

MyerGroup

28 May 2025

INVESTOR STRATEGY DAY

Attached is the opening address from Executive Chair Olivia Wirth at the Myer Group Investor Strategy Day being held today in Sydney and via webcast (refer details below).

The presentation materials for the Investor Strategy Day will be lodged separately with ASX.

Webcast Details

- Date: 28 May 2025
- Time: 8:30am – 1:00pm AEST
- Webcast: <https://s1.c-conf.com/diamondpass/10047311-z6lbnj.html>

The webcast will allow participants to view the event and follow the presentation.

An archive of the webcast and the presentation materials will also be made available after the event at: myer.com.au/investor

This announcement was authorised by the Executive Chair.

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MYER INVESTOR STRATEGY DAY EXECUTIVE CHAIR OPENING ADDRESS

Slide 1 – Cover

Good morning and thank you everyone for joining us at today's Myer Investor Strategy Day.

Along with our new executive team, I look forward to sharing details today of our plan to build a leading omni-channel retail platform that delivers for our customers and creates value for our shareholders.

This is the first Myer Investor Day since 2017.

When I was appointed Executive Chair, I was determined to strengthen the Company's relationship with the investment community. This involved gathering the perspectives of shareholders, listening to your views and encouraging your feedback.

To be frank, this was a challenging process. There were strong opinions about Myer and views were expressed in very clear terms. But the straight talking was invaluable in helping to build a 360-degree understanding of our business.

Having undertaken significant work in recent months, including the completion of a comprehensive, company-wide strategic review, an analysis of global and retail trends, gathered customer insights, examined supply chains and sourcing channels, and then finalised the Apparel Brands acquisition, we are now very clear on our strategy and priorities and how we intend to grow value for shareholders.

The formation of the Myer Group is just the beginning. We recognise that we have plenty of work ahead of us but following the review of the business we are confident that our strategy is the right one for Myer, and we have assembled the right team to deliver it.

We have a plan and, as you'll see today, our fast start is generating real momentum in our transformation of the business.

Slide 2 – Objectives of Myer Group Investor Strategy Day

In the past you've heard from Myer about various promises and targets – we don't want to do that today. We want to earn back your trust by executing our strategy and doing what we say.

The objectives of today's session are to:

- share with you a candid overview of where our business is today;
- outline our ambition for Myer Group in the future;
- clearly set out our strategy to get where we want to be; and
- meet our new Executive Leadership Team and hear from them directly about the priorities for their respective parts of the business.

We will also be providing details on our strategic pillars.

We are accelerating some of the strategic initiatives to grow the business to reinforce the change underway. Importantly, we will also set out the KPIs we use to measure our progress in delivering our strategic objectives, underscoring our commitment to transparency and accountability.

And for those with us here today, we will have opportunities for Q&A at the end of each session. After we wrap up for the day, you're welcome to join the leadership team for a light lunch in the lobby and a sneak peek at some of our new Myer Exclusive Brands designs and store renewal concept renders in an adjoining breakout room.

It's a packed program, so let's get into it.

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Slide 4 – Myer Group Today: A unique and scaled retail platform

Shortly after I took on the role as Executive Chair, we commenced a strategic review of the business.

The end game was to increase Myer's profitability and drive more consistent earnings growth and returns for shareholders – something Myer hasn't done historically.

But the review had a more immediate goal: to provide raw insights into where the business is today, to help us get where we want to be tomorrow.

We looked at the Australian market, the retail sector globally and international trends. We wanted to know what was working and what wasn't.

As part of the review, we conducted a full tear-down of the business. We tapped customers, suppliers, team members, external experts for their insights.

And this was invaluable. The engagement helped us understand our customers and the trends shaping the Australian and international retail sectors. It also helped us understand what our stakeholders thought of Myer. Good and bad.

The Myer brand sits comfortably in top 10 of the most trusted brands in Australia.

Our rich history underpins the strength of the Myer name. This year marks 125 years since Sidney Myer opened his first store in Victoria in 1900.

Through generations, Myer has been viewed as the department store for all Australians – trusted for quality, service and value – and that's still the case today.

But we have only retained the strong bonds with customers by continually reinventing ourselves.

The strategic review gave us a platform for change. It was clear to us that we were no longer hitting the mark in a number of a product, brand and customer categories, including our Exclusive Brands.

The preliminary phase of our strategic review also identified a potential combination with Premier Investments' Apparel Brands business to accelerate our strategic priorities.

With the Apparel Brands acquisition finalised earlier this year, combined with our decision to retain sass & bide, Marcs and David Lawrence, we created the Myer Group – a unique and scaled retail platform.

We are no longer a traditional department store.

The Myer Group is a true omni-channel business generating sales in-store, online, and via click & collect.

It is comprised of our Myer branded business, which offers Myer Exclusive Brands, National Brands, Concessions and Marketplace and our Specialty Brands business, sass & bide, Marcs and David Lawrence.

If you look at the metrics on an FY24 pro forma basis, Myer Group has significant scale, which provides us with a solid foundation to drive growth.

We carry more than 350,000 SKUs during peak trading and last year generated combined sales of more than \$4 billion. More than \$800 million of those sales were online – a channel that is often overlooked by the market in relation to Myer.

In FY24 we reported pro forma EBIT of \$250 million and our net cash as at 31 January 2025 was \$301 million.

We employ some 14,000 team members across the Myer Group, with a further 10,000 employed by brand partners. Our customers clearly like what our team members are doing with customer service satisfaction at 85 per cent.

The review also confirmed our MYER one loyalty program is a unique strength. Built over two decades, it is difficult for competitors to replicate. Any company can have a database, but Myer has a true loyalty program. From a data perspective, we have deep knowledge at both a SKU level and a household level across a broad cross-section of the Australian public.

Rivals can't build similar programs overnight. It takes time to scale, time to build data, time to build analytics, time to embed in the business, and time to build partnerships. At Myer, we have more than 4.6 million active members and a wealth of data, which through AI and technology, we are increasingly well-positioned to leverage to drive further growth and cross-shop opportunities.

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From a customer perspective, we've got high tag rates and our rewards program is not only well-known but appreciated by members.

The exciting thing is that we can see so much potential for growth with MYER one, with much of the opportunity remaining untapped. Geoff will expand on this shortly.

Slide 5 – Myer Group's Ambition

While we have a unique and scaled retail platform today, the Board and management can see real opportunities right across this business.

Our ambition is for Myer Group to become a retail engine that is unmatched in Australia.

Powered by a deep understanding of our customers, we believe we can achieve this delivering sustained TSR and earnings growth.

We have a plan to validate this proposition.

Slide 6 – Myer Group Tomorrow: Significant progress made, and the building blocks are in place to drive sustainable growth over the next 3 to 5 years

You may have heard me say that FY25 is a transition year for the Group.

The strategic review made it clear that we need to make substantial changes to the business. The retail landscape is moving rapidly, and so must we. Standing still is not an option. It is no exaggeration to suggest Myer's future would be at risk over the long term if we had continued on the path we were on.

Given the review, the Apparel Brands acquisition, and the Myer Group Growth Strategy, the need to rebuild leadership capacity, boost team capability and enhance skillsets, there is transformation underway right across the Myer Group.

We recognise there is a lot happening, but there is a real purpose to our actions. The Board and leadership team understand that our strategy requires a phased approach: resetting the business and focusing on growth. Our job today is to take you through that plan.

And we are making good progress on our reset. This involves fixing the basics: we're resetting the operating model and progressing the integration of Apparel Brands. We're modernising our sourcing, overhauling our distribution channels and resolving issues at the National Distribution Centre. All of these drive efficiencies, and when we get the fix in place, will help us reduce the cost of doing business.

We know we have to get this right. If we take the NDC, for example, it's an essential building block if we want to pursue supply chain optimisation. Our new Chief Supply Chain Officer Darren Wedding will explain how we are going about it in a manner that ensures business continuity and minimises risk.

In parallel to the work on the basics, we are driving growth. In today's retail market, we don't have the luxury of sitting back and waiting for the business to reset fully before we turn our minds to growth.

That's why we have started implementing our strategic growth plan to help us build advantage. We have significant improvements in train like getting apparel right, and we are moving at pace.

Our loyalty program is a great example of how we are pushing ahead. We're investing in MYER one now to accelerate the relaunch of loyalty later this year, delivering a shoppable app and launching a curated marketplace at myer.com.au. These initiatives will be gamechangers.

Slide 7 – Myer Group Tomorrow: Execution is already underway

In shaping the future of Myer Group, the execution of our strategy is well underway.

Over the past 12 months:

- we have completed what was a comprehensive strategic review;

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- we have finalised the transformational acquisition of Apparel Brands and are embedding the business into the new Myer Group structure. I'm really pleased in how that is progressing and you'll hear more about that later from Teresa;
- we have strengthened our balance sheet through a refinancing and introduced a disciplined financial framework; and
- we are nearing completion of the restructure of sass & bide, Marcs and David Lawrence within the Myer Group.

We are clear about where and how we want to compete and win. This flows from the work we have undertaken to understand our business and customers. Our decisions are backed up by data and we have a transformation roadmap to share with you.

Slide 8 – Myer Group executive team leading the journey bring deep retail expertise

Here's our new Executive Leadership Team. It's a brand-new team, heavy on retail and turnaround experience.

The ELT have extensive retail backgrounds, both in Australia and internationally, and a strong track record in improving business performance across many sectors.

While it's early days – some ELT members are less than three months in – I'm confident we've got the right people in our leadership roles. You can make your own assessment later on today when you hear from our leaders.

Slide 9 – Our people are our biggest asset

Complementing our leaders are our team members.

Our people are a fundamental strength and differentiator for our business.

Our strong customer service satisfaction ratings are a testament to this, with these ratings having improved significantly in the last five years.

Our team members are genuinely excited about the creation of the Myer Group and as part of the integration, we will be offering our team members product and leadership opportunities across the expanded Myer Group.

We are also ensuring our long-term incentives for our senior leadership team are aligned to delivering the transformation agenda and strong shareholder outcomes.

Currently there is gateway in place for the LTI Plan that requires a positive total shareholder return over the three-year performance period.

Slide 10 – Our strategy is enabled by a strengthened balance sheet

One of the key points you will hear repeatedly today, and in the future, is the focus we have on financial strength and discipline. It's essential to the successful execution of the strategy.

It is something many companies talk about but don't always match actions with the words. I recognise Myer has been guilty of this in the past.

I want to take this opportunity to reiterate that the Board views a strong balance sheet as a priority.

We acknowledge the proof will be in the returns we reap from our careful deployment of capital, and this will take time.

When we finalised the Apparel Brands acquisition, a key strategic priority was to leverage our scale to strengthen our balance sheet and funding position. And that's what we've done.

We had a very expensive debt facility in place and that's now changed.

In March this year, we announced a new \$150 million revolving facility with CBA and NAB. This provides us with ample flexibility to fund our strategic initiatives, while also delivering significant annual interest cost savings.

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We also reported that at 1H25 we had a pro forma cash position of \$301 million with strong cashflow generation.

If you look at our balance sheet today, the Myer Group has a WALE of 5.4 years – down from the WALE of 8 years that Myer had before the Apparel Brands combination.

Financially, we are in a stronger position with greater capacity to invest in growth across the Group.

Slide 11 – Our market-leading loyalty program is a highly strategic asset with enormous potential to drive a powerful flywheel effect

You will hear a lot more about our market-leading loyalty program MYER one today and for good reason. It really is integral to our growth strategy and a key competitive advantage for our business.

MYER one has been in existence for more than 20 years and hopefully you're all members. We have 4.6 million active members.

Our data shows that MYER one is highly valued by our customers – members spend on average 2.8 times more than a non-member, with a tag rate of 79 per cent.

Over time, we have amassed immensely valuable data that provides deep insights into customer shopping patterns.

It's undoubtedly a strength for Myer Group, but from my experience I have no doubt we can make it stronger.

I believe we are only at the beginning of the MYER one story.

We haven't been using it effectively to drive product decisions and to date it hasn't been used at scale. That's going to change. We can distil customer behaviour from the data and use it to better cater for their preferences in our shopping proposition.

Our loyalty program also offers us a range of monetisation opportunities through retail media and building partnerships that we'll outline today.

Slide 12 – Our comprehensive strategic review has helped us to clearly define 'where to play' and 'how to win'

One of the advantages of the strategic review is that it broadened our perspective, through a focus on global retailing trends.

It has also helped us identify our target market and demographics, so we know where we want to play. We've developed a clear strategic roadmap to drive growth in the next three to five years.

Slide 13 – Where to play – Myer Group participates in five core retail markets

So, let's take a closer look at what we mean when we say where we will play.

You can see on this slide that Myer Group participates in five core retail markets: Womenswear, Menswear, Beauty, Kids and Home.

You can appreciate the market size, the market growth as well as Myer Group's market position and sales in FY24.

This is how we think about our business. How we are performing and who our competitors are. As opposed to a traditional department store, we are playing in these five core markets.

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Slide 14 – Where to play – We have a strong customer base but there's room to grow particularly in the under 30s demographic

There's no doubt we have a strong customer base but from our review it is clear that we currently over-index in the 44-to-59-year-old category, while under-indexing in other categories.

Frankly, we need to do better, much better. We need to broaden our appeal and there is real opportunity, particularly in the under-30s and the 31-to-43-year-olds, as well as the 60+ group. The size of the prize is significant.

Slide 15 – How to win – We developed a strategy centred around our connected customer and leveraging our unique assets

Our growth strategy is centred around the concept of a connected customer based on four strategic pillars – Customer & Loyalty; Products & Brands; Omni-channel network; and Sourcing & Supply chain.

We are creating a data-powered retail platform that knows our customers better than anyone driven by a loyalty cycle by delivering what they need, when they need it.

By knowing our customer, we are better placed to meet their needs and I know that sounds obvious but it's not something we have been doing.

It's not just about ensuring we are offering in-demand products and brands. It's how we curate our offering, in-store and online, and also the products we design and manufacture ourselves.

And more broadly, our sourcing and supply chain model needs to be faster and more efficient. We want to capitalise on the scale of our business to deliver quality products at a more attractive margin.

For example, we are the second biggest apparel retailer in Australia. We have much to learn from the Apparel Brands business in this regard and we are making changes to take advantage of the scale. There is real value in this. Based on our FY24 sales, every one per cent increase in gross profit margin delivers a projected \$33 million incremental EBIT.

Financial discipline is a priority. We aim to be a top quartile Australian and retail TSR performer, with a strong balance sheet and robust financial disciplines.

I've talked about how our customer data is advanced, but we want to harness that data to inform our decision-making. To help us determine which products or brands are resonating with our customers and those that aren't.

We've found that many products and brands are no longer hitting the mark and we will strengthen our capability in this area through advanced analytics and AI to ensure our range is aligned with continually evolving customer preferences.

Slide 16 – The balanced scorecard we will use to measure our success

A critical component of our strategy and a key takeaway from today's session is that we want to hold ourselves to account. This hasn't always been a strength for the business.

We have identified key metrics across each of our strategic pillars and our strategic enablers to measure our progress in delivering our ambition to build a retail engine which delivers sustained TSR and earnings growth throughout economic cycles.

Today you will hear detail from the team about the scorecard and metrics to measure progress and success across each of our strategic pillars. Our CFO Kathy Karabatsas will bring it all together and detail the financial metrics and KPIs that investors can judge us on.

These will include sales growth, Gross Profit margin expansion, a reduction in Cost of Doing Business, Return on Capital Invested and Leverage. There's nothing ground-breaking in how we go about it, but we want to be open and accountable in our approach so investors can better understand our business and the investment proposition.

Ultimately, we recognise our strategy will be judged by how well we execute and the financial returns we generate. We understand that, but we want to take you on the journey. That's what today is all about.

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Slide 19 – Why invest in Myer

So – why invest in Myer Group?

We are at the start of a three-to-five-year transformation journey and it was important for us to be clear about that from the start. To get where we want to be, significant change is required.

By the end of today's Investor Strategy Day, I hope we will have demonstrated that we have already been moving at a pace that is new for Myer and how this will set up the Myer Group.

The integration of the Apparel Brands has given us significant scale.

We are the second largest apparel retailer in Australia, with more than \$4 billion in sales but we have more to do. We need to improve profit margins to support our ambition to generate sustainable returns.

Importantly, you can already see how the scale created by the Apparel Brands acquisition is benefitting our business. Our refinancing is testament to our ability to leverage our enhanced scale to strengthen our balance sheet and deliver savings.

I cannot overstate the importance of a strong balance sheet. It underpins our commitment to a disciplined framework for capital management. We are very clear on both the framework and the principles. Within this framework, we will pursue an approach to capital allocation focused on returns and investments to support strategic growth.

Today is about meeting the refreshed Myer Group team and providing you with an honest and transparent perspective on where we are today and the opportunities ahead for the business.

I recognise that for some time Myer has not had a track record of living up to its promises. While I am determined to change that, I acknowledge we can only shift that perception by consistently delivering on our strategy and ensuring our actions match the rhetoric.

We have a clear strategy and roadmap for our transformation.

We have an iconic brand, an unrivalled omni-channel network and a market-leading loyalty program.

We have a new leadership team in place with world-class capabilities and a proven track record in successfully turning around retail businesses.

Our strategy is clear, our decisions are customer-focused and our investments are data-led; we are execution-focused, with a bias to action and accountability.

Our job today is to show you how we are doing this.

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