

18 NOVEMBER 2016

2016 ANNUAL GENERAL MEETING  
MURAL HALL, MYER MELBOURNE

## THE AGENDA

Chairman's address

**CEO update**

Panel discussion

Remuneration address

Formal business

Meeting concludes

# New Myer progress update: Seeing Myer in a New Light

- Over 850 new or upgraded wanted brand destinations
- 7.2% improvement in Net Promoter Score in Flagship and Premium stores driven by service investment
- 74% growth in omni-channel sales with profit growing well ahead of sales
- Store exits, space hand backs and refurbishments to improve productivity
- Opened new Werribee store
- 'New Myer' Warringah store now open
- Significant investment in building internal capability and specialist skills

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# FY2016 NPAT in line with guidance

- Sales up 2.9%\* to \$3,289.6 million, up 3.0%\*\* on a comparable store basis
- Comparable store sales in Flagship and Premium stores in Victoria and NSW increased by 5.6%
- Operating gross profit margin 164 basis points lower reflecting strong concession sales and lower Myer Exclusive Brand sales
- Disciplined cost focus led to 93 basis points reduction in CODB/sales
- Operating cash flow improved by \$36 million
- FY2016 NPAT of \$69.3 million in line with guidance
- Statutory NPAT of \$60.5 million (post implementation costs associated with New Myer of \$8.8 million post tax )
- Final dividend of 3.0 cents per share fully franked

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*\* On a 52-week basis, total sales were up 1.6% to \$3,245.9 million*

*\*\* Comparable store sales are on a 52-week basis, new and closed stores are excluded and sales for refurbished stores are excluded for the period of refurbishment only.*



# First year of progress on the Metrics that Matter

	NEW MYER TARGET METRICS	FY2016
SALES	Target average sales growth greater than 3% between 2016 - 2020	FY2016 sales up 2.9%
SALES / SQM	Target greater than 20% improvement by 2020	Sales per square metre increased by 5.6%
EBITDA	Target EBITDA growth ahead of sales growth by 2017	EBITDA down by 7.6% Total sales up 2.9%
ROFE <sup>1</sup>	Target ROFE greater than 15% by 2020	ROFE 9.1%

# A strategy recap: New Myer delivers a sharper and more focused offer to serve a more valuable customer driving productivity and growth



# Delivered across four clear strategic priorities

1	CUSTOMER LED OFFER	2	WONDERFUL EXPERIENCES	3	OMNI-CHANNEL SHOPPING	4	PRODUCTIVITY STEP CHANGE
	<ul style="list-style-type: none"><li>- Cluster optimisation</li><li>- Category optimisation</li><li>- Brand optimisation</li><li>- Channel optimisation</li><li>- Localisation</li><li>- Supplier collaboration</li></ul>		<ul style="list-style-type: none"><li>- Elevated Visual Merchandise</li><li>- Dwell spaces</li><li>- Improved fitting rooms</li><li>- Enhanced Myer Hub</li><li>- Signature service</li><li>- Trained and capable staff</li><li>- Targeted customer engagement</li></ul>		<ul style="list-style-type: none"><li>- Strengthen online proposition</li><li>- Omni-channel experience</li><li>- Right infrastructure and operations</li></ul>		<ul style="list-style-type: none"><li>- Store network optimisation</li><li>- Flagship store emphasis</li><li>- Right sizing support office</li><li>- Cost focus and efficiency focus</li></ul>
<b>UNDERPINNED BY ORGANISATIONAL CAPABILITY</b>							
	<ul style="list-style-type: none"><li>- Efficient operating model</li></ul>		<ul style="list-style-type: none"><li>- Execution focused culture</li></ul>		<ul style="list-style-type: none"><li>- Technology, processes, systems</li></ul>		<ul style="list-style-type: none"><li>- Strengthened balance sheet</li></ul>

# New Myer is anchored around brands that our customers love...

- Successfully introduced over 850 new or upgraded wanted brand destinations including Seed, Mimco, TOPSHOP TOPMAN, French Connection, Industrie, Jack & Jones, Veronika Maine
- New brands announced: SABA and Oroton
- Exclusive Australian partner for John Lewis homewares
- Improved brand destinations including Mecca, Country Road, Ben Sherman, G-Star and Ralph Lauren
- Denim destinations being rolled out to priority stores
- Strengthened MEB Master Brands offer now in six stores, to be extended to 40 stores for Piper and Basque
- Exited over 150 brands

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## ...and is delivered in stores tailored to their local community

- Recently refurbished Werribee store demonstrates Mainstream store concept
- Store reflects local customer demographics, shopping habits
  - New store design and layout
  - 80 new brands introduced including TOPSHOP TOPMAN
  - Expanded Childrenswear, Youth, Travel Goods and Toys
  - Home decorator destination
  - In store cafe
  - Technology enhanced customer service
  - The Myer Hub combines Click & Collect, Shop and Drop, free Wi-Fi, gift registry



# Better customer service delivered by a stronger, and more capable team

- Increased Net Promoter Score by 6.0% reflecting improved service
  - Improved roster flexibility to match peak trading
  - Localised workforce aligned to local catchments
  - Savings from voluntary redundancies reinvested in additional hours
  - Store upgrades including improved visual merchandising, lighting, and change rooms
  - Commenced rollout of new mannequins, fixtures, trend galleries, feature lighting in priority stores



Department Store  
of the Year 2015

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# New Myer's omni-channel focus is delivering step change improvements...

- 74% growth in omni-channel sales with profit growing even faster than sales due to:
  - Customer experience improvements driving increased conversion
  - Sales via 2,500 iPads in store increased by 117%
  - launch of the Myer eBay store
- Productivity improvements in order fulfilment reduced omni-channel CODB by 25%
- Click & Collect now represents 9% of omni-channel sales
- Technology enhances in-store customer experience e.g. shoe finder app
- Launched World's First Virtual Reality Department Store with eBay

AWARDED:

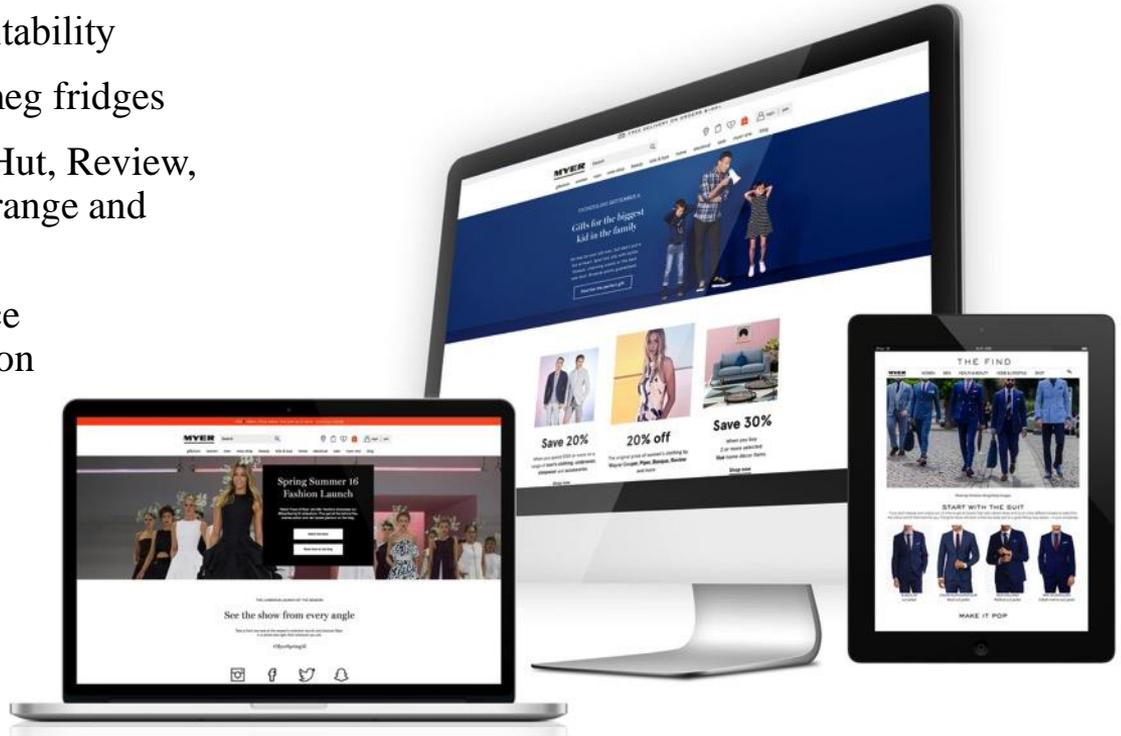
*"Top Department Store Retailer in recognition of outstanding achievement in digital retail"*

POWER RETAIL



# Customers are increasingly shopping our online store

- Over 60 million visits to **myer.com.au** website
- Focus on ‘right ranging’ to improve profitability
- Introduced new categories online e.g. Smeg fridges
- Launched concessions online (Sunglass Hut, Review, Alan Pinkus, Rodd & Gunn) to broaden range and enable range extension
- Improved pathway to purchase experience leading to 33% improvement in conversion
- Online redemption of gift cards
- Increased Search Engine Marketing to drive traffic



# Optimising our store network to improve productivity

- Confirmed plans to exit stores at Brookside, Orange and Wollongong in FY2017 and Logan in FY2018
- Not proceeding with Coomera, Tuggerah, Darwin
- Space hand back at Cairns, Blacktown and Castle Hill
- Opened new Werribee store with localised offer
- Opened new Warringah store, new benchmark in contemporary retailing
- Refurbishments and upgrades planned at stores including Melbourne, Sydney, Maroochydore, Eastland, Doncaster, Chatswood, Castle Hill and Pacific Fair
- A total of 5.9% reduction in SLA\* footprint delivered or committed in first year of New Myer strategy

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\* Selling Leasable Area



# Q1 FY17 sales +0.6%, up 1.6% on a comparable stores basis

- Total sales were up 0.6% to \$719.2 million,
- On a comparable stores sales basis, sales were up 1.6%
- Comparable store sales in Flagship and Premium stores increased by 2.8%
- Comparable store sales have now increased in last five quarters under New Myer strategy
- Q1 FY16 included a Spring Clean clearance for exited brands supported by significant markdowns
- Sales per square metre increased by 6.0% in Q1 FY17 (rolling 12 month basis)



# Sydney Wonderland: bringing retail to life through theatre

- Capturing the magic of shopping
- A retail destination like no other to create lasting memories
- Level 6 in Sydney City transformed with toys, childrenswear, gifting, eventing and theatre into a new destination for the whole family
- Rocket ship lift with video screens
- First phase of Sydney City revitalisation

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# Warringah: a new industry benchmark in contemporary department store retailing

- A store designed around the customer, for the customer
- First true embodiment of New Myer through:
  - Localisation
  - Customer service
  - Technology and innovation
- Innovative store design to reflect a localised northern beaches lifestyle
- Over 160 newly recruited team members, local talent
- Personal Shopper with international experience, new change room stylists
- Enhanced dwell spaces including café, full service barber

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# FY2017 – Delivering on the metrics that matter

- We will continue the rapid rollout of New Myer initiatives with a significant pipeline of capital investment planned
- Wanted brands roll out to continue
- MEB Master Brands strategy to be rolled out to 40 stores
- Exit of stores at Brookside, Orange and Wollongong
- Space hand backs at Cairns and Blacktown
- Refurbishments and upgrades planned at stores including Melbourne, Sydney, Maroochydore, Eastland, Doncaster, Chatswood, Castle Hill and Pacific Fair
- Expect EBITDA growth to exceed sales growth from FY2017 and a return to NPAT growth (pre and post implementation costs), assuming no significant deterioration in consumer sentiment



*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 Financial Statements in the Annual Report 2016. Q1 FY2017 numbers are unaudited. The information provided is general information only and does not purport to be complete. It should be read in conjunction with Myer's other periodic and continuous disclosure announcements. Myer does not make any representation or warranty, express or implied, as to the fairness, accuracy, correctness or completeness of the information, opinions and conclusions contained in this presentation. This information is subject to change without notice. Subject to applicable law, Myer does not undertake to update any information. To the maximum extent permitted by law, Myer and its related bodies corporate and affiliates and each of their respective directors, officers, employees or agents, disclaim any liability (including, without limitation, any liability arising out of fault or negligence) for any loss or damage arising from any use of this information, including any error or omission, or otherwise arising in connection with it. This material may include "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, sales and financial performance are also forward-looking statements. These statements are based on present economic and operating conditions, and on a number of assumptions regarding future events that, at today's date, are expected to take place. Forward-looking statements are not guarantees of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are outside Myer's control. As such, Myer's actual results may differ materially from the results or forward-looking statements expressed or anticipated in this material.*

*Readers are cautioned not to place undue reliance on forward-looking statements, which are current only as at today's date*

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