

# MYER

ismystore



## Full Year Results

for the year to July 2008

After 28 months of Myer's 50 month Turnaround Phase

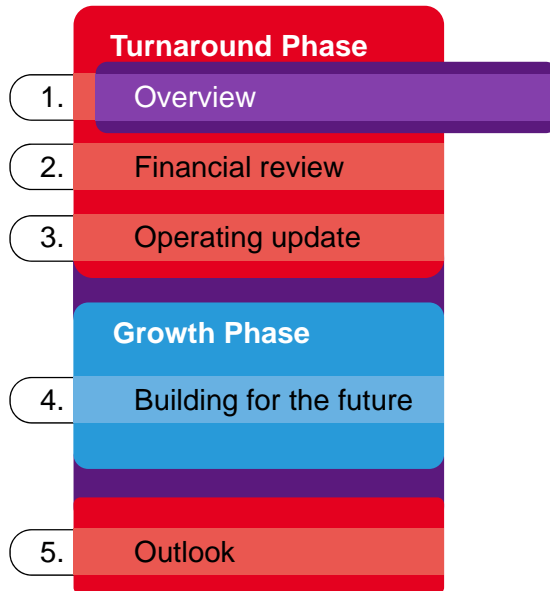
Our vision is to be an international class retail business providing inspiration to everyone

## Agenda

1. Overview
2. Financial review
3. Operating update
4. Building for the future
5. Outlook

**MYER**<sub>2</sub>

## Agenda



**MYER**<sup>3</sup>

## Financial highlights

- Earnings before interest and tax up 30.7%\* to \$213.2m equating to 6.42 cents in the dollar
- Net profit after tax up 39.5% to \$95m
- Margins steady, cash cost of doing business 124bp lower, capital expenditure increased 64% to \$148m
- Total sales up 1.0% to \$3.32bn, like-for-like sales up 2.0%
- Strong balance sheet, with net debt reduced by 25% since acquisition to \$733m (equal to 2.7 times EBITDA) with no repayments due for 4 years
- Return on total funds employed 20.7%, up from 14.5% last year and 5.2% on acquisition

\* Normalised for additional \$17m rent from sales and lease back of Melbourne property

Solid result after 28 months of Myer's  
50 month Turnaround Phase

**MYER**<sup>4</sup>

## Good progress after 28 months of Myer's 50 month Turnaround Phase

| Achieved  | In progress  |
|---|--|
| 101 business improvements 86% complete (FY07: 65%)  | Complete 101 business improvements   |
| World Class Supply Chain established and operating ahead of design metrics, with costs down 50% since acquisition | Continue to improve IT capability: New Point-of-Sale System and CCTV delivered over next 22 months |
| Commenced expansion program to take chain to 80, with 4 new stores opened and 9 new full-sized stores signed      | 6 new full-sized stores under negotiation  |
| Refurbishment cycle underway - 4 stores completed   | Continue refurbishment cycle, including completion of flagship Melbourne and Sydney stores         |
| Launched Myer For Me, signed multi-year Enterprise Bargaining Agreements, introduced paid parental leave          | Focus on culture, improving customer service and productivity – "Awesome Service"                  |
| Enhanced MYER one loyalty program with 2.5 million members  | Continue to refine and add to brand portfolio e.g. Ben Sherman, Vivienne Westwood, Armani Jeans    |
| Separation from Coles – final operational IT separation complete in April 2008                                    |  |

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## Halfway through Turnaround Phase, building blocks for Growth Phase coming into place

|                | Turnaround Phase<br>50 months to July 2010   |      |      |    |    | Growth Phase<br>48 months to July 2014   |    |    |    |
|----------------|--|------|------|----|----|--|----|----|----|
| FY             | 06   | 07   | 08   | 09 | 10 | 11   | 12 | 13 | 14 |
| Net new stores |  | 1    | 4    | 0  | 1  | 6  | 5  | 3  |    |
| Chain          | 60   | 61   | 65   | 65 | 66 | 72   | 77 | 80 |    |
| Sales (\$bil)  | 3.17   | 3.29 | 3.32 |    |    |  |    |    |    |
| EBIT (\$mil)   | 73   | 180  | 213  |    |    |  |    |    |    |
| EBIT to Sales  | 2.3%   | 5.5% | 6.4% |    |    |  |    |    |    |
|                | <b>Fix the financial metrics</b> <ul style="list-style-type: none"> <li>• Business improvement projects</li> <li>• World class supply chain</li> <li>• Overhaul IT systems (MyMerch, Point-of-Sale, CCTV)</li> <li>• Separate from Coles</li> <li>• Begin store expansion and refurbishment program</li> <li>• Promote culture of service and performance</li> </ul> |      |      |    |    | <b>Grow the business</b> <ul style="list-style-type: none"> <li>• Focus on top line growth</li> <li>• New store openings take chain to 80</li> <li>• Complete refurbishment cycle</li> <li>• Grow brands</li> <li>• Operational refinement</li> <li>• Service culture well embedded</li> <li>• Achieve international retail standards</li> </ul> |    |    |    |

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## Normalised earnings before interest and tax up 30.7%

|                             | FY06     | FY07     | FY08     | % change | % change like-for-like |
|-----------------------------|----------|----------|----------|----------|------------------------|
| Sales including concessions | \$3,174m | \$3,289m | \$3,320m | +1.0%    | +2.0%                  |
| EBIT                        | \$73m    | \$180m   | \$213m   | +18.5%   | +30.7%*                |
| EBIT/Sales (%)              | 2.30%    | 5.47%    | 6.42%    |          |                        |
| Net profit after tax        | \$16m    | \$68m    | \$95m    | +39.5%   |                        |

\*Normalised for additional \$17 million rent following the sale and leaseback of Melbourne store

Net profit after tax up 39.5%

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## Sales in line with expectations in a challenging market

- Sales up 1.0% to \$3.32 billion and like-for-like sales up 2.0%, in line with expectations
- Total sales growth below like-for-like sales growth due to store closures in FY07, Hobart fire and refurbishments
- Sales of Private Brands\* remain constant at circa 15%
- Increase in concession sales reflects full year impact of some brands transferred from wholesale to concession part way through 2007

\* Proprietary Designer Brands and Myer Fashion Labels

Priority of Turnaround Phase remains improving Return on Sales

**MYER**<sup>9</sup>

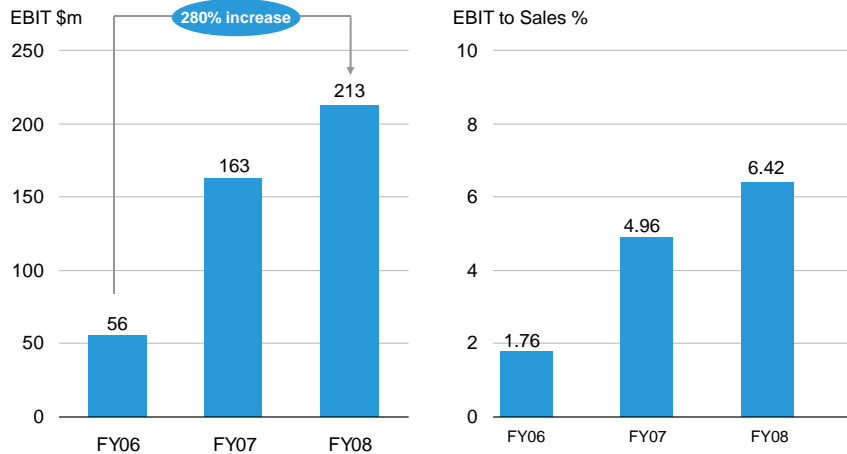
## Financial summary

|  | FY08            | FY07            | % change      | Like-for-like  |
|--|-----------------|-----------------|---------------|----------------|
| <b>Sales including concessions</b>         | <b>\$3,320m</b> | <b>\$3,289m</b> | <b>+1.0%</b>  | <b>+2.0%</b>   |
| Operating gross profit                     | \$1,332m        | \$1,325m        |               |                |
| <i>Operating gross profit / sales</i>      | <i>40.12%</i>   | <i>40.29%</i>   |               |                |
| Cash cost of doing business                | (\$1,057m)      | (\$1,088m)      | (2.8%)        |                |
| <i>Cash cost of doing business / sales</i> | <i>31.84%</i>   | <i>33.08%</i>   |               |                |
| <b>EBITDA</b>                              | <b>\$275m</b>   | <b>\$237m</b>   | <b>+16.2%</b> | <b>+24.6%*</b> |
| <i>EBITDA / sales</i>                      | <i>8.29%</i>    | <i>7.21%</i>    |               |                |
| Depreciation                               | (\$62m)         | (\$57m)         |               |                |
| <b>Earnings before interest and tax</b>    | <b>\$213m</b>   | <b>\$180m</b>   | <b>+18.5%</b> | <b>+30.7%*</b> |
| <i>EBIT / sales</i>                        | <i>6.42%</i>    | <i>5.47%</i>    |               |                |
| Interest                                   | (\$78m)         | (\$83m)         |               |                |
| <b>Net profit before tax</b>               | <b>\$135m</b>   | <b>\$97m</b>    | <b>+39.5%</b> |                |
| Tax  | (\$40m)         | (\$29m)         |               |                |
| <b>Net profit after tax</b>                | <b>\$95m</b>    | <b>\$68m</b>    | <b>+39.5%</b> |                |

\*Normalised for additional \$17 million rent following the sale and leaseback of Melbourne store

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## EBIT up from less than 2 cents in the dollar at acquisition to 6.4 cents



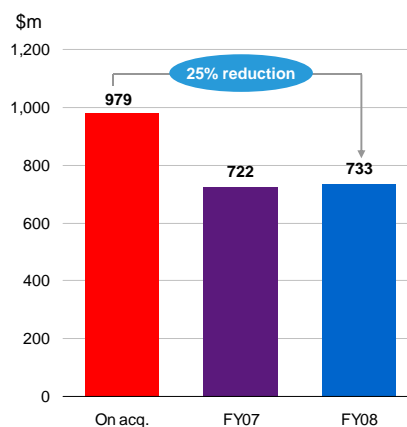
FY06 and FY07 normalised for additional \$17m rent following sale and leaseback of Melbourne store

Improved profitability and cash flow to fund investment in future growth

**MYER**<sup>11</sup>

## Financial health measures increasingly comfortable

- Net debt reduced to \$733m after sale of Melbourne store (\$605m) and capital return (\$560m) in August 2007
- Three properties intended for sale and lease back withdrawn from sale until market conditions improve
- Total Debt to EBITDA ratio down from 3.1 to 2.7 times, longer term goal 2.0 to 2.5 times
- Return on total funds employed now 20.7%, up from 14.5% last year and 5.2% at acquisition



No debt repayments due for four years

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## Balance Sheet remains strong

|                                | \$ mil<br>FY08 | \$ mil<br>FY07 |                          |
|--------------------------------|----------------|----------------|--------------------------|
| Fixed Assets                   | 295            | 238            |                          |
| Properties                     | 29             | 372            |                          |
| Inventory                      | 345            | 367            |                          |
| Other Assets                   | 151            | 138            |                          |
| Creditors / Provisions         | (687)          | (740)          |                          |
| <b>Tangible Funds Employed</b> | <b>134</b>     | <b>376</b>     |                          |
| Intangibles                    | 897            | 862            |                          |
| <b>Total Funds Employed</b>    | <b>1030</b>    | <b>1238</b>    |                          |
| Debt                           | (626)          | (521)          |                          |
| Cash                           | 139            | 220            |                          |
| Property Debt                  | 0              | (177)          |                          |
| Convertible Equity Notes       | (247)          | (245)          |                          |
| <b>Equity Investment</b>       | <b>297</b>     | <b>516</b>     |                          |
| <b>Net Debt</b>                | <b>733</b>     | <b>722</b>     |                          |
| <b>Ratios</b>                  |                |                | <b>Banking Covenants</b> |
| Senior Interest Cover          | 6.30 x         | 6.51 x         | More than 3.15x ✓        |
| Senior Debt To EBITDA          | 2.12 x         | 2.11 x         | Less than 3.70x ✓        |
| Debt Service *                 | 1.54 x         | 3.98 x         | More than 1.00x ✓        |

\*EBITDA less Capex, less Tax, less working capital increase to interest plus debt amortisation

Inventory below target at year end

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## World class supply chain fully operational

- Continued work on building an integrated supply chain from source to shop floor
  - roll cages introduced
  - increased store sortation points from 221 to 451 destinations
  - brought control of home deliveries back into RDCs
- Four stand alone Regional Distribution Centres opened, on time and under budget, with costs more than halved since acquisition
- Introduced RDC performance dashboard and labour planning tool
- Improved range planning and flexibility for overseas merchandise:
  - improved speed to market - international transit lead time reduced from an average of 42 days at acquisition to an average of 24 days
  - improved shipping visibility
  - reduced international freight costs in spite of higher volumes
  - opened 4 overseas merchandising hubs
- Introduced improved merchandise allocation to reduce markdowns
- Streamlined disciplines across all suppliers to reduce 'no shows' by 85%



World class operating metrics

**MYER**<sup>15</sup>

## Growing collaboration with suppliers

- Introduced Supplier of the Year benchmark program
- Strategic objective plans with major trading partners being introduced
- Commenced roll-out of stock forecast to suppliers
- Category plans under development by buyers in liaison with major trading partners
- Myer now providing visibility on marketing plans to suppliers
- Over 20 supplier secondees located in buying team
- Collaborating with suppliers on e-commerce initiatives in supply chain
- Product knowledge training days run for store teams by trading partners
- Continuous review of supplier trading terms

Greater efficiency and communication beginning to yield benefits for both parties

**MYER**<sup>16</sup>



## Investing in information technology to support growth of business

- Separation from Coles completed in April 2008
- Mymerch IT platform rolled out and enhancements to the system executed
- EFTPOS upgrade completed
- New IT systems in place for all Distribution Centres
- Backbone infrastructure with wireless technology rolled out across all stores to enhance stock-take, bridal registry and cash management procedures
- New Point-of-Sale System and CCTV due to be operational by end of Turnaround Phase
- Commenced 'Store of The Future' back office model to centralise store based admin functions and support investment in customer facing functions



Final separation from Coles now complete

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## Improving people practices

- Signed multi-year enterprise bargaining agreements for all stores, and concluded new employment agreements for all distribution centre team members
- Agreements traded increased terms for increased flexibility
- Improved staff allocation to better align with customer shopping habits
- Achieved self insurance status for Workers Compensation in 4 states and rolled out Myer Safety Systems across business
- 'Awesome Service' customer service program rolled out across the country to 15,000 team members
- Completed 'Myer Way' Buying Process and Procedure training



Laying the foundations for improved productivity and customer service

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## Improving culture and building talent

- 'Myer For Me' benefits program significantly expanded to reward Myer team of over 17,000 around the country
  - first major retailer to introduce paid parental leave
  - broad range of new benefits including banking and health insurance offers, benefits booklet and extended product and service discounts
  - broadened sales-based incentives and commissions for store team members
- Increased focus on rewarding and retaining talent
  - extended Myer Equity Incentive plan to benefit 300 managers
  - annual performance bonus plan expanded to 1,500 people
- Expanding talent pool to support the business as well as new and refurbished stores
  - Graduate Program of 2008 and expanded Stores Management Development Program attracted 80 participants
  - Buyer / Planner Program commenced
- Published 'Your Store Myer', a history of the Myer department store – positive reaction to launch



Creating an environment to attract, retain and reward talent

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## Building a sustainable business

- Signatory to National Packaging Covenant – obligation to continually review packaging standards and usage
- Stronger focus on waste reduction via implementation of a more comprehensive recycling program in stores
- Water Map Plan in place for Myer Melbourne site which will deliver reductions in water usage
- Store refurbishment program to include installation of water saving devices in restrooms
- New Myer Support Office in Melbourne's Docklands designed to 5 Star Green Star rating and 5 Star Australian Building Greenhouse Rating (ABGR)



Implementing responsible and sustainable business practices

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## Loyalty and marketing

- MYER one loyalty card Members now number 2.5 mil, accounting for 58% of sales up from 43% on acquisition
- Introduced Gold and Silver tiering to MYER one program and continued roll-out of Myer Visa credit card
- emporium magazine now in 6<sup>th</sup> issue, MYER one members receiving emporium spend at double the rate of those that don't receive it
- Extensive customer research undertaken with findings incorporated into refreshed advertising creative
- Continue to benefit from strong association with Jennifer Hawkins as the face of Myer
- Expanded commitment to fashion at thoroughbred racing with Rebecca Twigley signed as Myer Racing Ambassador until 2013
- New two year partnership with L'Oreal Melbourne Fashion Festival
- Presenting partner sponsor of Archibald prize



Improved loyalty and marketing programs build customer relationships

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## Local community marketing

- Renewed focus on community participation with individual store budgets for local community marketing doubled to over \$3m
- Major partnership with Vision Australia's Carols by Candlelight
- Breast cancer screening clinics in store, trial underway at Parramatta
- Myer's Christmas street parade once again planned for 2008, to be broadcast on Channel 7 Victoria
- Extensive local community involvement including:
  - Bendigo Fashion Parade featuring Rebecca Twigley
  - Ballarat Turf Club Ladies Day luncheon/fashion parade
  - Cranbourne Cup Myer Fashions on the Field
  - Penrith Shopping night
  - Dandenong Rangers Basketball Club



Bringing Myer to more people through local community marketing

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## Innovative events: New York, New York

- First retail concept in Australia designed to drive foot traffic and sales through innovative PR and events based marketing
- Transformed five downtown stores into 'Mini-Manhattans' during last three weeks of May
- Launched with Myer designers during New York Fashion Week in February
- Included celebrity in-store appearances from famous New Yorkers including Carson Kressley, 'The Naked Cowboy' and a tie in with the Australian premiere of 'Sex and the City' movie
- Announced launch of exclusive range by well known stylist Patricia Field to be launched in October 2008



Positioning Myer as an international class retail business

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## In-store innovation and theatre

- Ongoing rollout of exciting 'store-within-store' concepts
  - Weightwatchers clinics introduced in 2 stores
  - Extended Nespresso to 2 more stores
  - Vodafone concept shops in 24 stores
  - 5 Laubman & Pank Optical Stores
  - Continued roll-out of Gloria Jeans, now in 12 stores
  - Apple available in 30 stores, shop in shop concept introduced to 5 downtown stores
- Enhanced range of in-store childrens' activities
  - Santaland workshops now extended to Adelaide and Pacific Fair
  - Thomas the Tank Engine month
- New product launches
  - Two 'Intimately Beckham' fragrances
  - Davenport underwear with Stephanie Rice and Eamon Sullivan
  - MILK skincare range by Michael Klim
  - Neil Perry T-Grill
  - Fragrance Foundation windows – a world first
- Extended Bridal Registry to Gift Registry supported by significant marketing campaign and scanning technology



Concept stores add excitement

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## Strengthening the product and category offering

- Buying teams better aligned to customer expectations, for example integrated buying for women's apparel, footwear and accessories
- Strong category performances in womenswear, accessories, furniture and electricals
- Excellent customer response to new electrical fixtures, strong sales of computers and console gaming
- Expansion of youth offering with introduction of the 'Basement' concept in 6 more stores
- Introduction of Vue Boutique across all stores in July to strengthen homewares offering
- Positive trials at Southland store of range of books (planned for roll out across top stores), and new frames and albums (planned for roll out across 35 stores)



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Refreshing our ranging and merchandising

## Continue to attract high profile international and national brands

- Strengthened market leading position in cosmetics with addition of Mecca Cosmetica
- Added 19 new brands in womenswear including Vivienne Westwood, Joes denim, McQ, Armani Jeans, Taverniti Jeans, Seduce and Paule Ka and successfully launched exclusive brands Wayne by Wayne Cooper and Hi-there by Karen Walker
- Continued to expand Menswear offering with introduction of Declic, CK business shirts, Oxford suits, Emporio Armani and Callaway Golf
- Revamped swimwear range with reintroduction of Seafolly, addition of Cozi by Jennifer Hawkins and Rochford
- Childrenswear brand offer strengthened with introduction of Run Scotty Run, Miss Metallicus, Bardot Jnr and Wayne Jnr
- Introduced new intimates brands Chloe & Lola and Marie Claire
- Footwear & Accessories integrated into full fashion offer – added new brands including Fossil, Ed Hardy and Emporio Armani



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Great brands and great fashion for every Australian

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## Brand positioning to support our vision for Myer

### Vision

Our Vision is to be an International Class Retail Business providing Inspiration to Everyone

### Brand Proposition

To excite, inspire and reward our customers

#### Suppliers

Real brands  
New products

#### Customers

Brand logic  
Broader choice

#### Team Members

Greater advocacy  
New confidence in satisfying our customers



Jennifer personifies the Myer brand

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## Myer has a strong portfolio of international and national brands

Donna Karan Cacharel Vivienne Westwood Red Label Hugo Boss camilla & marc  
 Seafolly Yeojin Bae Joes Jeans TL Wood Bettina Liano Carla Zampatti Taverniti  
 Arabella Ramsay Emporio Armani Calvin Klein Mad Cortes Little Joe Nevenka  
 Charlie Brown Narcisco Rodriguez Nicola Finetti Jayson Brunson Karen Walker  
 Wayne Cooper Josh Goot Leona Edmiston Kate Sylvester Viktor and Rolf Dior  
 Emilio Pucci Seduce Mossimo Sonia by Sonia Rykiel Pleasure State  
 Elle McPherson Country Road Sportscraft Review Elemis TS14+ Jag Sheridan  
 Jeff Banks Grace & Heart Yarra Trail Politix David Lawrence Feathers Jigsaw Levis  
 CK Jeans Casadei Rhodes & Beckett Armani Jeans Rodd & Gunn Esprit Tommy Hilfiger  
 Paige Premium Denim Vicini L'Autre Chose Polo Ralph Lauren Maxwell & Williams  
 True Religion 7 For All Mankind Cooper Street Wish Callaway Maticevski  
 Jane Lamerton Berny Demore Emporio Armani Wayne by Wayne Cooper Wayne Jnr  
 Hi-there by Karen Walker Basque blaq Kit Urbane Piper Maddox Regatta Tokito  
 Lost Highway Vue Reserve Soho Miss Shop Biotherm Kenji Chloe & Lola Intimates  
 Luciano Padovan Heritage Miss Metallicus Sprout Angelic by C&LI Miss Pink  
 Jack & Milly Milkshake Mossimo Stussy Freshjive French Kitty Hissy Fit Golf Punk  
 Industrie M-One-II Redsand Oxford Suting Bobbi Brown Bardot Mermaid Sister Chanel  
 Estee Lauder Mecca Cosmetics MAC Ed Hardy Pilgrim Anya Hindmarch Marc Jacobs Cult  
 Juicy Couture Guard by Canterbury Viktor & Rolf Riders by Lee Aesop Bonds Declic  
 Tara Jarmon Rebecca Taylor Givenchy Georgina Goodman Rupert Sanderson Guess  
 Michael Kors Paule Ka YSL Milk Moschino Cheap&Chic G-Star Benefit Cue

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## Brand architecture to appeal to every customer

### Designer Brands

|                |                |                 |                |                 |                       |
|----------------|----------------|-----------------|----------------|-----------------|-----------------------|
| Donna Karan    | Yeojin Bae     | Arabella Ramsay | Nicola Finetti | Josh Goot       | Sonia by Sonia Rykiel |
| Cacharel       | TL Wood        | Mad Cortes      | Jayson Brunson | Leona Edmiston  | Narcisco Rodriguez    |
| Hugo Boss      | Bettina Liano  | Nevenka         | Karen Walker   | Kate Sylvester  | Vivienne Westwood     |
| camilla & marc | Carla Zampatti | Charlie Brown   | Wayne Cooper   | Viktor and Rolf | Emilio Pucci          |

### International/National Brands

|              |             |                |                     |                    |               |
|--------------|-------------|----------------|---------------------|--------------------|---------------|
| Cue          | Jag         | David Lawrence | Rhodes & Beckett    | Polo Ralph Lauren  | Cooper Street |
| Country Road | Sheridan    | Feathers       | Rodd & Gunn         | Maxwell & Williams | Wish          |
| Sportscraft  | Jeff Banks  | Jigsaw         | Esprit              | G-Star             | Callaway      |
| Review       | Yarra Trail | Levis          | Tommy Hilfiger      | True Religion      | Paule Ka      |
| TS14+        | Politix     | CK Jeans       | Paige Premium Denim | 7 For All Mankind  | Armani Jeans  |

### Proprietary Designer Brands

|            |               |                       |           |                          |
|------------|---------------|-----------------------|-----------|--------------------------|
| Maticevski | Jane Lamerton | Wayne by Wayne Cooper | Wayne Jnr | Hi-there by Karen Walker |
|------------|---------------|-----------------------|-----------|--------------------------|

### Myer Fashion Labels

|        |              |         |              |                          |              |
|--------|--------------|---------|--------------|--------------------------|--------------|
| Basque | Regatta      | Vue     | Miss Shop    | Heritage                 | Miss Pink    |
| blaq   | Tokito       | Reserve | Kenji        | Sprout                   | Jack & Milly |
| Piper  | Lost Highway | Soho    | Chloe & Lola | Angelic by C&LI          | Milkshake    |
| Urbane | Maddox       |         | Intimates    | Cozi by Jennifer Hawkins |              |

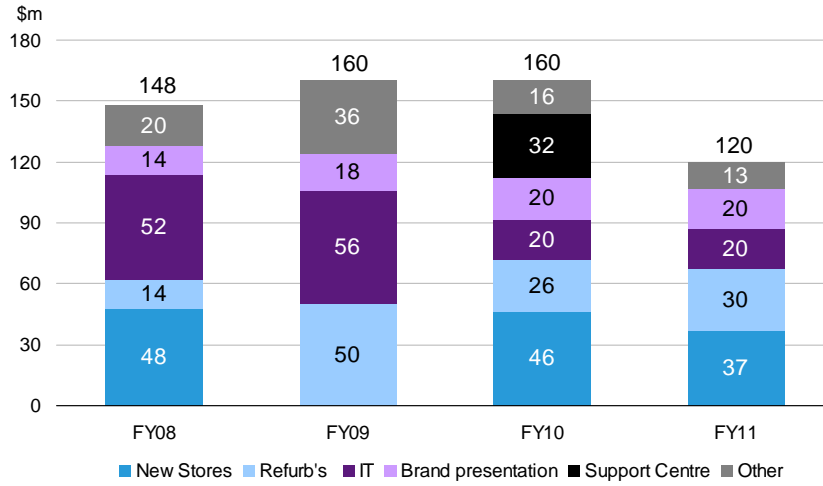
### Youth

|           |           |                |          |               |              |
|-----------|-----------|----------------|----------|---------------|--------------|
| Mossimo   | Industrie | Bardot         | Ed Hardy | Cult          | French Kitty |
| Stussy    | M-One-II  | Mermaid Sister | Pilgrim  | Riders by Lee | Golf Punk    |
| Freshjive | Redsand   |                |          |               |              |

Clear architecture of brands covering full range from luxury to entry price points

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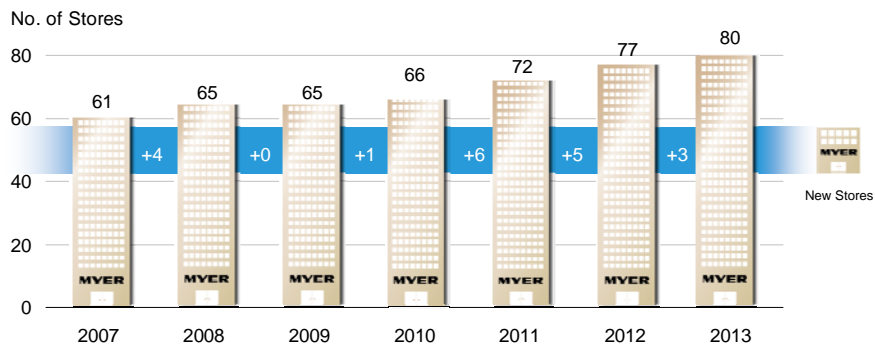
## Capital expenditure twice depreciation to accelerate growth



Annual capital expenditure since acquisition more than doubled

**MYER** <sup>31</sup>

## Opened 4 new stores and signed lease agreements for 9 new stores



Expansion of portfolio to 80 stores on track

**MYER** <sup>32</sup>



## Four new stores opened during the year

- New stores trading profitably - confirms our belief that locations are well chosen and reflect Myer brand
- Myer site selection tool based on demographic mapping and MYER one customer data
- Enthusiastic response from potential landlords to new store expansion plans with further 9 leases signed, 6 more under negotiation
- All new stores are full-sized, in the range of 10,000 – 12,000 square metres
- Some planning and landlord delays possible



Return on investment for new stores to exceed 20% by second full year of operation

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## Store refurbishment program to reinforce brand proposition and grow sales

- Major commitment to store refurbishment program to better reflect Myer's market position
- 4 stores refurbished to date including Chermside, Chatswood, Warringah and Geelong (re-opened September 2008)
- Major simultaneous refurbishment of Melbourne and Sydney flagship stores to international department store standards
  - Reflects Myer's focus on completing Turnaround Phase and preparing for Growth Phase
  - Some short term sales impact inevitable
- Stores undergoing refurbishment in FY09 include:
  - Doncaster – due to open in October 2008
  - Sydney – due to reopen in time for Christmas 2008
  - Melbourne – partial opening before Christmas 2009
  - Canberra
  - Blacktown
  - Castle Hill

Proactive refurbishment strategy reflects long term focus

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## Myer Melbourne re-development

- Major flagship redevelopment to world class department store standard
- New store will have two new levels and include 42,000 sq m of retail space
- New building being erected on site of old telecom building to adjoin to Bourke Street store
- Negotiating with luxury and accessories houses to reflect Myer Melbourne's positioning as a world class department store
- Mobilised a team of dedicated resources to manage the Myer Melbourne project and minimise business disruption
- Relocated Bourke Street Levels 1-5 to Lonsdale Street
- Currently trading with 25% less space with short term sales impact inevitable



Making Myer Melbourne “the retail destination” in Australia

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## Myer Melbourne re-development



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## Myer Sydney re-development

- Major refurbishment of flagship store delivering additional 10% retail space (to 33,000 sq m)
- Levels 3-6 complete, mezzanine level opened end September, levels 1 and 2 underway
- Dedicated team of customer assistance staff
- Starting to see benefits from exciting new features including:
  - New cosmetics installations including Mecca Cosmetics, Bobbi Brown, Kiehls, Elemis, Chanel Colour studio (department store first and exclusive to Myer) and Benefit Brow Bar (Australian first)
  - New menswear concept stores including Polo Ralph Lauren, Van Heusen, Rodd and Gunn
  - New designer and imported apparel area and fitting rooms
  - New homeware concept installations including Missoni and Le Creuset
  - New home entertainment open-sell suite
  - First MYER one lounge for Gold and Silver Members
  - Dining destinations including Parisian-style cafe and licensed bar & grill
  - Revamped parents' room and beauty rooms



Making Myer Sydney a world class department store

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## Turnaround Phase focused on delivering permanent positive change

### Turnaround Phase (2006 – 2010) Priorities for the next 22 months

Progressive development of IT, supply chain and buying capabilities

Continue refurbishment program

Complete 101 business improvement projects

New Point-of-Sale system and closed circuit TV system

Progress store expansion program

Continue to refine and add to brand portfolio

### Growth Phase (2010 – 2014) Ongoing priorities

Focus on top-line growth and operational fine tuning to continuously improve efficiency and productivity

Complete store refurbishment cycle

Consolidate permanent culture of service and performance

Grow chain to 80 stores to consolidate position as the biggest Australian department store retailer with a full national footprint

Become an international class retail business

Continue to add to brand portfolio

Building blocks for Growth Phase coming into place

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## FY09 Outlook

- Following a 280% increase in normalised EBIT over a 2 year period during FY07 and FY08, we expect FY09 profits to remain broadly similar to FY08 levels
- In FY09 we will continue to focus on completing the 50 month Turnaround Phase and preparing for the Growth Phase beyond
- Given the prevailing economic conditions and the impact on earnings of current refurbishments, our expectation that FY08 profits can be maintained in FY09 reflects our confidence in the underlying business, including our ability to continue to drive business improvements



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