adjustment	-	(3.7)	(2.4)	(1.5)	(23.5)
Operating Gross Profit revised classification	714.9	708.4	711.6	696.8	679.1
% margin	*40.54%*	*40.78%*	*41.08%*	*40.89%*	*39.18%*

$m	1H15	1H14	1H13	1H12	1H11
Cash Cost of Doing Business previous classification	-	539.9	528.6	515.4	499.4
% margin	-	*31.08%*	*30.51%*	*30.25%*	*28.82%*
Adjustment	-	(3.7)	(2.4)	(1.5)	(23.5)
Cash Cost of Doing Business revised classification	569.6	536.2	526.2	513.9	475.9
% margin	*32.30%*	*30.87%*	*30.37%*	*30.16%*	*27.46%*

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DISCLAIMER

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