

MYER

is my store

Half Year Results

for the six months to 26 January 2008

After 22 months of Myer's 50 month Turnaround Phase

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

27 March 2008



Agenda

Turnaround Phase

1. Overview
2. Financial review
3. Operating update

Growth Phase

4. Building for the future
5. Outlook

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Turnaround Phase

1.

Overview

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Outlook

First half highlights

- Earnings before interest and tax up 23.5% to \$152m
- Net profit after tax up 52% to \$79m
- Balance Sheet stronger, with Net debt reduced by 34% since acquisition to \$643m
- 9 new stores signed to support expansion of chain to 80 stores during Growth Phase

Solid result after 22 months of Myer's
50 month Turnaround Phase

Good progress after 22 months of Myer's 50 month Turnaround Phase

Achieved

101 business improvements 81% complete (FY07: 65%)



World Class Supply Chain established and operating ahead of design metrics – Distribution Centre costs down 40% (12 months ahead of schedule)



Commenced expansion program from 60 to 80 stores with 9 additional new full-sized stores signed and Eastgardens opened in March 2008



Refurbishment program underway with Chermside successfully completed



Launched Myer For Me staff rewards and training program, signed multi-year Enterprise Bargaining Agreements, first major Australian retailer to announce paid parental leave



Mymerch IT platform successfully rolled out



In progress

101 business improvements on track for completion by late 2008

New Point-of-Sale System and closed circuit TV

9 new full sized stores to be signed in next 12 months to take chain to 80, 2 new stores to be opened (Bankstown and Northlakes)

Refurbish 6 stores including Melbourne (underway) and Sydney (starting soon)

Focus on culture, improving customer service and productivity

Continue to refine and add to brand portfolio

Improve IT capability and separate from Coles (April 2008)

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

	Turnaround Phase 50 months to July 2010					Growth Phase 48 months to July 2014				
FY	06	07	08	09	10	11	12	13	14	
Net new stores		1	4	0	5	6	4			
Chain	60	61	65	65	70	76	80			
Sales (\$bil)	3.17	3.29								
EBIT (\$mil)	73	180	215*							
EBIT to Sales	2.3%	5.5%								
	Fix the financial metrics <ul style="list-style-type: none"> • Business improvement projects • World class supply chain • Overhaul IT systems (myMerch, POS) • Separate from Coles • Begin store expansion and refurbishment program • Promote culture of service and performance 					Grow the business <ul style="list-style-type: none"> • Focus on top line growth • New store openings take chain to 80 • Complete refurbishment cycle • Grow brands • Operational refinement • Service culture well accepted • Achieve International Retail standards 				



* Mid-point of guidance for FY08

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Earnings before interest and tax up 32%

	H1 FY08	H1 FY07	% change	% change like-for-like
Sales including concessions	\$1,829m	\$1,796m	1.8%*	3.7%
EBIT	\$152m**	\$123m	23.5%	32.2%
EBIT/Sales (%)	8.3%	6.8%		
Net profit after tax	\$79m	\$52m	52.0%	

*Sales growth below like-for-like growth due to store closures at Burwood and Strathpine, Hobart fire and major refurbishments and will remain so until Q4 FY08

**H1 FY08 Earnings include additional \$8m rental costs following the sale and lease back of the Melbourne store.

Net profit after tax up 52%

Like-for-like Sales up 3.7%

- Sales up 1.8% to \$1.829 billion and like-for-like Sales up 3.7%, in line with expectations
- Sales growth below like-for-like growth due to store closures, Hobart fire and refurbishments
- Sales of Private Brands* remain constant at circa 15%
- Transfer of some brands in FY08 from wholesale to concession lowers Gross profit percentage and Cost percentage

* Proprietary Designer Brands and Myer Fashion Labels

Turnaround Phase priority is on
Return on Sales

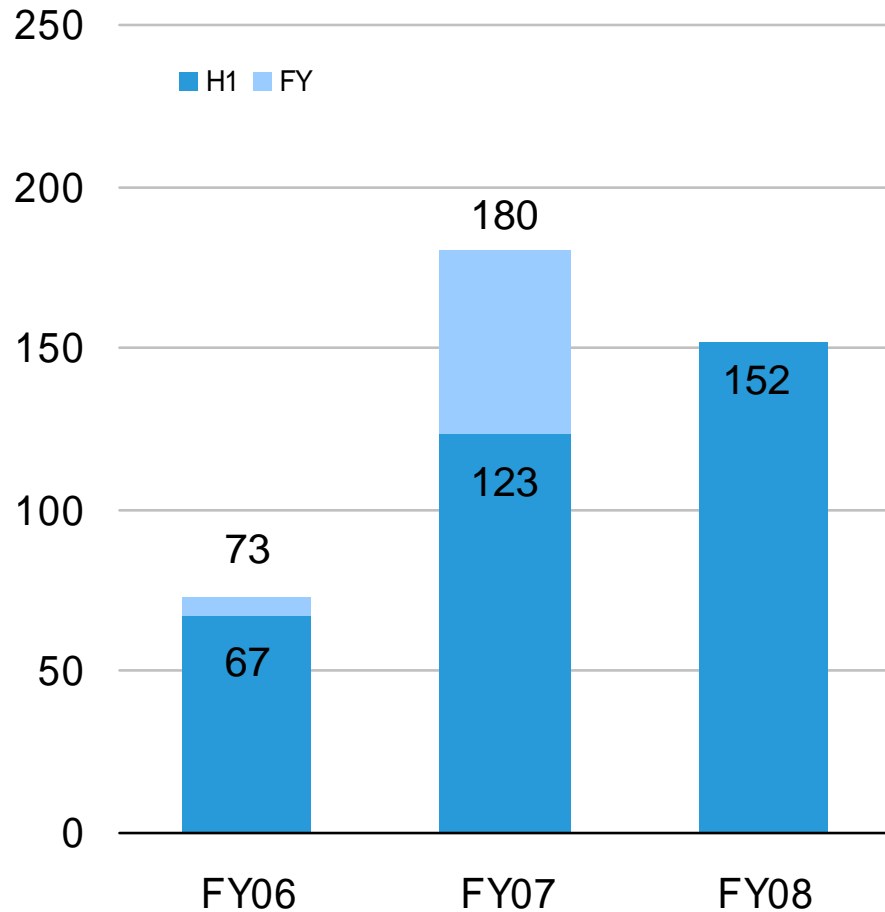
Financial summary

	H1 FY08 \$m	H1 FY07 \$m	% change	Like-for-like
Sales including concessions	1,829	1,796	1.8%	3.7%
Operating gross profit	715	705		
	39.1%	39.2%		
Costs	536	561		
	29.3%	31.2%		
EBITDA	179	144	24.3%	
Earnings before interest, tax, depreciation & amortisation	9.8%	8.0%		
Depreciation	27	21		
Earnings before interest and tax	152	123	23.5%	32.2%*
	8.3%	6.8%		
Interest	37	49		
Net profit before tax	115	74	55.4%	
Tax	36	22		
Net profit after tax	79	52	52.0%	

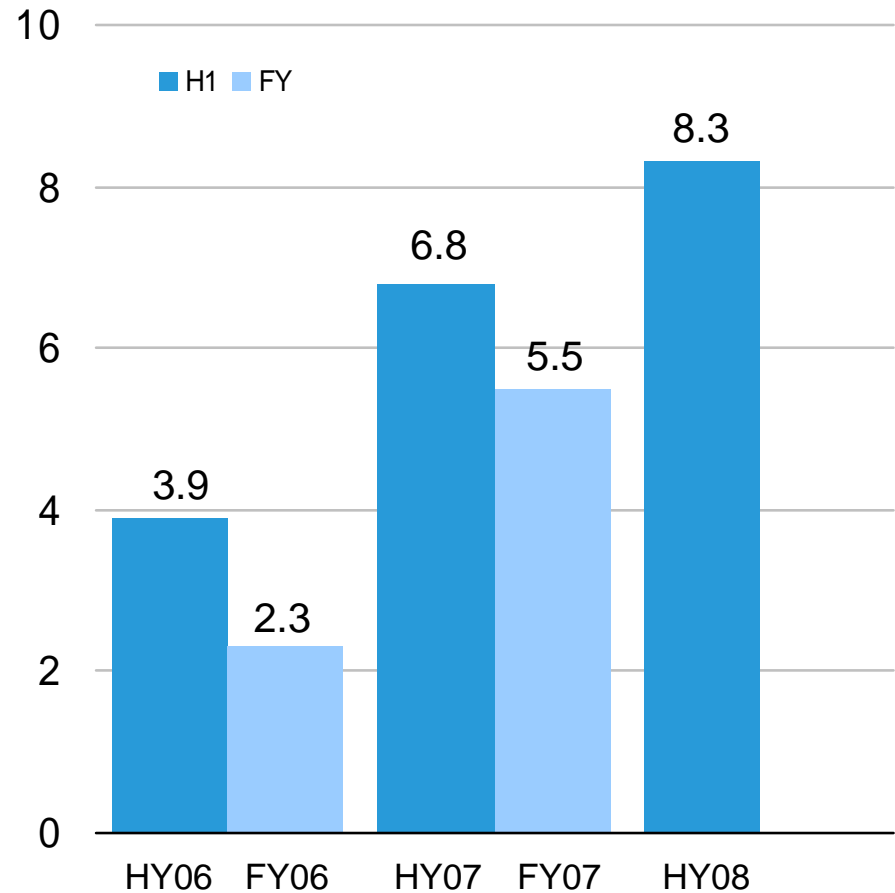
*H1 FY08 Earnings include additional \$8m rental costs following the sale and lease back of the Melbourne store.

Positive EBIT trends

EBIT \$m



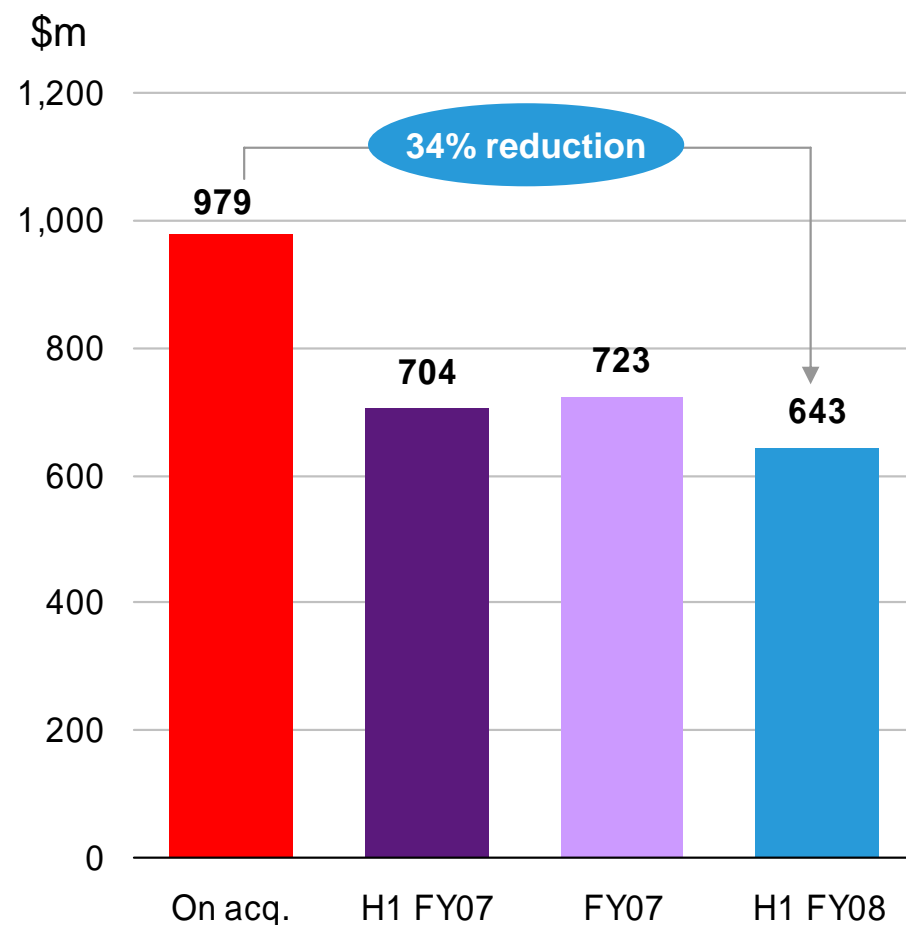
EBIT to Sales %



Significant opportunity to further improve EBIT to Sales margin during Turnaround Phase

Net debt reduced by 34% since acquisition

- Net debt reduced to \$643m after sale of Melbourne store in August 2007 (\$605m) and capital return in September 2007 (\$560m)
- Dubbo, Bendigo and Ballarat properties to be sold and leased back (approximately \$50m)
- Net debt likely to remain in the \$450m - \$750m range as annual EBITDA grows towards \$300m
- Excess cash held for flexibility rather than early debt repayments



No debt repayments due for four years

Balance Sheet remains strong

	\$ Mil		
	H1 FY08	H1 FY07	FY07
Fixed Assets	247	203	238
Properties	29	373	372
Inventory	366	367	367
Other Assets	137	27	138
Creditors / Provisions	-716	-616	-739
Funds Employed	63	354	376
Intangibles	869	833	863
Total Business Capital	932	1187	1239
Debt	-624	-519	-521
Cash	226	230	220
Property Debt	0	-171	-177
Convertible Equity Notes	-245	-244	-245
Equity Investment	289	483	516
Net debt	643	704	723
Ratios			Banking Covenants
Interest Cover (EBITDA to Interest)	6.56	6.50	More than 2.45 ✓
Debt To EBITDA	1.98	2.10	Less than 4 ✓
Debt Service Ratio *	2.82	4.20	More than 1 ✓

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

All banking covenants well covered

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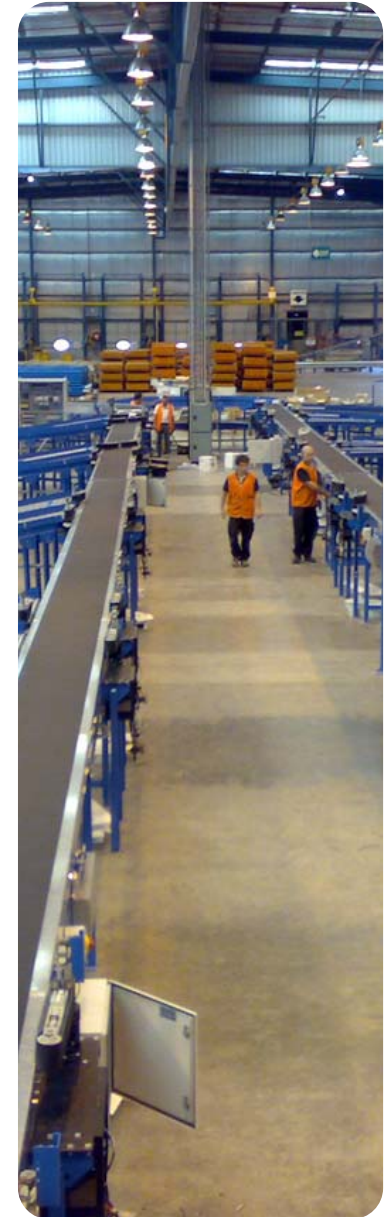
Growth Phase

4. Building for the future

5. Outlook

World class supply chain fully operational

- Major Turnaround Phase initiative operating ahead of design metrics
- Four stand alone Regional Distribution Centres opened, on time and ahead of budget with DC costs down more than 40% – 12 months ahead of schedule
- Improved speed to market for overseas merchandise, reducing transportation lead time from 42 to 26 days and increasing flexibility
- Improved visibility of the flow of overseas merchandise, providing better planning opportunity for freshness, fashionability and flexibility
- Implemented roll cages in WA and commenced roll-out in Queensland and Victoria to provide 'Store Friendly' service and improve efficiencies in store logistics
- Achieved significant improvements in Merchandise Logistics support by suppliers
- Commenced work on improving business performance in sales, margin, operating costs and working capital, through improving the flow of merchandise at every stage from supplier to customer
- Further IT enhancements underway will increase productivity efficiencies



World class operating metrics

Growing collaboration with suppliers

- 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
- Commencement of 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

Investing in information technology to support growth of business

- Mymerch IT platform rolled out and majority of legacy systems have been decommissioned
- New IT systems in place for all Distribution Centres
- Operational issues with new ordering system fine tune
- New point-of-sale system underway
- Stand alone separation from Coles near complete (April 2008)
- IT enabled interim Hobart Store to re-open for trade in 54 days after devastating store fire



IT represents final separation from Coles

Improving people practices

- Signed multi-year enterprise bargaining agreements for all stores and concluded new employment agreements for all distribution centre staff
- Extended next stage of incentive plan to benefit 300 managers
- Over 80 participants in the second Graduate Program of 2008 and expanded Stores Management Development Program
- Delivered HR requirements for recruitment and training in new stores (Eastgardens, Bankstown and Northlakes)
- Merchandise Development Training Programs underway
- Employed additional 2,500 team members for Christmas and January Sales
- Lost time injury down 17%

Laying the foundations for a strong culture,
improved productivity and service



Improving people practices: Myer for Me

- Significantly expanded program to reward our team of over 19,000 around the country. New benefits to commence 1 April 2008
- Focused on attracting and retaining talent and enhancing customer service and selling skills
- As part of this program, we are the first major Australian retailer to introduce paid parental leave
- Four key elements of program are:
 - My rewards
 - My development
 - My lifestyle
 - My benefits
- Aim is to provide an inspirational environment for our team members to work in and ensure the recognition of their important contributions

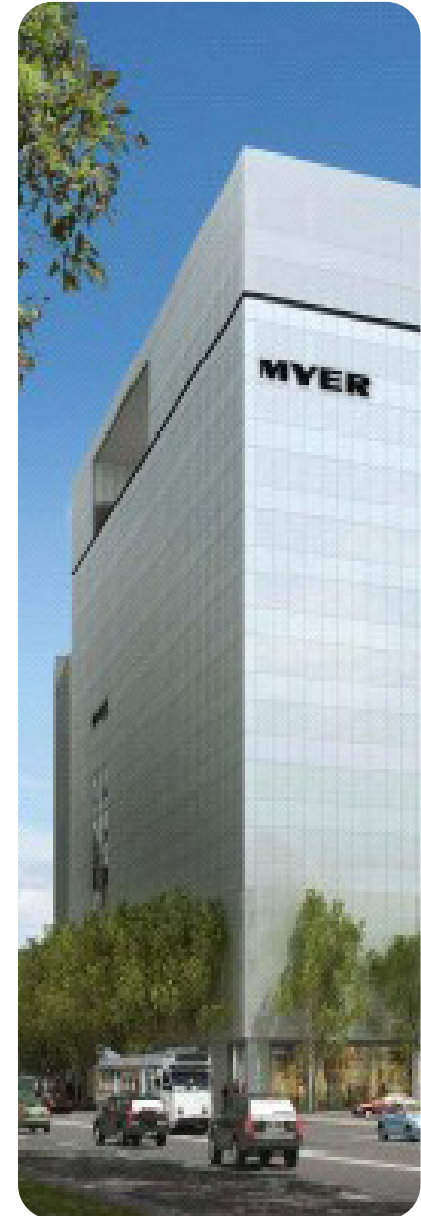
Supports Myer's Vision of becoming an
International Class Retail Business
providing Inspiration to Everyone



Building a sustainable business

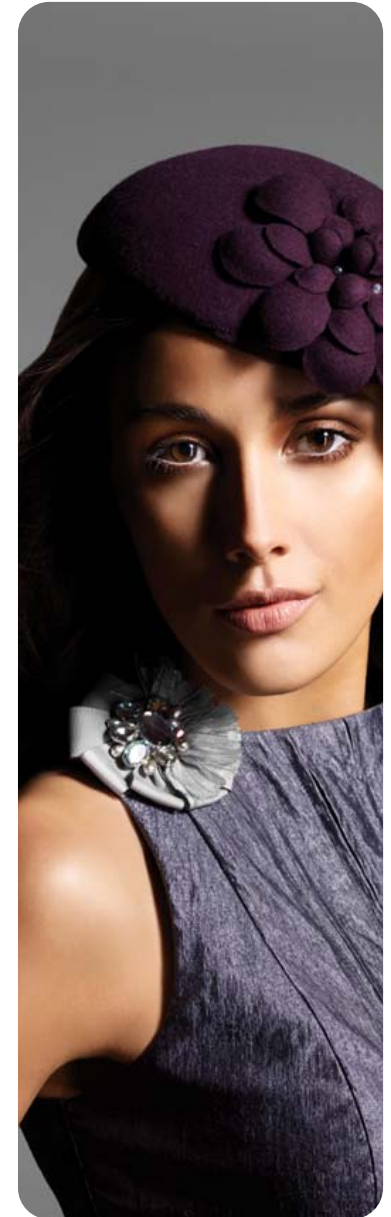
- Plan to invest \$2m as part of commitment to reducing energy costs across the business through the installation of improved lighting systems in stores
- Signatory to National Packaging Covenant – obligation to continually review packaging standards and usage
- Stronger focus on waste reduction via 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
- Water reduction initiatives being introduced into most Queensland stores
- 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 4 ½ Star Australian Building Greenhouse Rating (ABGR).

Implementing responsible and sustainable business practices



Loyalty and marketing

- Myer One loyalty card members accounting for over 55% of company sales
- Continued enhancement of Myer Black Store Card and roll-out of Myer Visa credit card
- Increased exposure of Jennifer Hawkins as the face of Myer
- Expanded commitment to fashion at thoroughbred racing
 - Rebecca Twigley signed as Myer Racing ambassador
 - VRC contract extended to 2013 to include Autumn/Winter Racing
 - Secured principal sponsorship of Sydney Turf Club
 - Sponsored more than 30 regional and metro race meets
- New focus on sponsorships of fashion events at major tennis and golf tournaments



Improved loyalty and marketing programs
build customer relationships

Loyalty and marketing



Improved loyalty and marketing programs
build customer relationships

Local community marketing

- Individual store budgets for local community marketing doubled to over \$3m
- Regular in-store theatre and events to drive customer traffic, enhance shopping experience and drive brand awareness
- Extensive local community involvement including:
 - Ballarat Home Show
 - Geelong Fashion Parade
 - Brisbane Kids Concerts
 - Myer Hobart Christmas Carols sponsorship
 - Santa in 50 stores over Christmas
 - Fremantle Festival Sponsorship
 - Orange Ladies Beauty Night
 - Blacktown Australia Day sponsorships



Bringing Myer to more people through local community marketing

New York, New York

- Transforming five downtown stores into 'Mini-Manhattans' during the last three weeks of May
- First retail concept in Australia designed to drive foot traffic and sales through innovative PR and events based marketing
- Launched with Myer designers during New York Fashion Week in February
- To include 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

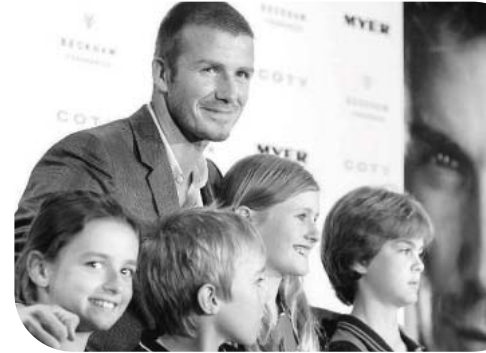
Positioning Myer as an International Class Retail Business



MYER

In-store innovation and theatre

- Continued roll-out of new brands and concepts across the business
- Launch of two 'Intimately Beckham' fragrances
- Opened exciting “store-within-store” concepts
 - first Nespresso concept store in Brisbane City
 - first 20 Vodafone concept shops
 - 5 Laubman & Pank Optical Stores
 - continued roll-out of Gloria Jeans, now in 6 stores
 - extended partnership with Apple in-store concept shops
- Extended Bridal Registry to Gift Registry supported by significant marketing campaign and scanning technology



Concept stores add excitement

Continue to attract high profile international and national brands

- Strong category performances as clearer brand architecture took effect, for example in Womenswear and Intimates
- Secured several key new and exclusive international brands – Paule Ka, Moschino Cheap&Chic, Vivienne Westwood Red Label, Mad Cortes
- Highly successful launches of Wayne by Wayne Cooper and Hi-there by Karen Walker
- Good turnaround in childrenswear with focus on profitable growth

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

Staff

Elevated role
New confidence in
satisfying our
customers



Jennifer personifies the Myer brand

Myer has a strong portfolio of international and national brands

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

Brand architecture to appeal to every customer

Designer Brands

Donna Karan	Yejin Bae	Arabella Ramsay	Nicola Finetti	Josh Goot	Sonia by Sonia Rykiel
Cacharel	TL Wood	Mad Cortes	Jayson Brunsdon	Leona Edmiston	Narcisco Rodriguez
Hugo Boss	Bettina Liano	Nevenka	Karen Walker	Kate Sylvester	Pleasure State
Camilla & Marc	Carla Zampatti	Charlie Brown	Wayne Cooper	Viktor and Rolf	Elle McPherson

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	
TS14+	Politix	CK Jeans	Paige Premium Denim	7 For All Mankind	

Proprietary Designer Brands

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

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			Intimates		
Maddox					

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

Offering quality and value at different price points

My Style

Designer Brand



Mad Cortes

National Brand



Cue

**Proprietary
Designer Brand**



Wayne
by Wayne Cooper

Myer Fashion Label



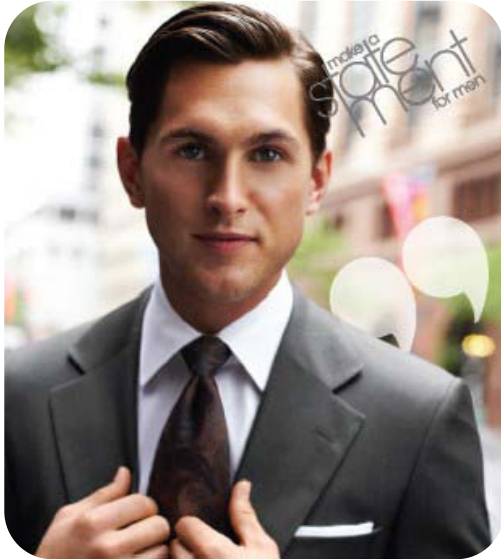
Basque

Freshness and fashionability at different
price points

Offering quality and value at different price points

My Style

Designer Brand



Hugo Boss

National Brand



Dom Bagnato

Proprietary Designer Brand



Jeff Banks

Myer Fashion Label



blaq

Freshness and fashionability at different price points

Offering quality and value at different price points

My Home

Designer Brand



Missoni Home

National Brand



Sheridan Premier

Proprietary Designer Brand



Marie Claire

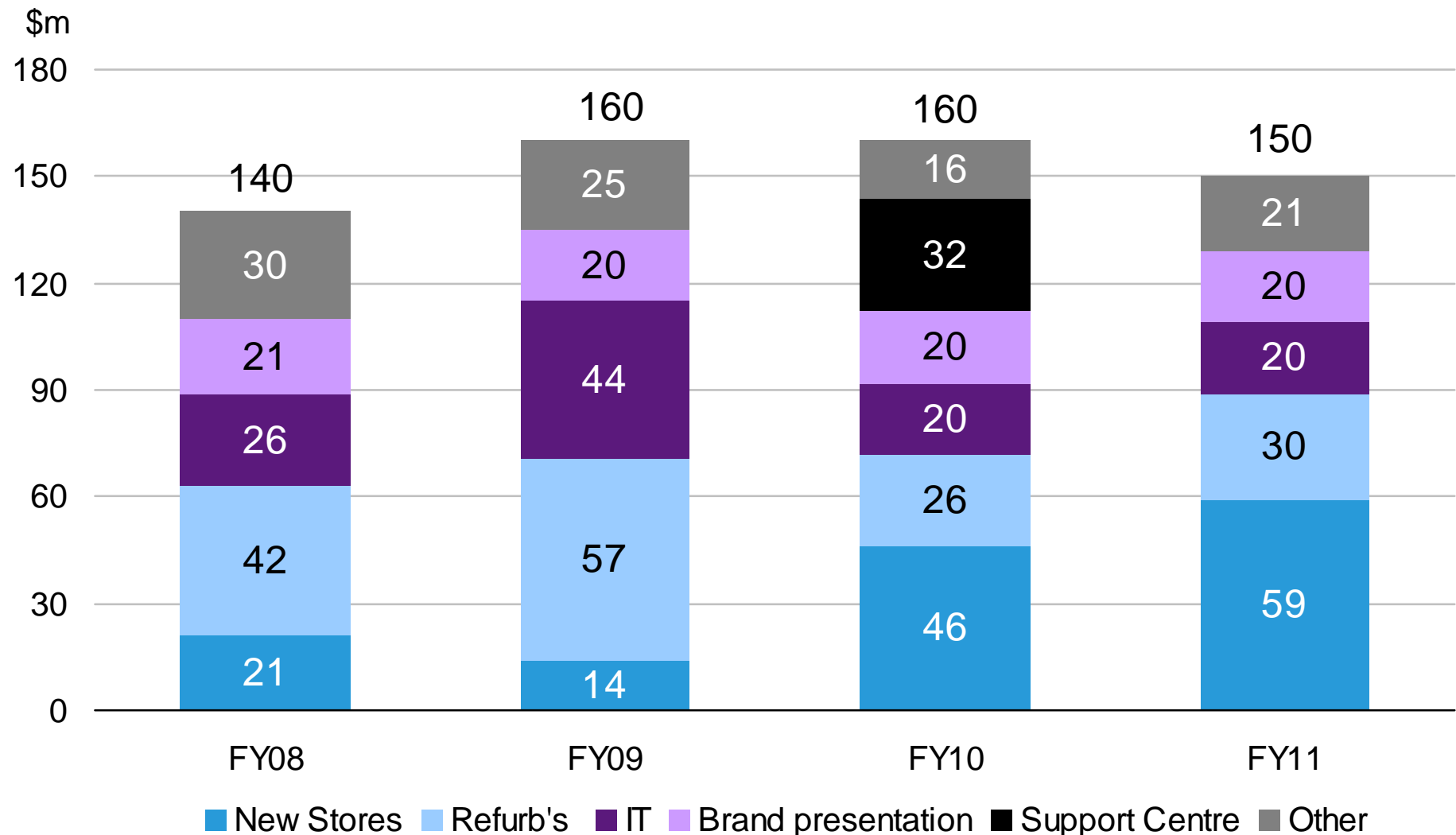
Myer Fashion Label



Vue

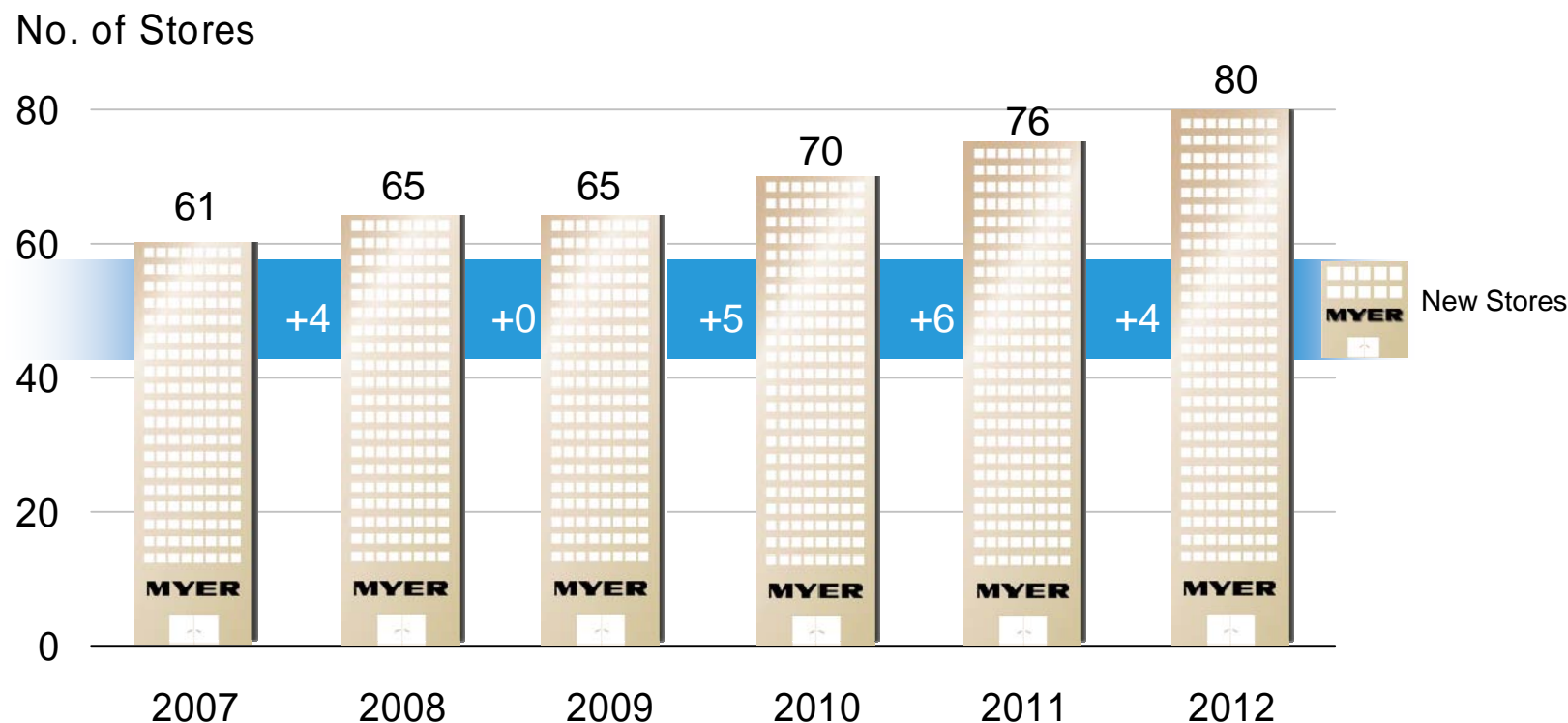
Freshness and fashionability at different price points

Capital expenditure twice depreciation to accelerate growth



Annual capital expenditure since acquisition more than doubled

Signed lease agreements on 9 new full-sized stores to support chain expansion to 80 stores



- All these new stores are full-sized in the range of 9,000 – 12,000 square metres
- Greater certainty with 9 of 18 leases now signed – balance over next 12 months
- Some planning and landlord delays
- Details to be announced progressively over next 6 months

Hurdle rates for new stores more than twice WACC

New Eastgardens store trading 30% above previous tenant



Eastgardens opened as Myer store



Excellent customer response

Store refurbishment program to delight customers and grow sales

- Major commitment to store refurbishment program to better reflect Myer's market position
- 6 stores due for refurbishment in calendar 2008 including:
 - Melbourne
 - Sydney
 - Doncaster
 - Geelong
 - Northland
 - Canberra
- Chermside refurbishment delivering strong increase in sales, despite new department store entrant
- Specific New South Wales improvement project progressing ahead of plan

Where we are investing, we are achieving good growth to justify expenditure

Chermside refurbishment - before

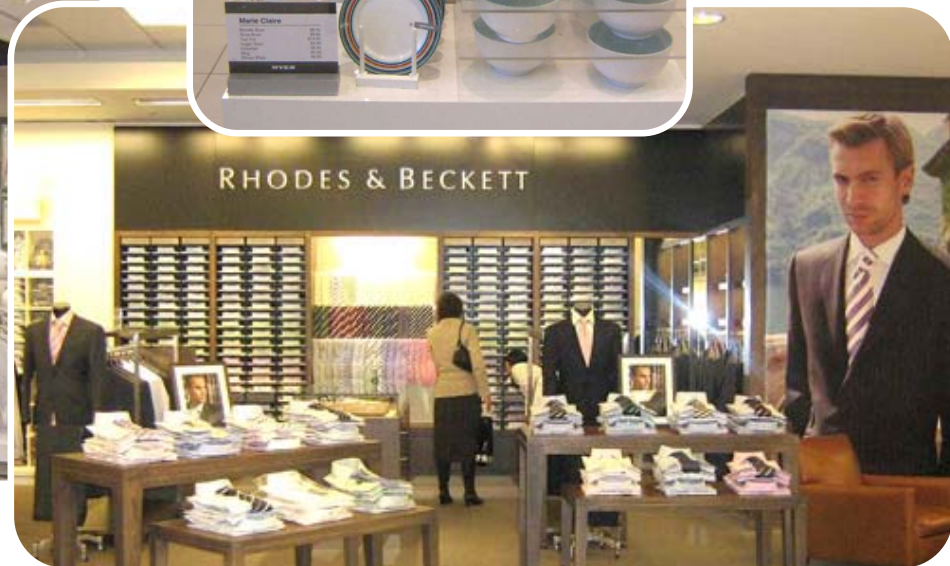


Chermside refurbishment - after



Significantly ahead of last year and expectations

Chatswood refurbishment



Customers responding well to introduction of 70 additional brands

Myer Melbourne re-development

- Visited every Major Department Store in the world as well as Specialty, to determine world's best in concepts, design and Customer Service initiatives
- Working with our Trade Partners to create a world class department store
- Receiving customer feedback and ideas via a special purpose website
- Building a team of dedicated resources to manage the Myer Melbourne project over the next 2 years
- Phase 1 complete

Making Myer Melbourne “the retail destination” in Australia

Myer Melbourne re-development



Myer Melbourne re-development



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Turnaround Phase focused on delivering permanent positive change

Turnaround Phase (2006 – 2010) Priorities for the next 6-12 months

Separate from Coles (April 2008) and progressive development of IT capabilities

Continue refurbishment program with 6 store refurbishments

Complete 101 business improvement projects

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

Progress store expansion programme with 2 new store openings and signing of 9 additional full sized stores

Growth Phase (2010 – 2014) Ongoing priorities

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

Complete 60 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

Strive to become an International Class Retail Business

Building blocks for Growth Phase coming into place

Current trading and guidance

- Following strong sales in January, February sales were less buoyant but like-for-like sales were positive. March to date has deteriorated into negative like-for-like territory, and the consumer is clearly cautious particularly in Victoria, New South Wales, Tasmania and South Australia
- Part way through the Turnaround Phase, we are not solely dependent on sales growth to deliver improved financial performance
- At this stage, we see no reason to change our full year guidance of Earnings before interest and tax of \$205m to \$225m, up 14% to 25%
- We will maintain our strong cost controls and flexible inventory stance and watch events carefully as they unfold



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