

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*

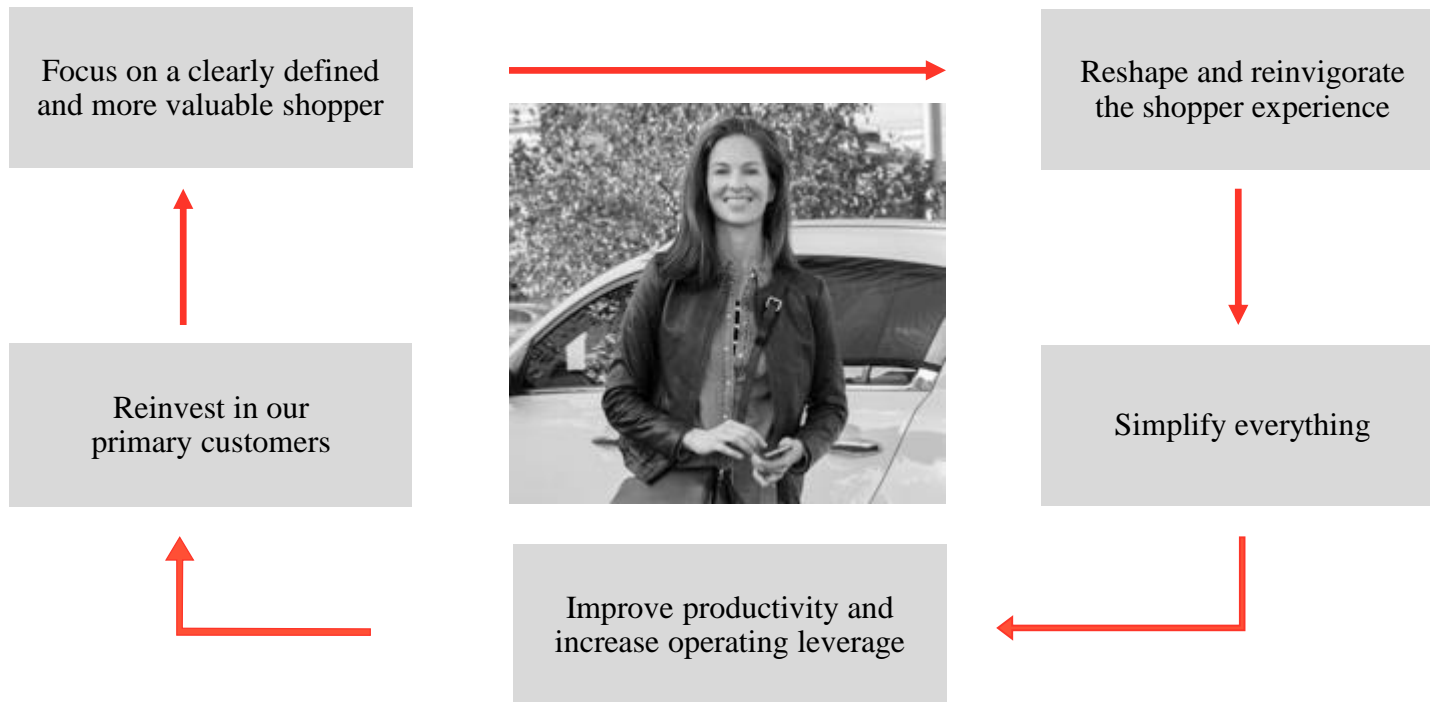
*** Comparable store sales are on a 52-week basis, new and closed stores are excluded and sales for refurbished stores are excluded for the period of refurbishment only.*



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

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:

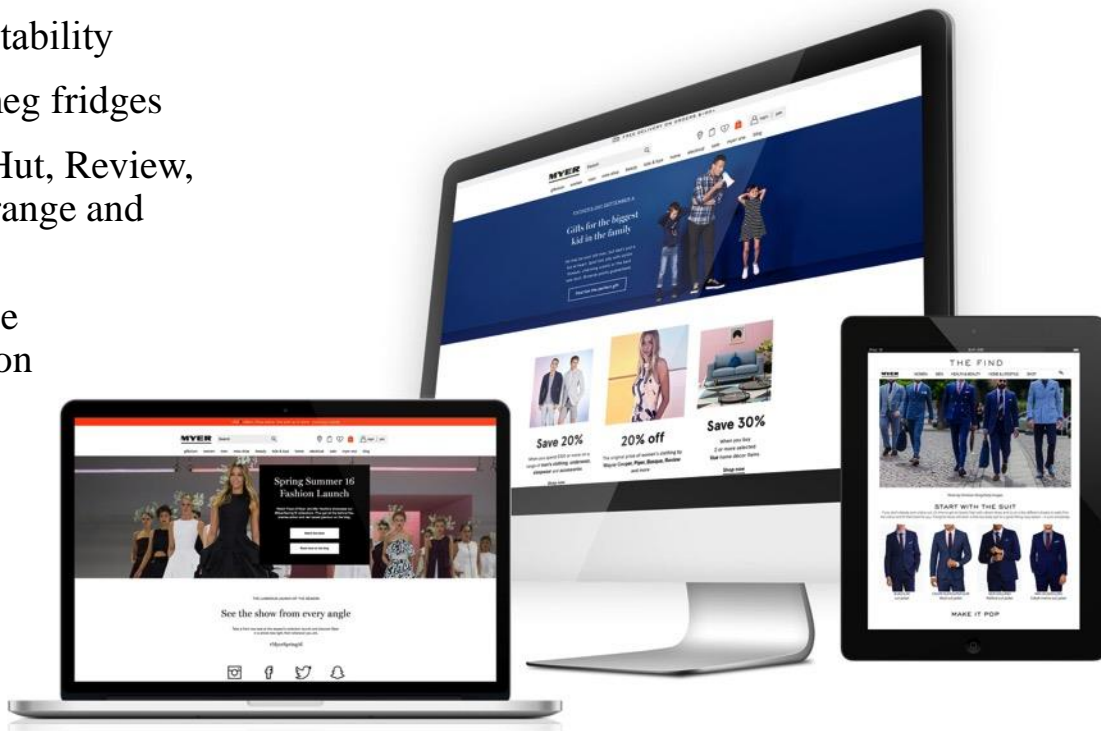
“Top Department Store Retailer in recognition of outstanding achievement in digital retail”

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

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