Continued comparable store sales growth and significant investment for future growth

Full Year 2014 Financial Overview

Sales
- FY2014 total sales flat at $3,143 million, up 1.2% on a comparable store sales basis
- Q4 total sales flat at $759.4 million, up 2.1% on a comparable store sales basis
- Myer Exclusive Brands growth of 1.7%, now representing 20.3% of total sales

Operating gross profit
- Operating gross profit down 1.4% to $1,286 million
- Operating gross profit margin down 57 basis points (bps) to 40.91%

Earnings
- Cash cost of doing business (cash CODB) increased by 3.3% to $1,033 million
- Earnings before interest, tax, depreciation, amortisation (EBITDA) down 17.1% to $252.6 million
- Earnings before interest and tax (EBIT) down 25.4% to $160.3 million
- Net profit after tax (NPAT) down 22.6% to $98.5 million
- Final dividend of 5.5 cents per share, fully franked, to be paid on 13 November 2014 (Record Date is 29 September 2014), taking the full year dividend to 14.5 cents per share (FY2013: 18 cents)

Myer Chief Executive Officer, Bernie Brookes, said the continued comparable store sales growth was encouraging in a challenging year, with net profit impacted by significant investment to reposition the business, particularly in the areas of store network, omni-channel, and Myer Exclusive Brands.

"As expected, our investment in the business during the year adversely affected profitability however we look forward to the benefits beginning to be realised in FY2015.

"It is pleasing that the business was able to maintain total sales despite the disruption arising from four of our top 25 stores being under refurbishment and two store closures, highlighting our ability to successfully execute our strategy.

"It was particularly encouraging to achieve comparable store sales growth of 1.2 percent for the year and 2.1 percent in the fourth quarter given subdued consumer sentiment following the federal budget as well as unseasonably warm weather during the second half. The business has now delivered comparable store sales growth in eight of the last nine quarters.

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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. Refer to slide 46 in the presentation for details.
“Recognising Myer’s continued strong cash generation and stable balance sheet, the Board has determined a final dividend of 5.5 cents per share, taking the full year dividend to 14.5 cents per share fully franked.

“Myer is positioned to deliver an anticipated improvement in sales in FY2015 benefiting from the recently refurbished stores at Adelaide and Indooroopilly, expansion of our flagship Melbourne City store, the imminent launch of two new stores at Mt Gravatt (October 2014) and Joondalup (November 2014) and the completion of refurbishments at Macquarie (October 2014) and Miranda (November 2014).

“We expect continued online sales growth, and a positive customer response to several exciting new brands including Alex Perry and L Lisa Ho and a strengthened menswear offer with the introduction of brands such as M.J. Bale, Herringbone and Scotch & Soda.

“We look forward to leveraging the valuable insights and experience of our recently strengthened leadership team as we continue to evolve our strategy and deliver improved shareholder value,” said Mr Brookes.

**FY2014 OPERATIONAL PERFORMANCE**

Myer’s strategy continues to gain traction with customers. Key operational drivers of the FY2014 performance include:

- Continued momentum in delivering our omni-channel strategy with online sales more than doubling. Customer engagement improved with over 38 million visits to the online store, representing a 74 percent increase compared with last year. We successfully delivered on a number of initiatives including more inspirational online content, the full implementation of our dedicated online distribution centre and the roll-out of ‘Click & Collect’ to all stores;

- Positive customer feedback and an improving trend in customer satisfaction as measured by our Net Promoter Score has been achieved as a result of a number of new customer service initiatives. These include: extended personal shopping services now in 29 stores; enhanced theatre and in-store experiences and the collection of over 42,000 customer interactions via our instant customer feedback program ‘Feedback ASAP’;

- Strong growth in the key categories of Cosmetics, Women’s Footwear and Handbags, Miss Shop (Youth), and Appliances;

- Further growth in Myer Exclusive Brands of 1.7 percent to $638.2 million, now representing a record 20.3 percent of total sales, despite consolidation of a number of brands. Our Myer Exclusive Brands strategy also focuses on developing key master brands and exiting some smaller brands. Pleasingly, the investment in our design, speed to market, and product development capability has delivered positive early results;

- Sales from our leading Australian loyalty program MYER one represented $2,162 million. Once again we distributed over $50 million in Rewards Cards to MYER one members and the average spend on redemption reached a new high of four times the card value in FY2014. The insights from this program continue to be a valuable resource in our decision making across the business;

- Significant sales disruption and costs associated with the refurbishment or expansion of approximately 12 percent of our total space during FY2014;

- There was continued growth in sass & bide sales throughout the year. New management has been transitioned into the business with Christopher Colfer appointed CEO and the recent appointment of Anthony Cuthbertson as Design Director. We look forward to the imminent launch of a new range of leather accessories.

**FY2014 FINANCIAL PERFORMANCE**

**Sales**

Total sales for the full year were flat at $3,143 million, up 1.2 percent on a comparable store sales basis. Sales benefited from new stores opened in FY2013: Fountain Gate (VIC) in September 2012; Townsville (QLD) in October 2012; and Shellharbour (NSW) in May 2013. However this was offset by the negative impact of the refurbishment of four of our top 25 stores: Adelaide (SA); Indooroopilly (QLD); Miranda (NSW); and Macquarie (NSW); as well as the closure of two stores, Dandenong (VIC) in October 2013, and Elizabeth (SA) in February 2014.

Cosmetics continued to be the top performing category driven by the excellent customer response to the introduction of leading make-up brand Napoleon Perdis in all stores and strong performances by
M.A.C Cosmetics, Benefit, and Chanel. This was achieved despite ongoing price deflation in the category. Women’s Footwear and Handbags, Miss Shop (Youth) and Appliances also performed strongly.

Online sales growth of more than 100 percent and an increase in average online transaction value during the year were driven by greater customer engagement supported by an expansion of the online product range, enhanced product information, inspirational content, and significantly improved electronic direct marketing.

The continued growth in Myer Exclusive Brands was led by some of our large brands including Trent Nathan, Australian House & Garden and Miss Shop, re-launched brands such as Piper, and new brands such as Baker by Ted Baker.

Concession sales grew by 1.2 percent and now account for 15.6 percent of sales. There were strong performances from existing concession brands such as Marc’s, R.M. Williams, Politix, and Sunglass Hut. There were a number of National Brands that performed well including Lego, Seafolly, Wish and Sass however these were offset by a disappointing performance in tablet sales as well as the continued rationalisation of audio-visual.

Margins and costs
The FY2014 EBIT result reflected a drop in operating gross profit and a previously flagged increase in the cash CODB.

The 57 basis point reduction in operating gross profit margin was predominantly driven by the impact of the depreciation of the Australian dollar on Myer Exclusive Brands as well as the increased investment in product development. The competitive nature of the market, particularly during the second half, restricted our ability to pass on these cost increases. Operating gross profit margin was also impacted by the strong customer response to loyalty initiatives such as MYER one bonus points promotions and bounce-back offers. Some of the impact on gross margin was recovered through a further reduction in shrinkage, improved sourcing, and where possible, adjustments to selling prices.

Cash CODB increased by 3.3 percent to $1,033 million. This increase partly reflects the annualisation of the transition of our store wages penalty structure in accordance with the Fair Work Act, as well as a targeted investment in additional store labour hours. Increased costs relating to occupancy (market rent reviews, annualised new store costs, outgoings, store closure and refurbishment costs), Myer Exclusive Brands initiatives, ongoing investment in delivering the omni-channel strategy, and space optimisation initiatives also contributed to the increase.

Depreciation, net finance costs and tax
Capital investments made in previous years as well as the impact from new and closed stores resulted in a 2.8 percent increase in depreciation to $92.3 million (FY2013: $89.8 million).

Despite the $33 million payment for the remaining 35 percent of the sass & bide business during the first half, the net interest expense reduced by 16.1 percent from $26.1 million to $21.9 million. This was predominantly due to lower interest rates, the ongoing benefit from the refinancing of our debt facilities in July 2013, and disciplined cash flow management.

The tax expense of $39.9 million represents an effective tax rate of 28.8 percent (FY2013: 30.0 percent). The lower tax rate was due to the impact of the full tax consolidation of sass & bide during the year.

Cash generation and working capital
The business continues to be highly cash generative despite a 12.3 percent reduction in operating cash flow to $263 million during the year (FY2013: $300 million). A working capital inflow of $10 million was underpinned by our disciplined focus on inventory management with inventory turns up and aged inventory down. These improvements reflect the continuing benefits of our significant investment in merchandise and point-of-sale systems.

Stock levels overall were up reflecting the earlier delivery of new stock and increased stock in transit to ensure the arrival of our new season range in stores coincided with the Spring/Summer 2014 fashion launch. Higher stock levels also reflected increased inventory being held ahead of new store openings. Pleasingly, inventory turns increased to 3.6 (FY2013: 3.4) and creditor days improved to 72 days (FY2013: 70).

Capital expenditure: investing to support future growth
As anticipated, gross capital expenditure increased by 13.0 percent to $87 million for the period (FY2013: $77 million) reflecting further significant investment in store refurbishments, new stores, omni-channel initiatives, and investment in enhancing the merchandise offer.
Balance sheet and dividend

Net debt finished the year slightly up at $348 million (FY2013: $340 million). Excluding the $33 million payment for the remaining 35 percent stake in sass & bide in September 2013, net debt would have dropped 7.3 percent to $315 million.

The Board has determined a final dividend of 5.5 cents per share taking the full year dividend to 14.5 cents per share fully franked (FY2013: 18 cents). This represents a payout ratio of 86 percent, above the Board’s target dividend payout ratio of 70-80 percent of NPAT, reflecting the Board’s confidence in the outlook for the business in FY2015.

OUTLOOK

As we move into FY2015 we anticipate realising the benefits from recent investments and a number of strategic initiatives. We see this as a time of opportunity and will continue to invest to position Myer at the forefront of a rapidly changing retail environment.

The business anticipates delivering sales growth in FY2015 driven by:

- Full benefit of refurbished Adelaide (SA) and Indooroopilly (QLD) stores following completion of major refurbishments in May 2014 and June 2014 respectively as well as the opening of additional space at our Melbourne City (VIC) store in late May 2014;
- Opening of two new stores before Christmas, (Mt Gravatt (QLD) and Joondalup (WA)). This will be partly offset by the annualised impact of the Dandenong (VIC) and Elizabeth (SA) store closures and the closure of our Hurstville (NSW) store scheduled for early 2015;
- Completion of the remaining two major store refurbishments (Miranda (NSW) and Macquarie (NSW)) in part offset by a major refurbishment at our Warringah (NSW) store;
- Continued growth of the online business supported by enhanced customer experience achieved through improved website functionality, content, and lower-cost fulfilment, as well as a number of initiatives including ‘Click & Collect’ in all stores and the roll-out of 1,400 iPads to stores which provides customers with a significantly expanded product range;
- New partnerships with Australian designer brands such as Alex Perry, by Johnny, M.J. Bale as well as continued growth in sass & bide, Myer Exclusive Brands, and other national and international new brands; and
- Significant new Christmas merchandise and marketing strategies.

We anticipate modest growth in the operating gross profit margin driven by improved sourcing and the mix benefit from the growth in Myer Exclusive Brands, offset by lower average exchange rates.

We are committed to investing in the business in FY2015 and we anticipate the underlying cash cost of doing business will increase by approximately three percent.

We are also planning to invest between $35 and $50 million, dependent on business performance, to focus on:

- Accelerating the delivery of our omni-channel strategy;
- Investing in our people including enhanced training and development, strengthened leadership, performance-based reward and recognition, and increased frontline management in stores;
- Optimising the Myer Exclusive Brands strategy;
- Customer service innovation; and
- Refreshing the Myer brand.

These investments are important to delivering the operational improvements and capabilities required to underpin long-term, sustainable growth.

Strong cash generation is expected to strengthen our balance sheet and support capital investment in the business of approximately $80 million (gross).

The recent strengthening of the leadership team including the appointments of Daniel Bracken as Chief Merchandise and Marketing Officer, Richard Umbers as Chief Information and Supply Chain Officer, and Gary Williams as Executive General Manager Strategic Planning and Business Development is expected to contribute to the evolution of our strategy.

-ends-

Myer Holdings Limited. ABN 14 119 085 602
For further information please contact:

Investors:
Davina Gunn, Myer Investor Relations Manager, +61 (0) 400 896 809
Olivia Reith, Myer Investor Relations Manager, +61 (0) 438 101 789

Media:
Amanda Buckley, General Manager Corporate Affairs, +61 (0) 438 101 081

Analyst and Investor briefing:

A briefing will be held for analysts and investors today at 10:00am (AEST time). This briefing will be webcast live at: http://streamcast.com.au/myer/FY2014/. Viewers will need to register their name, email and company to access the webcast. An archive webcast of the briefing will be available afterwards at: www.myer.com.au/investor

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 Preliminary Full-Year Financial Report (Appendix 4E). 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: Income Statement for the 52 weeks to 26 July 2014

<table>
<thead>
<tr>
<th></th>
<th>FY 2014 Actual $m</th>
<th>FY 2013 Actual $m</th>
<th>Change vs. LY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Sales Value</strong></td>
<td>3,143.0</td>
<td>3,144.9</td>
<td>(0.06%)</td>
</tr>
<tr>
<td>Concessions</td>
<td>491.5</td>
<td>485.7</td>
<td>+1.19%</td>
</tr>
<tr>
<td>Myer Exclusive Brands</td>
<td>638.2</td>
<td>627.5</td>
<td>+1.71%</td>
</tr>
<tr>
<td>Other</td>
<td>2,013.3</td>
<td>2,031.7</td>
<td>(0.91%)</td>
</tr>
<tr>
<td>Operating Gross Profit¹</td>
<td>1,285.9</td>
<td>1,304.5</td>
<td>(1.43%)</td>
</tr>
<tr>
<td>Operating Gross Profit margin</td>
<td>40.91%</td>
<td>41.48%</td>
<td>-57bps</td>
</tr>
<tr>
<td>Cash Cost of Doing Business¹</td>
<td>(1,033.3)</td>
<td>(999.9)</td>
<td>+3.33%</td>
</tr>
<tr>
<td>Cash Cost of Doing Business/Sales</td>
<td>32.87%</td>
<td>31.79%</td>
<td>+108bps</td>
</tr>
<tr>
<td>EBITDA</td>
<td>252.6</td>
<td>304.6</td>
<td>(17.07%)</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>8.04%</td>
<td>9.69%</td>
<td>-165bps</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(92.3)</td>
<td>(89.8)</td>
<td>+2.78%</td>
</tr>
<tr>
<td>EBIT</td>
<td>160.3</td>
<td>214.8</td>
<td>(25.37%)</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>5.10%</td>
<td>6.83%</td>
<td>-173bps</td>
</tr>
<tr>
<td>Interest²</td>
<td>(21.9)</td>
<td>(26.1)</td>
<td>(16.09%)</td>
</tr>
<tr>
<td>Net Profit Before Tax²</td>
<td>138.4</td>
<td>188.7</td>
<td>(26.66%)</td>
</tr>
<tr>
<td>Tax</td>
<td>(39.9)</td>
<td>(56.6)</td>
<td>(29.51%)</td>
</tr>
<tr>
<td>Net Profit After Tax (NPAT)²</td>
<td>98.5</td>
<td>132.1</td>
<td>(25.44%)</td>
</tr>
<tr>
<td>Non controlling interest</td>
<td>-</td>
<td>(2.7)</td>
<td></td>
</tr>
<tr>
<td>NPAT pre sass &amp; bide put option revaluation³</td>
<td>98.5</td>
<td>129.4</td>
<td>(23.87%)</td>
</tr>
<tr>
<td>sass &amp; bide put option revaluation</td>
<td>-</td>
<td>(2.2)</td>
<td></td>
</tr>
<tr>
<td>NPAT (after non controlling interest)</td>
<td>98.5</td>
<td>127.2</td>
<td>(22.56%)</td>
</tr>
</tbody>
</table>

¹ Refer slide number 46 in Myer Full Year Results FY2014 presentation for revised OGP to cash CODB reclassification
² Excludes impact of sass & bide put option revaluation
Table 2: Balance Sheet as at 26 July 2014

<table>
<thead>
<tr>
<th></th>
<th>July 2014</th>
<th>July 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Actual</td>
</tr>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td>Inventory</td>
<td>377</td>
<td>364</td>
</tr>
<tr>
<td>Other Assets</td>
<td>47</td>
<td>54</td>
</tr>
<tr>
<td>Less Creditors</td>
<td>(428)</td>
<td>(388)</td>
</tr>
<tr>
<td>Less Other Liabilities</td>
<td>(191)</td>
<td>(224)</td>
</tr>
<tr>
<td>Net Trading Investment</td>
<td>(195)</td>
<td>(194)</td>
</tr>
<tr>
<td>Property</td>
<td>25</td>
<td>26</td>
</tr>
<tr>
<td>Fixed Assets</td>
<td>478</td>
<td>483</td>
</tr>
<tr>
<td>Tangible Funds Employed</td>
<td>308</td>
<td>315</td>
</tr>
<tr>
<td>Intangibles</td>
<td>933</td>
<td>931</td>
</tr>
<tr>
<td><strong>Total Funds Employed</strong></td>
<td><strong>1,241</strong></td>
<td><strong>1,246</strong></td>
</tr>
<tr>
<td>Debt</td>
<td>422</td>
<td>421</td>
</tr>
<tr>
<td>Less Cash</td>
<td>(74)</td>
<td>(81)</td>
</tr>
<tr>
<td><strong>Net Debt</strong></td>
<td><strong>348</strong></td>
<td><strong>340</strong></td>
</tr>
<tr>
<td>Equity</td>
<td>893</td>
<td>906</td>
</tr>
<tr>
<td><strong>Total Investment</strong></td>
<td><strong>1,241</strong></td>
<td><strong>1,246</strong></td>
</tr>
</tbody>
</table>

Table 3: Other Statistics and Financial Ratios

<table>
<thead>
<tr>
<th></th>
<th>FY 2014</th>
<th>FY 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Expenditure (gross)</td>
<td>$87m</td>
<td>$77m</td>
</tr>
<tr>
<td>Return on Total Funds Employed</td>
<td>12.89%</td>
<td>17.15%</td>
</tr>
<tr>
<td>Gearing</td>
<td>28.07%</td>
<td>27.26%</td>
</tr>
<tr>
<td>Net Debt/EBITDA</td>
<td>1.38</td>
<td>1.11</td>
</tr>
<tr>
<td>Inventory turns (times)</td>
<td>3.6</td>
<td>3.4</td>
</tr>
<tr>
<td>Creditor Days</td>
<td>72 days</td>
<td>70 days</td>
</tr>
</tbody>
</table>

Table 4: Shares and Dividends

<table>
<thead>
<tr>
<th></th>
<th>FY 2014</th>
<th>FY 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares on Issue</td>
<td>585.3 million</td>
<td>583.4 million</td>
</tr>
<tr>
<td>Basic EPS</td>
<td>16.8 cents</td>
<td>21.8 cents</td>
</tr>
<tr>
<td>Dividend per share</td>
<td>14.5 cents</td>
<td>18 cents</td>
</tr>
</tbody>
</table>

3 Calculated on a rolling 12 months basis
4 Weighted average number of shares
5 Dividend policy payout ratio: 70-80 percent of NPAT
FULL YEAR RESULTS
Thursday 11 September 2014

BERNIE BROOKES
CEO and Managing Director
MARK ASHBY
Chief Financial Officer

Overview
Financial update
Delivering our strategy
Outlook

FY2014 Results
FY2014 overview

- Maintained total sales despite significant disruption
  - Four top 25 stores under refurbishment, two store closures
- Pleasingly, LFL sales growth in eight of last nine quarters, strong Q4
- Operating gross profit impacted by several factors
  - AUD depreciation, increased investment in product development, strong customer response to loyalty initiatives
- Significant investment to reposition the business for growth
  - Invested heavily in store network, omni-channel, and Myer Exclusive Brands
- EBIT result also reflects previously flagged increase in CODB
- Final dividend of 5.5 cps, fully franked
  - Represents increased payout ratio and reflects confidence in FY2015

“Continued comparable store sales growth and significant investment for future growth”

FY2014 operational highlights

- Successful execution of our strategy
  - Continued customer service enhancements, Improved Net Promoter Score trend
  - Further growth in Myer Exclusive Brands (MEBs), now represents 20.3% of mix
  - Enhanced merchandise offer with a number of key new brands
  - Over $50 million in MYER one Rewards Cards issued during the year
  - Enhanced online offering with improved stability, functionality, and fulfillment.
    “Click & Collect” in all stores, iPads being rolled out to all stores
  - Significant progress on optimising store network via refurbishments, store closures and new stores
- Strengthened leadership team

“Benefits of significant investment expected to be realised in FY15”
FY2014 Results

Overview

Financial update

Delivering our strategy

Outlook

FY2014 financial overview

- Total sales flat at $3,143 million, up 1.2% on a comparable store sales basis
- Q4 total sales up 2.1% on a comparable store sales basis
- Operating gross profit margin down 57 bps to 40.91%
- Previously flagged increase in cash CODB up 3.3% to $1,033 million
- EBITDA $252.6 million, EBITDA margin 8.0%
- Depreciation increased by 2.8% to $92.3 million
- EBIT $160.3 million, EBIT margin 5.1%
- NPAT down 22.6% to $98.5 million
- Strong inventory management supported improved working capital and reduced aged inventory

“Continued strong cash generation and stable balance sheet”
### Financial summary

<table>
<thead>
<tr>
<th></th>
<th>FY2014</th>
<th>vs. FY2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$3,143m</td>
<td>-0.06%</td>
</tr>
<tr>
<td>Solid sales result despite disruption from refurbishments at four top 25 stores, FY2014 LFL sales up 1.2%. Pleasing Stocktake sale result with Q4 LFL sales +2.1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating gross profit</td>
<td>$1,286m</td>
<td>-1.43%</td>
</tr>
<tr>
<td>Drop reflects a number of factors including impact of AUD depreciation, increased investment in product development, strong response to loyalty initiatives</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating gross profit margin</td>
<td>40.91%</td>
<td>-57bps</td>
</tr>
<tr>
<td>Challenge to wholly offset impact of AUD depreciation, especially in competitive environment during 2H2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash CODB</td>
<td>$1,033m</td>
<td>+3.33%</td>
</tr>
<tr>
<td>Cash CODB increases related to labour, occupancy, new stores, store closures and refurbishments, omni-channel, space optimisation initiatives</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**FINANCIAL UPDATE / 7**

### Financial summary (continued)

<table>
<thead>
<tr>
<th></th>
<th>FY2014</th>
<th>vs. FY2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>$253m</td>
<td>-17.07%</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>8.0%</td>
<td>-165bps</td>
</tr>
<tr>
<td>Capital investment in previous years, impact of new and closed stores</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>$92m</td>
<td>+2.78%</td>
</tr>
<tr>
<td>Increase in depreciation led to reduced EBIT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBIT</td>
<td>$160m</td>
<td>-25.37%</td>
</tr>
<tr>
<td>Decline in operating gross profit, increased cash CODB</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBIT Margin</td>
<td>5.1%</td>
<td>-173bps</td>
</tr>
<tr>
<td>Reflects impact of significant investment to reposition business for future growth</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NPAT</td>
<td>$98.5m</td>
<td>-22.56%</td>
</tr>
</tbody>
</table>

**FINANCIAL UPDATE / 8**
**FY2014 sales performance**

**Sales drivers:**
- Myer Exclusive Brands and Concessions growth, new stores, online, new brands, sass & bide
- LFL sales growth in 8 of last 9 quarters, strong growth in Q4
- Best performing states: NSW, WA
- Best performers: Cosmetics, Women’s Footwear & Handbags, Appliances, Miss Shop (Youth)

**Offset by:**
- Subdued consumer sentiment, unseasonably warm weather in 2H2014
- Four top 25 stores under refurbishment
- National brands: lower tablet sales, rationalisation of audio-visual
- Store closures at Dandenong (Oct. 2013) and Elizabeth (Feb. 2014)
- Consolidation of some Myer Exclusive Brands

---

**Operating gross profit**

**Progress in margin-enhancing initiatives**
- Improved sourcing
- Further reduced shrinkage

**Offsetting factors**
- AUD depreciation impact
- MEBs product development costs
- Strong customer response to loyalty initiatives (MYER one bonus points promotions, bounce-back offers)
- Increased markdowns in a competitive market

"Focus remains on maximising operating gross profit per square metre"

---

*Refer slide #6 for OGP to cash COD8 reclassification*
Cash cost of doing business

Cash CODB* increases:
- Labour
  - Annualisation of transition of store wages penalty structure
  - Targeted investment in additional store labour hours
- Occupancy
  - Market rent reviews, annualised new store costs, outgoings, store closure and refurbishment costs
- Myer Exclusive Brands initiatives
- Investment in omni-channel
- Ongoing space optimisation initiatives

Capital expenditure* focused on customer facing initiatives

*Refer slide 46 for OGP to cash CODB reclassification

*Gross capital expenditure before landlord contributions
### Highly cash generative

<table>
<thead>
<tr>
<th></th>
<th>FY2014</th>
<th>FY2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cash flow</td>
<td>262.8</td>
<td>300.2</td>
</tr>
<tr>
<td>Cash conversion</td>
<td>104.0%</td>
<td>98.6%</td>
</tr>
<tr>
<td>Tax</td>
<td>(49.3)</td>
<td>(48.3)</td>
</tr>
<tr>
<td>Interest</td>
<td>(21.4)</td>
<td>(25.0)</td>
</tr>
<tr>
<td>Net cash capex paid</td>
<td>(67.9)</td>
<td>(67.4)</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>(36.9)</td>
<td>(9.9)</td>
</tr>
<tr>
<td>Cash flow before financing activities</td>
<td>87.3</td>
<td>158.6</td>
</tr>
</tbody>
</table>

**Note:** Operating cash flow is highly cash generative.

### Disciplined inventory management

- Aged inventory significantly lower than last year
- Inventory turns up compared to FY2013
- Reduced lead times from product design to store
- Stock levels at the year end were up reflecting:
  - Increase in stock in transit at year end due in part to stock held for new stores scheduled to open in 1H FY2015
  - Earlier delivery of new season stock vs. last year to avoid range fragmentation issues faced previously

> “Continuing to reap the benefits of significant investment in merchandise and point-of-sale systems”
Credit metrics remain strong

<table>
<thead>
<tr>
<th>Key credit metrics</th>
<th>26 July 2014</th>
<th>Bank covenants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt / EBITDA 1</td>
<td>1.38x</td>
<td>&lt;2.5x</td>
</tr>
<tr>
<td>Fixed charge cover 1, 2</td>
<td>1.98x</td>
<td>&gt;1.65x</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>$893m</td>
<td>&gt;$500m</td>
</tr>
</tbody>
</table>

1 Calculated on a 12 month rolling basis
2 Fixed charge cover is calculated as EBITDAR / net interest expense + fixed rental expense

“Final dividend of 5.5 cps represents payout ratio of 86 percent, reflecting the Board’s confidence in the outlook for the business”

FY2014 in summary

- Pleasing to maintain total sales despite significant disruption
- Encouraging LFL sales growth, in a challenging retail environment particularly during second half
- Significant investment to reposition business for future growth
  - Property: refurbishments, closed stores, new stores
  - Omni-channel: website development, improved stability
  - MEBs: new brands, master brands, design, speed to market, product development capability
- Strong inventory management supported improved working capital

“As expected, significant investment in the business impacted performance however we look forward to the benefits beginning to be realised in FY2015”
FY2014 Results

Overview
Financial update
Delivering our strategy
Outlook

Delivering our strategy

- Improve customer service
- Enhance our merchandise offer
- Strengthen our loyalty program
- Build a leading omni-channel offer
- Optimise our store network
Improve customer service

Service initiatives

- ‘Feedback ASAP’ digital customer interactions exceeded 42,000
- Improved customer satisfaction as measured by Net Promoter Score
- Commenced roll-out of enhanced theatre and experiences in-store
- Personal shopping now in 29 stores (FY13:14 stores)
- Encouraging sales via Customer Service Centre channel
- Implementation of strengthened frontline supervision plan underway
- ‘The Hub’ service trial at Highpoint was well received by customers
  - Services include: ‘Click & Collect’, lay-by, gift registry, parcel minding, gift wrapping, MYER one applications, Myer Visa Card applications, CommBank Awards Points balance queries, phone charging, Wi-Fi hot spot, gift card sales, appointment bookings

“Targeted investment in extra store labour hours and innovation enable improved customer service”
Myer Full Year Results 2014

**Improve Customer Service**

*Efficiency Initiatives*

- Focus on process efficiencies to allow team members to spend more time with customers
- Online booking system for services including personal shopping and in-store services
- New initiative to improve stock flow now in 13 stores
  - Dedicated stock flow teams to optimise stock levels at all times
  - Improved speed to market, reduced markdowns, reduced out of stocks
- Continued reduction in shrinkage reflecting department store global best practice
- Further improvement in safety record, LTIFR* 7.0 (FY13: 8.6)
- Ongoing focus on supplier ‘floor-ready’ compliance

*Lost Time Injury Frequency Rate*

"Efficiency gains reinvested in customer facing hours in store"

**Enhance our Merchandise Offer**

- Focus on being first choice for Fashion, Cosmetics and the Home
- Best performing brands included:
  - napoleon
  - beaudelaire
  - lafemme
  - CHANEL
  - CHLOE & LOLA
  - piper
  - house
  - dyson
  - kate spade
  - Mac
  - SASS
  - wish
  - GUESS
  - seafolly

- Cosmetics a consistently strong performer
  - Nine consecutive quarters of growth
  - Sales growth achieved despite significant price deflation
  - High quality service and advice
  - Exceptionally strong customer response to Napoleon Perdis in all stores
  - Solid growth across key brands including M.A.C. Cosmetics, Chanel, and Benefit

"Newness, fashionability, quality, and value underpin our merchandise strategy"
Enhance our merchandise offer

Optimising the Myer Exclusive Brands strategy

- Re-engineering of Myer Exclusive Brands portfolio
  - Focus on key master brands that span multiple categories supported by improved marketing
  - Consolidation of certain brands, small number of brand exits
  - New FY14 brands: Baker by Ted Baker, One Tru Luv
  - New FY15 brands: Charlie Brown, Howard Showers, L Lisa Ho

- Enhanced design, speed to market, and product development capability
  - Adapting our model to be more fashionable in a competitive market
  - Anticipate improved speed to market

“Sourcing offices in Asia continue to support growth, margin expansion, and speed to market of Myer Exclusive Brands”
Leading brands recently introduced at Myer

ALEX PERRY  BY JOHNNY  M.J. BALE  LITTLE JOE WOMEN  L LISA HO

---

Strengthen our loyalty program

- A leading Australian loyalty program with $2,162 million in sales
- Over $50 million in Rewards Cards distributed in FY2014
- Average spend on redemption of 4x the card value
- Pleasing results from engagement and retention strategy for our 3,000 Platinum members
- Strong support for key national affiliates partner Caltex
- Continued growth in sales from CommBank ‘pay with points’
- Quarterly ‘Emporium’ magazine (digital + print) popular with members
  - 250,000 copies printed quarterly and 53,000 iPad edition downloads
  - Finalist in the Pearl Awards (USA)
- Continued growth in MYER Wine Club sales and membership

“Effective analysis tool providing valuable insights into customer preferences”

DELIVERING OUR STRATEGY / 26
Build a leading omni-channel offer

Solid progress on delivering omni-channel strategy

- Online sales more than doubled
  - Supported by improved customer engagement and average transaction value growth
- Website visits grew by 74 percent to over 38 million visits
- Sales via mobile/tablets continued to increase share of online sales
- In-house digital team expanded to support marketing and omni-channel projects
- Improved profitability supported by lower cost of fulfilment
- ‘Click & Collect’ now in all stores with strong customer response
- Full implementation of dedicated online distribution centre
- Continued investment in improved functionality and stability

“Focus on providing inspirational content online to improve customer engagement”

In-house digital team creating inspirational content and marketing campaigns

- 317,000 followers
- 20,800 followers
- 71,000 followers
- 2.2 million email addresses
- 3.7 million mobile numbers
Build a leading omni-channel offer

MyCustomer Orders

- iPads with a customised Myer ‘app’
  - Significantly expanded range available to customers in every store
  - Provides a new sales channel for team members in stores
  - App provides customer information and order capability
- Enables team members to improve customer service
  - Product information; immediate stock availability; customer order placement; multiple delivery options including ‘Click & Collect’
- Roll-out of 1,400 iPads to all stores underway

"Providing our customers with a true omni-channel experience"
Optimise our store network

- Four significant refurbishments either completed or well progressed
  - Space handed back to landlord to improve productivity
  - Enhanced layouts and merchandise offer with introduction of new brands
- Store closures: Dandenong (October 2013), Elizabeth (February 2014)
- Opening of Emporium Melbourne space adjoining CBD store
  - Myer MYKIDS Emporium, improved traffic flow, enhanced merchandise offer
- Space optimisation project completed in five stores
- Two new stores well progressed and on track to open in 1H2015
- Store closure at Hurstville planned for February 2015
- Decision not to proceed with a new store at Woden

"Approximately 12% of overall space was under refurbishment or being expanded during FY2014"
Continued improvement in SLA/GLA ratio via:
1. Productive new stores
2. Refurbishments
3. Store closures
4. Space hand backs

Continued growth in comparable sales per square metre

18 major refurbishments since 2006:
- Geelong (VIC)
- Chermside (QLD)
- Doncaster (VIC)
- Castle Hill (NSW)
- Northland (VIC)
- Blacktown (NSW)
- Geelong (VIC)
- Chelmsford (MA)
- Canberra (ACT)
- Melbourne CBD (VIC)*
- Eastland (VIC)
- Liverpool (NSW)*
- Carindale (QLD)
- Highpoint (VIC)
- Indooroopilly (QLD)*
- Adelaide CBD (SA)*
- Miranda (NSW)*
- Macquarie (NSW)*

*Space handed back as part of refurbishment

“Improving the productivity of our network”
Overview
Financial update
Delivering on our strategy

FY2014 Results

Senior management renewal

Daniel Bracken
Chief Merchandise & Marketing Officer
Years experience: 20
Former roles: CEO The Apparel Group (owner of Sportscraft, Saba, Willow, and Jag); over 10 years in senior merchandise and strategy roles at Burberry London (UK).

Richard Umbers
Chief Information & Supply Chain Officer
Years experience: 25
Former roles: Executive GM for Parcel & Express Services and CEO of Startrack at Australia Post; senior roles at Woolworths (Australia and NZ); Aldi (UK and Ireland).

Gary Williams
EGM, Strategic Planning & Business Development
Years experience: 25
Former roles: Senior Executive VP Westfield Property (USA); Managing Director Coca Cola Australia; senior positions at Puma, Reebok.

Anthony Cuthbertson
Design Director sass & bide
Senior creative roles with international brands inc., Ralph Lauren, Daks, MaxMara, Joseph. He has also consulted to brands like Victoria Beckham, Mulberry, Scanlan & Theodore.
Strong leadership team

FY2015 key strategic priorities

<table>
<thead>
<tr>
<th>Category</th>
<th>Priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer service</td>
<td>• Strengthen frontline management capability in store</td>
</tr>
<tr>
<td></td>
<td>• Enhance in-store theatre program</td>
</tr>
<tr>
<td></td>
<td>• Further improve Net Promoter Score</td>
</tr>
<tr>
<td>Merchandise</td>
<td>• Enhanced design, speed to market, product development capability</td>
</tr>
<tr>
<td></td>
<td>• Implement new Christmas strategy</td>
</tr>
<tr>
<td></td>
<td>• Attract new Australian and international brands</td>
</tr>
<tr>
<td></td>
<td>• sass &amp; bide extension into new categories</td>
</tr>
<tr>
<td>Marketing</td>
<td>• Leverage new creative agency capability</td>
</tr>
<tr>
<td></td>
<td>• Strengthen Myer brand</td>
</tr>
<tr>
<td>MYER one</td>
<td>• Leverage MYER one 10 year anniversary events</td>
</tr>
<tr>
<td></td>
<td>• Implement new Customer Relationship Management system</td>
</tr>
<tr>
<td>Omni-channel</td>
<td>• Deliver improved customer experience supported by improved fulfillment and</td>
</tr>
<tr>
<td></td>
<td>online content</td>
</tr>
<tr>
<td>Store network</td>
<td>• Complete two major refurbishments (Miranda and Macquarie) commence major</td>
</tr>
<tr>
<td></td>
<td>refurbishment of store at Warringah</td>
</tr>
<tr>
<td></td>
<td>• Open two new stores at Mt Gravatt and Joondalup</td>
</tr>
</tbody>
</table>
Sales growth in FY2015

- Anticipated sales growth underpinned by:
  - Full benefit of refurbished Adelaide and Indooroopilly stores
  - Additional space at our Melbourne City store
  - Opening of two new stores before Christmas (Mt Gravatt and Joondalup), partly offset by annualised impact of the Dandeong and Elizabeth store closures, Hurstville store closure
  - Completion of remaining two major store refurbishments (Miranda and Macquarie) offset by major refurbishment at Warringah
  - Continued growth of the online business
  - New partnerships with Australian designer brands
  - Continued growth in Myer Exclusive Brands, sass & bide and other national and international new brands
  - New Christmas merchandise and marketing strategies

“We see this as a time of opportunity”

OUTLOOK / 39

Accelerating investment in FY2015

- We are committed to investing in the business
- Underlying cash cost of doing business to increase by approximately 3%
- Additional investment of between $35 to $50 million, dependent on business performance, with a focus on:
  - Accelerating the delivery of our omni-channel strategy
  - Investing in our people including enhanced training and development, strengthened leadership, performance-based reward and recognition and increased frontline management in stores
  - Optimising the Myer Exclusive Brands strategy
  - Customer service innovation
  - Refreshing the Myer brand

“We will continue to invest to position Myer at the forefront of a rapidly changing retail environment”

OUTLOOK / 40
FY2015 outlook

- Anticipate sales growth
- Modest growth in operating gross profit margin driven by:
  - Improved sourcing
  - Mix benefit of Myer Exclusive Brands growth
  - Offset by lower average exchange rate
- Committed to investing in the business
- Strong cash generation expected to:
  - Strengthen balance sheet
  - Support capital investment of approximately $80 million
- Recent strengthening of the leadership team expected to contribute to the evolution of our strategy

"Investments are important to delivering operational improvements and capabilities required to underpin long-term growth."

FULL YEAR RESULTS

Thursday 11 September 2014

BERNIE BROOKES
CEO and Managing Director
MARK ASHBY
Chief Financial Officer
Indicative new stores schedule*

<table>
<thead>
<tr>
<th>Store</th>
<th>State</th>
<th>Year</th>
<th>Size (GLA sqm)</th>
<th>Landlord</th>
<th>Centre MAP Smill</th>
<th>Estimated catchment population</th>
<th>Metro infill</th>
<th>Growth corridor</th>
<th>Regional city</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mt. Gravatt</td>
<td>QLD</td>
<td>FY2015</td>
<td>12,500</td>
<td>Westfield</td>
<td>509</td>
<td>306,000</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Joondalup</td>
<td>WA</td>
<td>FY2015</td>
<td>12,000</td>
<td>Lend Lease</td>
<td>546</td>
<td>200,000</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hobart replacement store1</td>
<td>TAS</td>
<td>FY2016</td>
<td>12,620</td>
<td>Private</td>
<td>NA</td>
<td>203,000</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Werribee replacement store2</td>
<td>VIC</td>
<td>FY2016</td>
<td>12,500</td>
<td>Pacific</td>
<td>403</td>
<td>194,000</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Tuggerah</td>
<td>NSW</td>
<td>FY2016</td>
<td>12,000</td>
<td>Westfield</td>
<td>475</td>
<td>157,000</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Darwin</td>
<td>NT</td>
<td>FY2017</td>
<td>12,000</td>
<td>GPT</td>
<td>395</td>
<td>133,000</td>
<td>✓</td>
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<td></td>
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<tr>
<td>Greenhills</td>
<td>NSW</td>
<td>FY2017</td>
<td>12,000</td>
<td>Stockland</td>
<td>330</td>
<td>159,000</td>
<td>✓</td>
<td></td>
<td></td>
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<tr>
<td>Coomera</td>
<td>QLD</td>
<td>FY2017</td>
<td>12,000</td>
<td>Westfield</td>
<td>NA</td>
<td>168,000</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Subject to variation and review

1 Under review, timing to be confirmed.
2 Moving annual turnover.

APPENDIX / 44
Historical sales including concessions

<table>
<thead>
<tr>
<th></th>
<th>1Q13</th>
<th>2Q13</th>
<th>3Q13</th>
<th>4Q13</th>
<th>1Q14</th>
<th>2Q14</th>
<th>3Q14</th>
<th>4Q14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total sales $m*</td>
<td>688.0</td>
<td>1,044.4</td>
<td>652.5</td>
<td>759.9</td>
<td>691.1</td>
<td>1,046.0</td>
<td>646.5</td>
<td>759.4</td>
</tr>
<tr>
<td>Total Sales growth</td>
<td>+1.0%</td>
<td>+2.1%</td>
<td>+0.5%</td>
<td>-0.8%</td>
<td>+0.4%</td>
<td>+0.2%</td>
<td>-0.9%</td>
<td>-0.1%</td>
</tr>
<tr>
<td>LFL sales growth**</td>
<td>+0.8%</td>
<td>+1.7%</td>
<td>+0.4%</td>
<td>-1.6%</td>
<td>+0.4%</td>
<td>+1.7%</td>
<td>+0.2%</td>
<td>+2.1%</td>
</tr>
</tbody>
</table>

Notes:
* Total sales are post IFRS adjusted.
** 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.

Operating Gross Profit to 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).
Disclaimer

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 Preliminary Full-Year Financial Report (Appendix 4E). 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.