

2021 | ANNUAL GENERAL MEETING

VIRTUAL MEETING AT:
<https://agmlive.link/MYR21>

MYER
MY STORE

JOHN KING

CEO ADDRESS

- FY21 RESULTS • CUSTOMER FIRST PLAN MOMENTUM
- CHRISTMAS / TRADING • SUMMARY

Trading	Result	Strengthened Balance Sheet	Customer
<ul style="list-style-type: none"> • Total sales¹ up 5.5% to \$2,658.3 million, held back by forced store closures • Group online sales² up 27.7% to \$539.5 million; 20.3% of total sales • Comparable total sales³ up 0.9%; 8.4% in 2H21 • CODB⁴ up 2.0% to \$665.7 million, down 87bps as a percent of total sales • Government subsidies and rent waivers provided support, predominantly in 1Q21 	<ul style="list-style-type: none"> • EBIT⁴ increased 117.0% to \$170.5 million • Net profit after tax⁴ of \$51.7 million • Statutory profit after tax of \$46.4 million, up from a statutory loss of \$172.4 million • Implementation costs and Individually Significant Items (ISIs) post-tax were \$5.3 million 	<ul style="list-style-type: none"> • Net cash positive \$111.8 million, \$103.9 million improvement YoY • Revolving working capital tranche of debt facility not required during FY21 • Inventory turns improved to 3.87x, up from 3.13x in FY20 • Substantial headroom in banking covenants • Dividend continues to be suspended 	<ul style="list-style-type: none"> • Record level of in-store Customer Satisfaction • Record level of Online Net Promoter Score • Ranked 7th Roy Morgan Most Trusted Brands index 2021 • Strong Myer One acquisition growth and engagement (tag rate)

¹ Revenue from sale of goods excluding concession sales and sales revenue deferred under customer loyalty program was \$2,116.5 million (FY20: \$2,047.9 million)

² Group online sales includes sass & bide and Marcs and David Lawrence. Excludes sales via in-store iPads

³ In addition to the historical definition of comparable sales, stores closed during COVID-19 have been removed from both the current and previous year to obtain comparable sales. Where a store was closed mid-week, the week in which the store closed has been removed. On reopening, the store has been included from the first full week of trade ; ⁴ Excluding implementation costs and individually significant items

2H highlights – strong finish to the first 3 years of the Plan

A more resilient business because of the Customer First Plan

- Company returned to profitability in 2H21¹, first time since FY17
- Comparable total sales² improved as year progressed: 2H21 up 8.4% (Q3 up 5.8%; Q4 up 10.9%)
- B&M network traded well, when stores were able to trade
- Our team members continue to deliver outstanding service in a challenging environment, as measured by record customer service satisfaction scores
- Inventory position significantly improved; actively managed lockdown impacts
- Remained in a positive net cash position throughout 2H21

Progressed key initiatives to deliver benefits in the next 3 years

- Exceeded \$0.5 billion annual Group online sales³
- National Distribution Centre (NDC) announced for FY23 opening
- Exited Knox store, re-launched Cairns, Belconnen and Morley post space reduction

But the COVID-19 challenge remains

- Footfall in CBD's continues to suffer from restrictions, remote working and lack of tourism
- Supply chain disruption during peak trading periods is being closely managed



¹ Net Profit After Tax pre Implementation Costs and Individually Significant Items; pre AASB 16

² In addition to the historical definition of comparable sales, stores closed during COVID-19 have been removed from both the current and previous year to obtain comparable sales. Where a store was closed mid-week, the week in which the store closed has been removed. On reopening, the store has been included from the first full week of trade

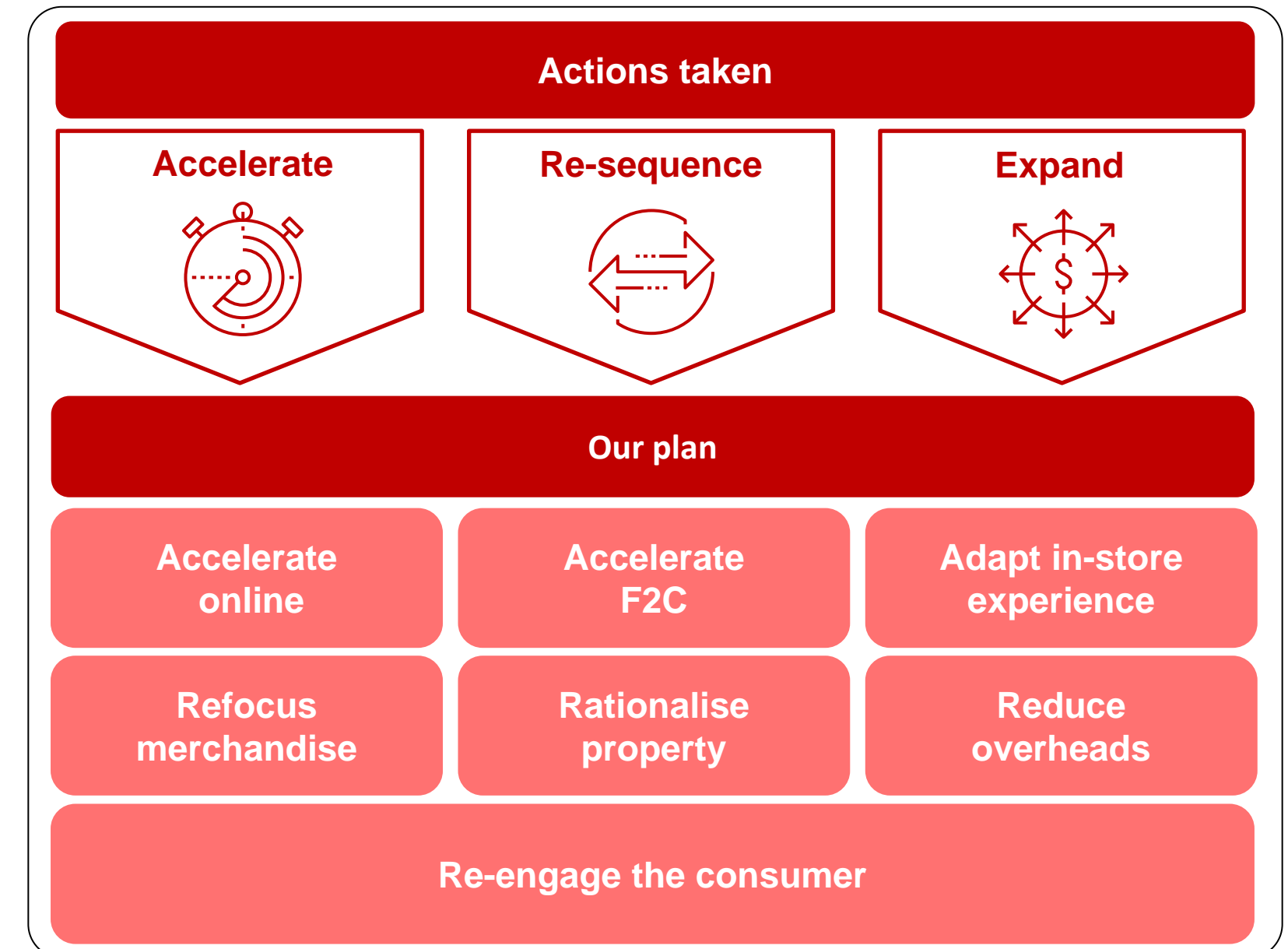
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The first 3 years of Customer First Plan is delivering on its objectives

- We have made strong progress against the plan since 2019 despite the challenges of COVID-19
- The Customer First Plan will continue to evolve over the coming years

Our Plan	Progress
Accelerate Online	<ul style="list-style-type: none"> • Delivered strong growth and scale • Improved NPS and conversion
Accelerate F2C	<ul style="list-style-type: none"> • 3PL facility opened, lower cost per order • National Distribution Centre to open in FY23
In-store Experience	<ul style="list-style-type: none"> • Customer satisfaction scores materially higher • Improved store formats and ranges
Re-focus Merchandise	<ul style="list-style-type: none"> • Higher margins and faster stockturn • Reduction in aged and clearance inventory
Rationalise Property	<ul style="list-style-type: none"> • 8% reduction in space since 1H18 • Further pipeline of opportunities
Reduce Overheads	<ul style="list-style-type: none"> • Disciplined management of costs • Deleveraged balance sheet

COVID-19 overlay



Accelerate online: building on success

Initiatives Undertaken

Significantly Scaled Online



- Driven significant growth, now one of largest online retailers in Country
- Increased share of our core business from 7% to 20%

Improved User Experience



- New website / checkout / mobile interface now handles peak trade
- Integrated systems
- Improved IT capacity

Fulfilment experience improved at lower cost



- 3PL opened in September 2020
- Multi-carrier last-mile delivery solution

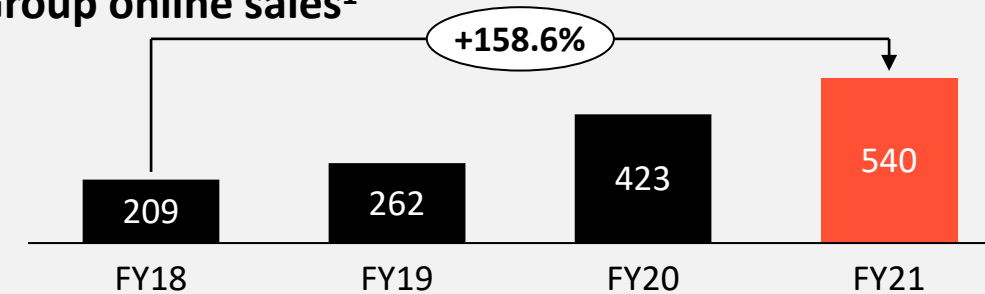
Improved Merchandise Offering



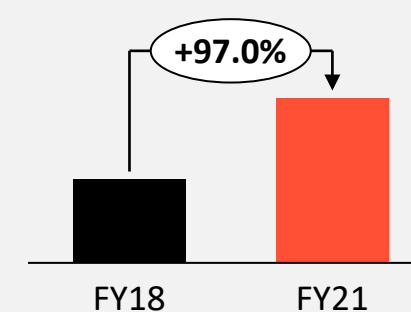
- More range and brands including growing marketplace offering
- Data-led ranging of brands in response to performance and customer feedback

Results and Benefits

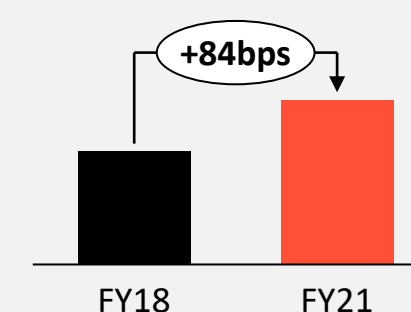
Group online sales¹



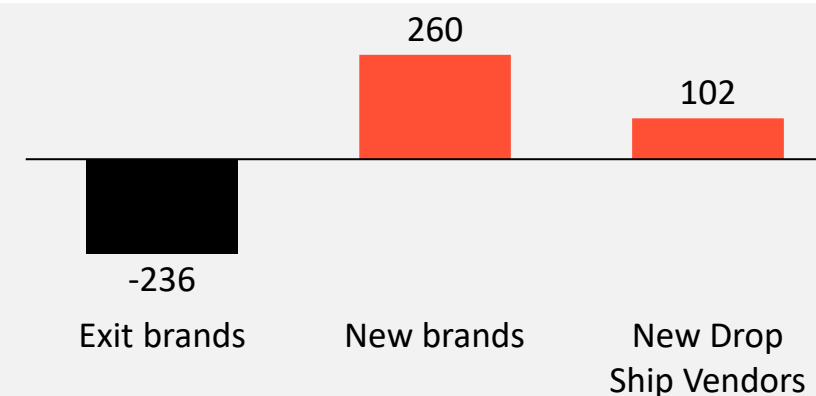
Net Promoter Score (NPS)



Conversion



- 2.2 million units fulfilled since opening
- 6.0% reduction in cost per order yoy



Future Growth and Expansion

- Continued acceleration into customer experience and multi - channel capabilities
- Expanding and introduction of new online partnerships to deliver scale and audience growth
- Continuing to expand range Online through marketplace and brand extensions
- Improving delivery options and speed (particularly following rollout of NDC)
- Upgrading technology stack to enable seamless interface between Myer.com and MYER one programs

Factory to Customer (F2C): NDC is transformational for Myer

- National Distribution Centre (NDC) is the next phase of F2C – Improvements to Online (3PL / Multicarrier) and to international freight arrangements have already delivered cost and customer experience benefits however NDC implementation will be a transformational improvement
- Phased investment that will underpin a future online business in excess of \$1 billion in sales
- New facility will be a centralised fulfilment centre for Online orders; also allowing central replenishment of our Bricks & Mortar stores
- Sophisticated technical solutions that allow for space maximisation and minimal stock movements, whilst offering scalability for future growth
- Build completion expected in 2H22 with go-live scheduled early FY23
- Includes implementation of several sustainability initiatives including solar energy, grey water recycling and rain water harvesting



Engaging the Consumer through improved loyalty and personalisation

Initiatives Undertaken

Improved new member acquisition (New members)



- Over 860k new members signed up since start of FY19 (FY21 +116% v LY)
- Over the last 3 years, the largest new member acquisition has come from a younger 18-30 y.o demographic

Deepened MYER one customer engagement (Tag Rate %)



- Significantly improved tag rate to 69.7% by enhancing MYER one visibility and CX online and in-store
- Expanded VIP events and exclusive offers for members

Increased revenue from redemptions



- Increased value to members by reducing redemption threshold from 2,000 Credits to 1,000 Credits

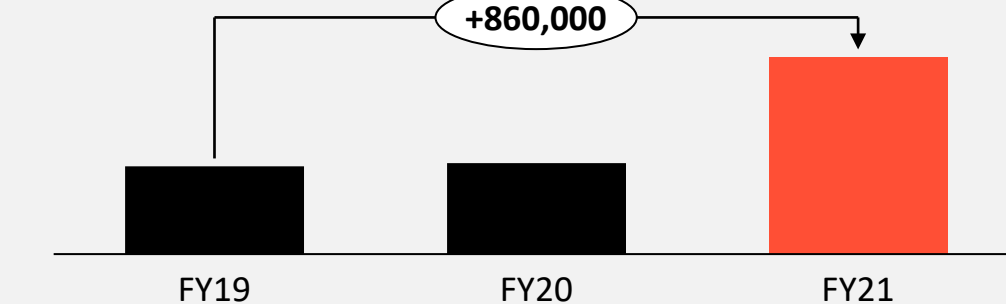
Leveraged own channels as a source of growth



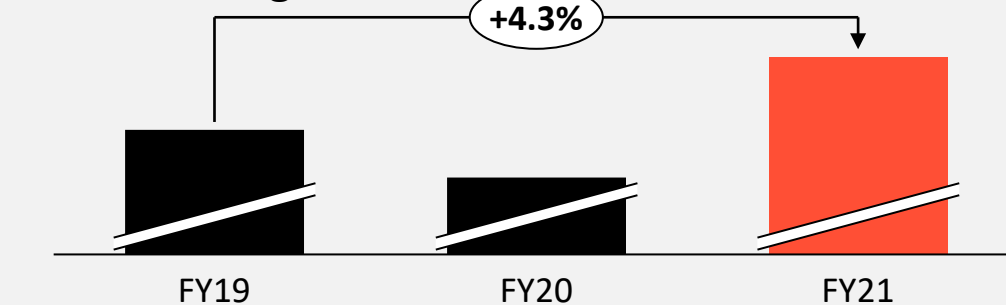
- Significantly increased incremental revenue via owned channels via channel expansion and tailored offers
- Accelerated value creation through customer lifecycle management strategies

Results and Benefits

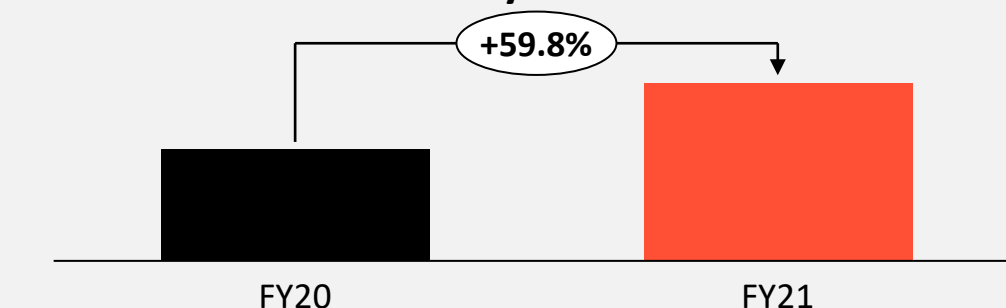
New Members



MYER one tag rate



Increase in sales from Myer rewards



Incremental Sales from own channel



Future Growth and Expansion

- Continued investment in data sciences, and leveraging technology to deliver greater customer insight, personalised experiences and offers to customers
- Accelerate growth from the core by investing in customer value management programs to increase customer lifetime value
- Monetisation of the program via greater ad-sub and partnership structure opportunities
- Re-launch MYER one – further increase member engagement and drive member acquisition by engaging customers more broadly and overtly

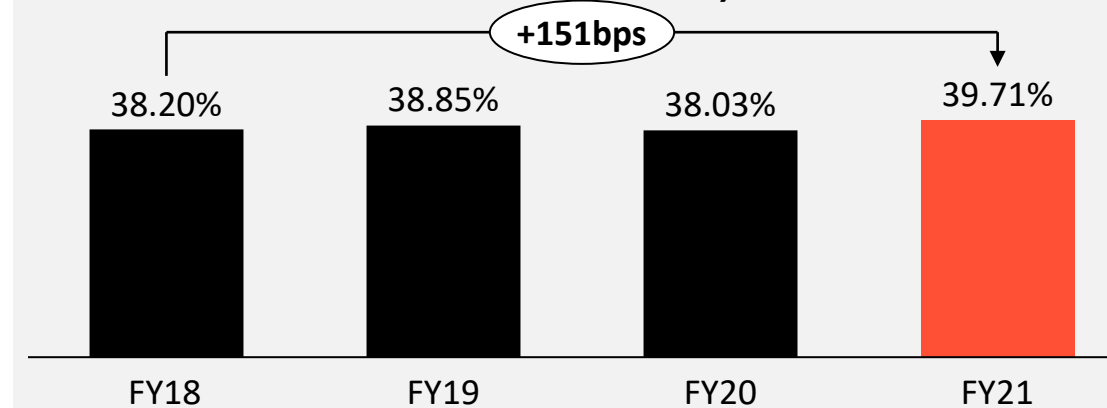
Re-Focus Merchandise: Fundamentals are strong, focus is growth

Initiatives Undertaken

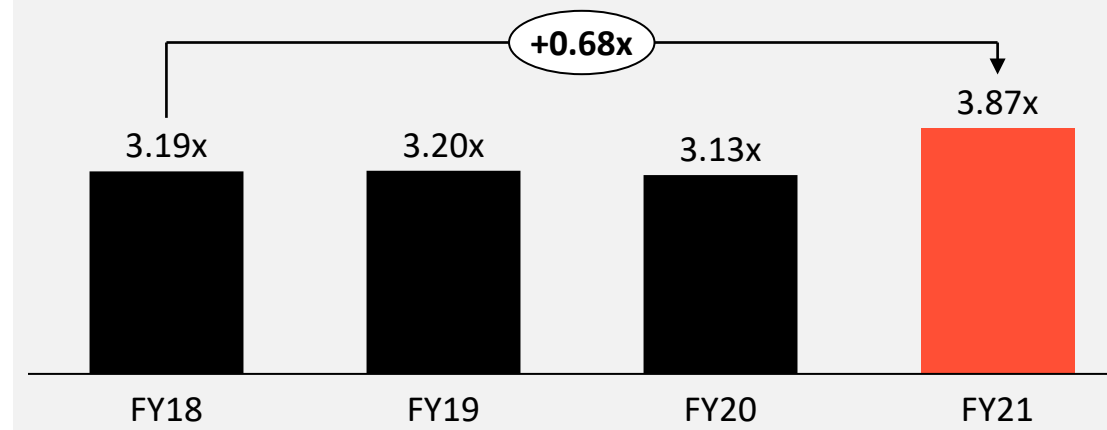
- Introduced a more disciplined merchandise cycle
- Fashion brand rationalisation >100 brands exited
- Strengthened partnerships and invested with key brands
- Shifted to in-demand categories – casual/active wear and home
- Changed merchandise models – Women's Footwear converted to Shoe HQ, now Myer's biggest concession post conversion
- Focused on event execution
- Improved clearance and promotional cadence
- Exited clearance floor concept (FY20)

Results and Benefits

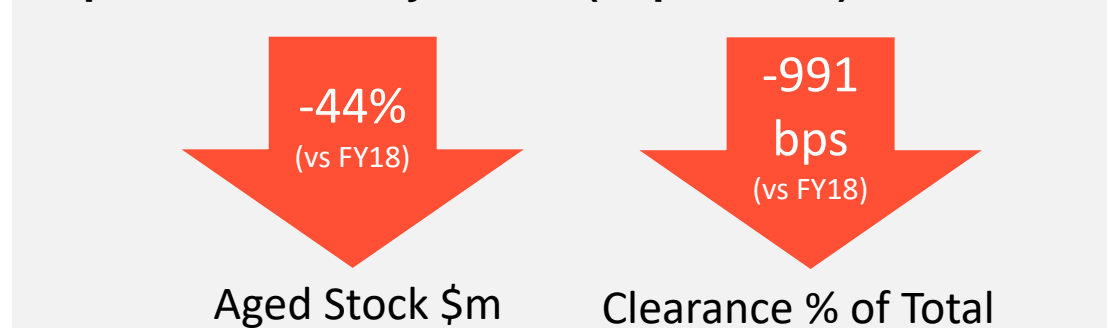
Focus on Profitable sales (OGP %)



Faster Stockturn (Dept Stores)



Improved Inventory Health (Dept Stores)



Growth Focus

Make the big bigger (Optimise Offer)

- Rationalisation of under-performing categories i.e. Tech and Lifestyle exit from 27 stores, investment in remaining stores
- Accelerating the roll-out scale of key Women's, Men's and Childrenswear brands e.g. Levis, Tommy Hilfiger, Champion, Polo Ralph Lauren
- Beauty events continue to grow in popularity

Newness (Growing Contemporary Offer)

- New Australian and International Brands that have scale – Gucci Beauté, Temple Luxe, Rockwear
- Launch of Myer Movement concept “the latest in health and fitness products”
- L.I Virtual partnership blends best of digital and physical experience
- Continue to invest in our Myer exclusive brands

Customer Experience in store has materially improved

Initiatives Undertaken

IT / Analytics solicit real-time feedback



- Utilisation of M-Metrics platform is driving continuous improvement

Technology enabled stores allows customer focus



- One Device strategy will drive back of house efficiency, allowing further front of house investment
- Fraud detection analytics, merchandise protection systems (inc. RFID) and CCTV solutions to lower shrinkage / leakage

Optimised Store Formats / Ranges



- Improved store formats without significant investment
- Key refurbishments coming: Toowoomba, Albury and a relayering of Chadstone
- Enables additional brands to be ranged in stores – e.g. Eastgardens now has key brands: Polo Ralph Lauren, YD, Forever New

Results and Benefits

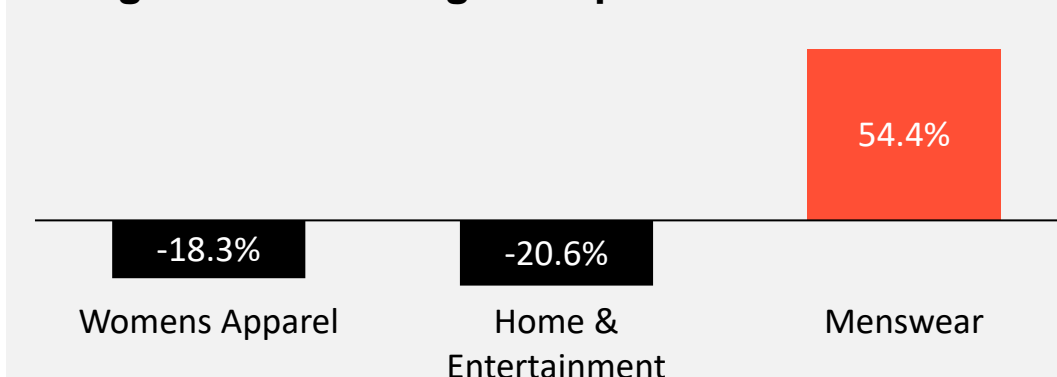
Customer Satisfaction



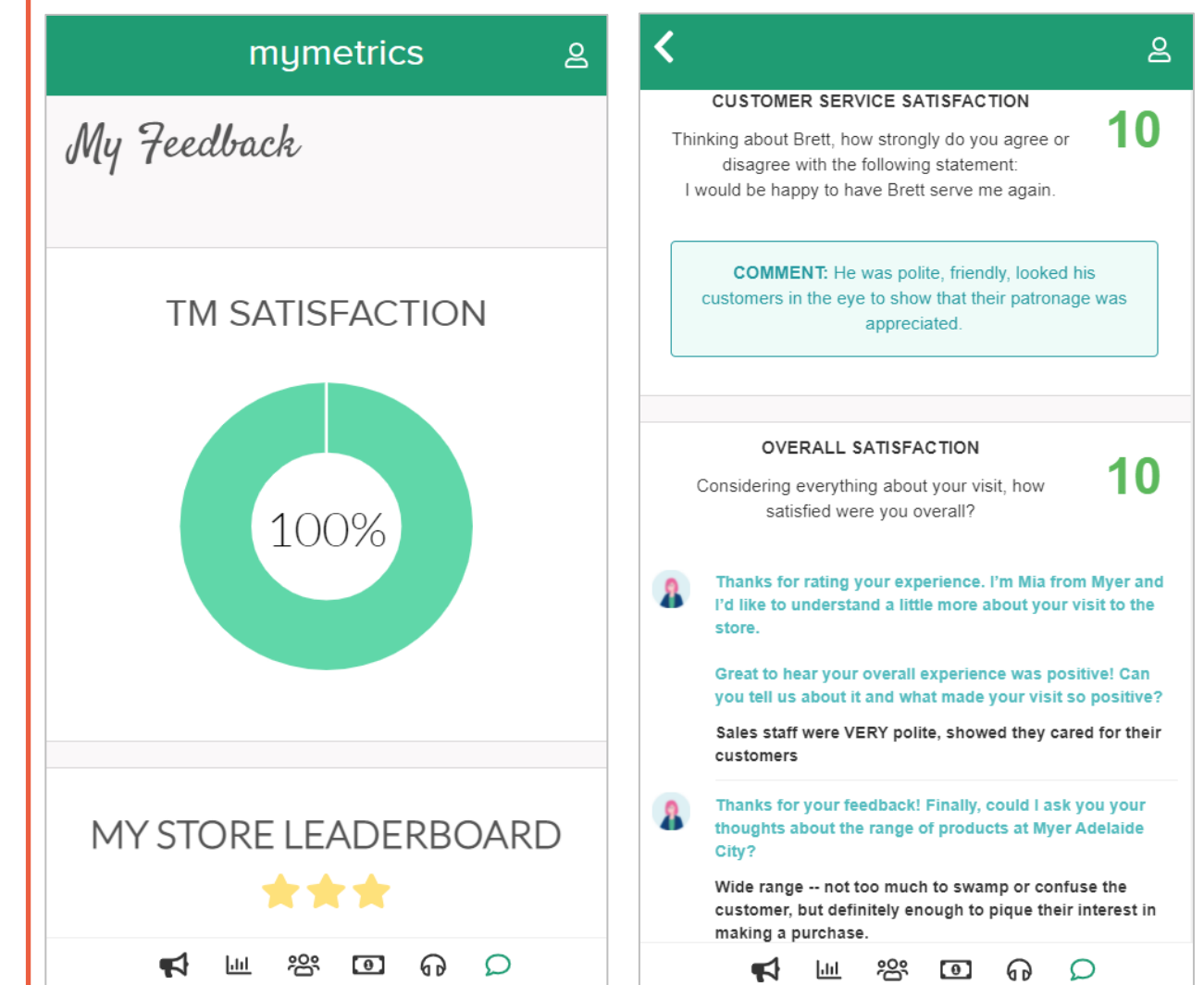
Shrinkage % to Wholesale sales (Dept Stores)



Eastgardens % change in sqm



M-Metrics



Space reductions contribute to optimising profitability as part of our Omni-channel strategy

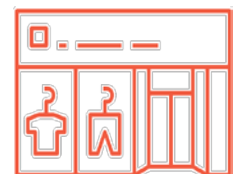
Initiatives Undertaken

Space Reduction



- 83,000m2 (8%) of space reduction exited or announced since 1H18; including 42,091m2 in FY21
- Further 70,000m2 in the pipeline
- Landlord negotiations ongoing for support during Q4 lockdowns; financials reflect support in Q1 FY21 only
- Reduction in WALE to 10.2 years from 12.1 years at July 2018

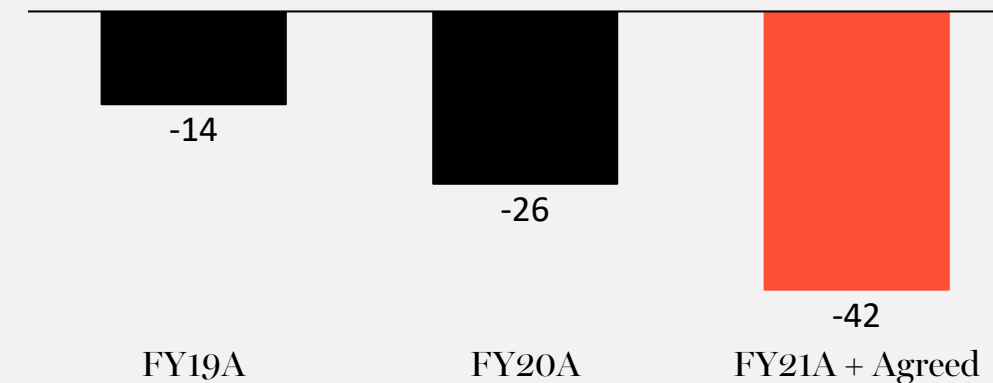
Improved space productivity



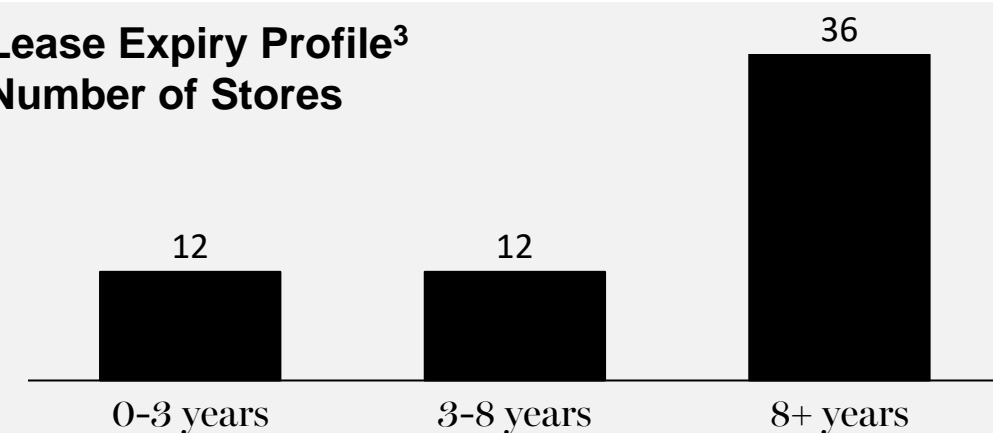
- Handback of space at Belconnen, Cairns and Morley, delivering improved sales productivity

Results and Benefits

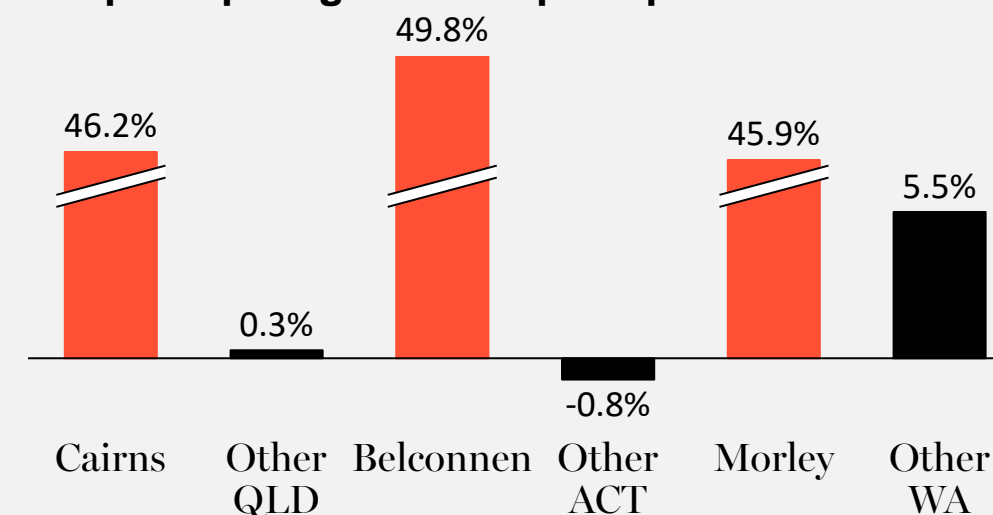
GLA Space Reduction (000's)



Lease Expiry Profile³ Number of Stores



Sales per sqm – growth on prior period^{1,2}

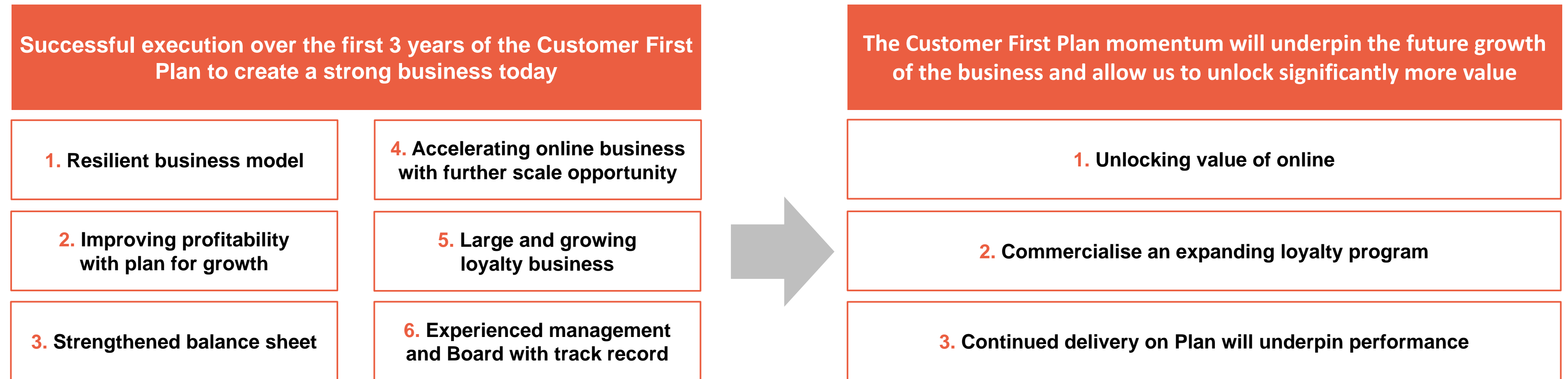


¹ For the period January to July 2021 compared to January to July 2019

² Other state results exclude stores in those states that were under refurbishment during the period

³ Lease Expiry profile reflects current leases, signed Agreements for Leases and option periods exercised

Customer First Plan progress means Myer is well placed to drive significant value creation



We have established momentum in key areas that provide the basis of future value potential

Unlocking future value of Online

Online has now delivered scale and continued growth



- The Strategy has transformed the online business
- Sales have approximately doubled in 3 years
- Increased share of our total sales from 7% to 20%

Future plans will underpin growth and profitability



- Improvements to user experience, fulfilment capability and IT capacity well placed to continue momentum
- Introduction of NDC will further improve future profitability

Precedents in market valuations suggest significant future value



- E-commerce players in Australia's retail industry are highly valued by the market
- Given the significant scale of our online business this suggests significant embedded value

Commercialise an expanding Loyalty program



The Program is expanding with new growth opportunities



Continued focus in delivering increased engagement activities and rewards



Provides options to explore in commercialisation of the program

Underpinned by acceleration and delivery of Customer First Plan

Accelerate online

F2C acceleration

Customer experience

Refocus Merchandise

Rationalise Property

Reduce Overheads

Delivering a strong Christmas

Well stocked and well placed

- Supply Chain is well managed, more stock and we have launched earlier to meet customer demand
- Christmas outlook remains positive, with strong sales YTD in both online and non-lockdown stores
- NSW has performed strongly since re-opening albeit CBD remains subdued

Australia's Christmas Marketplace

- Expanded Christmas gifting range, improved curation
- Elevated experiences nationally, more events
- Myer will launch 66th Melbourne windows and deliver new Giftorium in iconic Mural Hall

Ready and Focused

- Strong promotional plans with key focus on delivering stronger Black Friday and take advantage of buoyant Christmas
- A strong and distinctive Christmas Brand Campaign



In summary

- Our Customer First Plan has been, and continues to be, the right plan and showed momentum in FY21
 - Delivered for our customer in terms of stronger service and a more engaged MYER One base
 - Significantly scaled growth in Online with enhanced fulfilment
 - Strengthened our balance sheet through better merchandise choices, inventory management and disciplined control of costs
 - Have optimised space aggressively
- The success of this plan allows us to focus on initiatives to further unlock shareholder value in the near term through Myer.com.au and MYER One
- Our sales performance to date has been strong despite store closures and we are well placed and well stocked to capitalise on customer demand during the Christmas period



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