

MYER

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Half Year Results

to 24 January 2009

After 32 months of Myer's 50 month Turnaround Phase

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

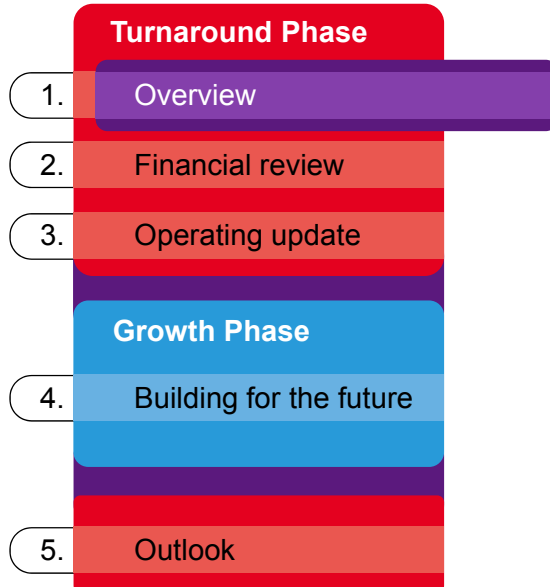
24th March 2009

Agenda

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

MYER ₂

Agenda



MYER³

Solid financial performance in difficult trading environment

- Earnings before interest and tax up 6.6% to \$161m, equating to 9.15 cents in the dollar
- Sales ahead of expectations, with total sales down 3.7% to \$1.76bn
- Gained market share with customers responding well to increased targeted promotional activity and better in-store execution
- Gross margin improved 52bp
- Ongoing reduction in cash cost of doing business, 83bp lower
- Capital expenditure up 38% to \$57m
- Basic EPS of 18.2 cents, up from 17.6 cents in H1 FY08
- Finished period in strong financial position with \$224m cash, \$250m undrawn committed facility, clean inventory, banking covenants comfortably met with no repayments due until June 2012

Turnaround on track, building blocks for Growth Phase coming into place

MYER⁴

Good progress after 34 months of Myer's 50 month Turnaround Phase

| Achieved | In progress |
|---|--|
| 101 business improvements effectively complete ✓ | New point-of-sale system and CCTV |
| World Class Supply Chain established and operating ahead of design metrics, with costs down over 50% since acquisition ✓ | Continue to develop MYER one loyalty with improved benefits and rewards |
| 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 program underway - 6 stores completed including Sydney flagship ✓ | Continue refurbishment program for better returns from space, including major redevelopment of Melbourne |
| Embedding permanent positive culture change - Myer For Me, multi-year EBAs, paid parental leave, 'Awesome Service' training ✓ | Continue to focus on culture, improving customer service and productivity |
| Enhanced MYER one loyalty program with 2.6 million members (60% sales) ✓ | Ongoing improvement of brand offering |
| Improved standalone IT platform, separation from Coles, embedded MyMerch ✓ | |
| Reduced costs and variabilised cost base ✓ | |
| Strengthened brand hierarchy ✓ | |

MYER 5

Turnaround Phase on track, 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 | 1 | 4 | 4 | 3 | 3 |
| Chain | 60 | 61 | 65 | 65 | 66 | 70 | 74 | 77 | 80 |
| Sales (\$bil) | 3.17 | 3.29 | 3.32 | | | | | | |
| EBIT (\$mil) | 56 | 162 | 213 | | | | | | |
| EBIT to Sales | 1.8% | 4.9% | 6.4% | | 7% | | | | |
| | Fix the financial metrics <ul style="list-style-type: none"> • Business improvement projects • World class supply chain • Overhaul IT systems (MyMerch, Point-of-Sale, CCTV) • 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 • Continue refurbishment program • Grow brands • Operational refinement • Service culture well embedded • Achieve international retail standards | | | |

All previous period numbers normalised to eliminate impact of sale and lease-back of Melbourne property
Timing of store openings subject to change given potential for landlord delays

MYER 6

Agenda

| | |
|-------------------------|-------------------------|
| Turnaround Phase | |
| 1. | Overview |
| 2. | Financial review |
| 3. | Operating update |
| Growth Phase | |
| 4. | Building for the future |
| 5. | Outlook |

MYER ⁷

Earnings before interest and tax up 6.6%

| | H107 | H108 | H109 | % change | % change like-for-like |
|-----------------------------|----------|----------|----------|----------|------------------------|
| Sales including concessions | \$1,796m | \$1,829m | \$1,762m | (3.7%) | (3.7%) |
| EBIT | \$114m | \$151m | \$161m | +6.6% | |
| EBIT/Sales (%) | 6.36% | 8.27% | 9.15% | | |
| Net profit after tax | \$46m | \$79m | \$83m | +5.3% | |

All previous period numbers normalised to eliminate impact of sale and lease-back of Melbourne property

Profits up despite fall in sales and deterioration in consumer sentiment

MYER ⁸

Sales ahead of expectations in challenging market

- Total sales down 3.7% to \$1,762 million
- Like-for-like sales down 3.7% after taking into account new stores and impact of refurbishments
- Adjusted trading strategy to respond to deterioration in consumer sentiment resulting in improved second quarter performance and increase in market share
- Business benefited from improved in-stock position and better in-store execution
- Womenswear, cosmetics and accessories strongest performing categories
- Sales in Queensland, Western Australia and New South Wales were resilient with Victoria much tougher
- Specific stores in lower socio-economic catchments continue to under perform the average

Gained market share over 12 month period

MYER⁹

Financial summary

| | H1 FY09 | H1 FY08 | % change |
|--|-----------------|-----------------|---------------|
| Sales including concessions | \$1,762m | \$1,829m | (3.7%) |
| Operating gross profit | \$715m | \$732m | (2.4%) |
| <i>Operating gross profit / sales</i> | <i>40.57%</i> | <i>40.05%</i> | |
| Cash cost of doing business | (520) | (555) | (6.3%) |
| <i>Cash cost of doing business / sales</i> | <i>29.50%</i> | <i>30.33%</i> | |
| EBITDA | \$195m | \$178m | +9.6% |
| <i>EBITDA / sales</i> | <i>11.06%</i> | <i>9.73%</i> | |
| Depreciation | (\$34m) | (\$27m) | |
| Earnings before interest and tax | \$161m | \$151m | +6.6% |
| <i>EBIT / sales</i> | <i>9.15%</i> | <i>8.27%</i> | |
| Interest | (\$43m) | (\$37m) | |
| Net profit before tax | \$118m | \$114m | +3.1% |
| Tax | (\$35m) | (\$35m) | |
| Net profit after tax | \$83m* | \$79m | +5.3% |

*\$2.5m redundancy cost included

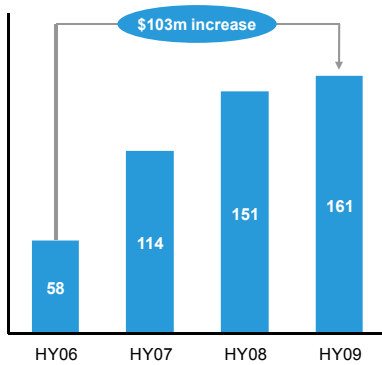
All previous period numbers normalised to eliminate impact of sale and lease-back of Melbourne property

Earnings per share up 3.4% to 18.2 cents

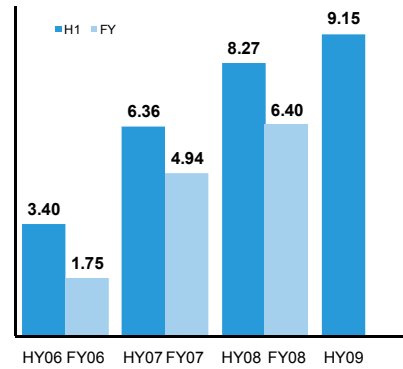
MYER¹⁰

First half EBIT up \$103m since acquisition

EBIT \$m



EBIT to Sales %



Note:

- 1) All previous period numbers normalised to eliminate impact of sale and lease-back of Melbourne property
- 2) EBIT to Sales percentage higher in first half than second half due to peak trading period

On track to deliver return on sales of 7 cents in the dollar by end of Turnaround Phase

MYER¹¹

Strengthening balance sheet

- Finished period with \$224m cash, \$250m undrawn committed facility, clean inventory
- Net debt steady at \$652m, down from \$979m at acquisition
- As profitability and cashflow have improved, financial health measures and banking covenants are increasingly comfortable
- Net Debt to rolling EBITDA ratio down to 2.2 times from 2.7 times at H1 FY08, in line with previously advised goal of 2.0 to 2.5 times
- Lower Debt Service ratio of 1.78 times reflects higher level of capital expenditure but remains comfortably above covenant of 1.0 times
- Rolling annual return on total funds employed now 23.0% versus 22.1% in FY08, 18.4% at FY07 and 5.2% at acquisition
- See no reason at this stage of the economic cycle to prematurely repay debt before it expires in 2012

No debt repayments due until June 2012

MYER¹²

Balance Sheet

| | H109 \$m | H108 \$m |
|-----------------------------|------------|------------|
| Inventory | 354 | 366 |
| Other Assets | 158 | 138 |
| Less Creditors | (504) | (476) |
| Less Other Liabilities | (274) | (239) |
| Net Trading Investment | (267) | (211) |
| Property | 29 | 29 |
| Fixed Assets | 337 | 247 |
| Tangible Funds Employed | 99 | 65 |
| Intangibles | 900 | 869 |
| Total Funds Employed | 999 | 934 |
| Debt | 628 | 623 |
| Less Cash | (224) | (226) |
| Convertible Equity Note | 247 | 246 |
| Net Debt | 652 | 643 |
| Equity | 347 | 291 |
| Total Investment | 999 | 934 |

Banking covenants increasingly comfortable

MYER¹³

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Project Bullseye

- Australian first innovative marketing campaign designed to drive sales in anticipation of a challenging trading environment
- Will see normal media advertising doubled during February, March and April 2009
- Campaign made possible with support of media partners and suppliers
- Incorporates reduced advertising rates, assisted funding from suppliers and Myer commitment to increase stock purchasing
- Participating suppliers recorded stronger than forecast February sales



Continue to attract high profile international and national brands

- Introduced over 20 new leading Australian and international designers during spring/summer season 2008
- Expanding womenswear range with 6 new international designers: Vera Wang Lavender, Christian Lacroix, Balmain, Temperley London, Calvin Klein Collection and Karen Millen
- Added Elemis and no!no! to our range of Myer exclusive cosmetics; Mecca Cosmetica continues to perform well
- Further expanded menswear offering with the introduction of Ben Sherman, Wayne Cooper and an expanded Mossimo, Bauhaus and Kenji range
- Introduced plus-size contemporary brands Mink, Monroe and Flirt for women aged 16-34
- Delivered improved performance from Myer exclusive fashion brands including Wayne by Wayne Cooper and Basque in womenswear, Cozi in swimwear
- Introduced Kylie bed linen exclusive to Myer homeware



Great brands and great fashion for every Australian

MYER 16

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

MYER ¹⁷

Brand architecture to appeal to every customer

Designer Brands

| | | | | | |
|-------------------|-------------------------|-----------------------|----------------|----------------|-----------------|
| Balmain | Viktor and Rolf | Paule Ka | DKNY | camilla & marc | Yejoin Bae |
| Temperley London | Calvin Klein Collection | Vera Wang Lavender | Cacharel | Nicola Finetti | Bettina Liano |
| Christian Lacroix | Narciso Rodriguez | Sonia by Sonia Rykiel | Carla Zampatti | TL Wood | Arabella Ramsay |
| Donna Karan | Vivienne Westwood Red | Karen Millen | Leona Edmiston | Wayne Cooper | Charlie Brown |
| Boss Black | McQ | | | | |

International/National Brands

| | | | | | |
|--------------|-------------|----------------|------------------|--------------------|--------------|
| Cue | Ben Sherman | David Lawrence | Rhodes & Beckett | Polo Ralph Lauren | Cooper St |
| 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 | Armani Jeans |
| TS14+ | Politix | CK Jeans | | 7 For All Mankind | |

Proprietary Designer Brands

| | | | | |
|--------------------------|---------------|-----------------------|-----------|--------------------------|
| Maticevski | Jane Lamerton | Wayne by Wayne Cooper | Wayne Jnr | Hi There by Karen Walker |
| Cozi by Jennifer Hawkins | | | | |

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&L | Milkshake |
| Urbane | Maddox | Tilli | | Brooklyn Industries | |

Youth

| | | | | | |
|-----------|----------|----------------|----------|---------------|---------------|
| Mossimo | M-One-ll | Bardot | Ed Hardy | Ladakh | French Kitty |
| Stussy | Redsand | Mermaid Sister | Pilgrim | Riders by Lee | Quirky Circus |
| Freshjive | Bauhaus | | | | |

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

MYER ¹⁸

Loyalty and cards

- Continue to invest in **MYER one** loyalty program to enable targeted marketing directly to customers
 - Increased membership to 2.6 million accounting for around 60% sales (up from 43% at acquisition)
 - Expanding range of benefits including travel offers, wine club, VIP tickets and more discounts, gifts and vouchers
 - Established top **MYER one** customer lists in all stores
 - First ever **MYER one** Aussie Rules Pick The Winners Competition
 - Opened first lounges for Gold and Silver members in Sydney flagship and Doncaster
 - Members who receive *Emporium* magazine continue to spend at double the rate of those who do not
- Ongoing growth of Myer Visa Card and Myer store card
 - Cardholders increased to over 200,000
 - Myer Visa Card ranked number one reward credit card in Australia by Cannex



Improved loyalty and marketing programs build customer relationships

MYER 19

Sponsorship and marketing

- First year of new long-term partnership with VRC including Melbourne Cup Carnival and Flemington Festival of Racing by Myer Fashions on the Field
- Integrated community focused Christmas program
 - Myer Christmas parades
 - Bourke Street Christmas windows
 - Presenting partner of Vision Australia's Carols by Candlelight
 - Expansion of in-store Santa attractions
- Continued support of the arts including major sponsorships of Archibald Prize, National Gallery of Victoria and Golden Age of Couture at Bendigo Art Gallery
- Expanded support of Australian fashion industry with first time major sponsorship of L'Oréal Melbourne Fashion Festival
- Preference and focus on **MYER one** premium customers to participate in programs and events

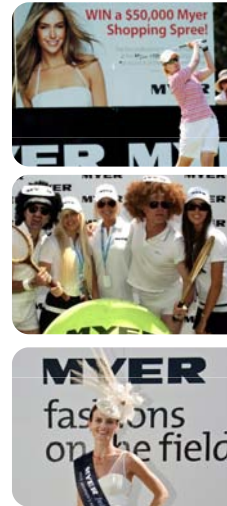


Improved loyalty and marketing programs build customer relationships

MYER 20

Local area marketing

- During H1 FY09, more than \$1 million invested in over 70 local marketing projects in communities around Australia
- Events include:
 - Westmead Children's Hospital Teddy Bear's Picnic
 - Leo Club of Hornsby Spring/Summer Fashion launch
 - Hobart Christmas Parade
 - Perth Fashion Festival
 - Brisbane Tennis International
 - Sydney Medibank International Tennis
 - Australian Men's Golf Open and Australian Women's Golf Open
- Expanded interest in thoroughbred racing nationwide, supporting Myer Fashions on the Field at 23 local racing clubs across Australia
- Use of top **MYER one** customer lists to engage customers in local store events and promotions

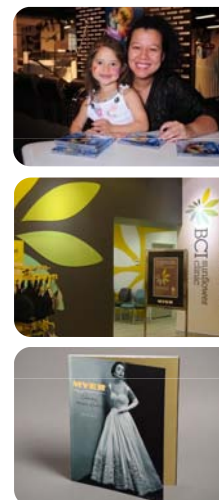


Bringing Myer to more people through local community marketing

MYER 21

Myer in the community

- Raised \$1.75 million for those affected by the Black Saturday bushfires in Victoria through the Myer Bushfire Appeal, with a further \$750,000 donated by Myer Management Board
- Myer Spirit of Christmas compact disc raised over \$160,000 for The Salvation Army
- Breast cancer screening clinic trial successful; clinics to be rolled out to four more stores
- Launch of the Myer History of Fashion book
- Presenting partner of Vision Australia's Carols by Candlelight



Supporting communities around Australia

MYER 22

In-store innovation and theatre

- Winter fashion launch strategy takes fashion back to customers with series of in-store fashion shows and events featuring Myer brand ambassador Jennifer Hawkins
- Ongoing rollout of exciting 'store-within-store' concepts
 - Ben Sherman shops in 22 stores
 - New Basque concept shops
 - Mossimo concept stores being rolled out to 12 stores
 - Extension of Kodak at Myer
 - WeightWatchers Clinic and Wellness Centres being rolled out into 8 stores
 - Nespresso introduced in Perth city store
- In-store theatre and entertainment
 - Gabriella Cilmi hosting Stocktake Spinning Wheel with cash and stock prizes
 - Kylie Minogue at the launch of her Sexy Darling fragrance at the Sydney flagship store
 - Poppy King in-store appearances
 - Expansion of 'pop-up' fashion shows



Creating a sense of excitement

MYER 23

World class supply chain delivering operational efficiency

- Continue to improve service, cost and safety KPIs domestically and internationally
- Two thirds of suppliers committed to floor-ready standards
- Commenced work on security tagging process at supply source to protect merchandise and improve store productivity
- Benefiting from shorter transit lead times out of China which are down from 42 days at acquisition to less than 24 days
- Significant improvement in our in-stock position
- Roll cages introduced into 75% of stores, in all stores in Q1 FY10
- 'Smart allocation' of stock through RDCs to reduce markdowns and store to store transfer costs



World class operating metrics

MYER 24

Growing collaboration with suppliers

- Collaborating with local suppliers on further lead time reduction
- Continue to build stronger relationships with overseas buyers and ongoing rationalisation of supplier base
- Year 3 of Supplier of the Year benchmark program
- Strategic objective plans in place with major trading partners
- Access by suppliers to Myer stock forecasts now in place
- Supplier base now 99% e-commerce compliant
- Product knowledge training days and information cards for store teams provided by trading partners
- Assisting suppliers through difficult trading environment



Greater efficiency and communication yielding benefits for both parties

MYER 25

Investing in information technology to support growth of business

- New merchandising system MyMerch now embedded in the business
- Benefits through improved stock allocation to stores based on criteria including; sales rate, demographic, stock tracking, forecasting, climatic traiting
- Hardware and system enhancements rolled out to Retek merchandising system
- New Point-of-Sale System and CCTV due to be operational by end of Turnaround Phase
- Enhanced in-store ticketing solution rolled out
- Commenced 'Store of The Future' model to streamline store back office functions, improve store fit out and design, and allocate space to reflect customer needs and new technologies
- MyTrade – management of overseas purchase orders implemented



Investment in IT underpins efficiency gains

MYER 26

Driving operational improvements

- Clear and consistent store imperatives established
- Phase one of store restructure focusing on customer service
- Introduction of sales productivity cards and 'My Fast Facts' product cards
- Enhanced rostering linked to customer purchasing patterns
- Improved visual merchandising and store presentation



Delivering improved in-store execution

MYER 27

Ongoing investment in people and culture

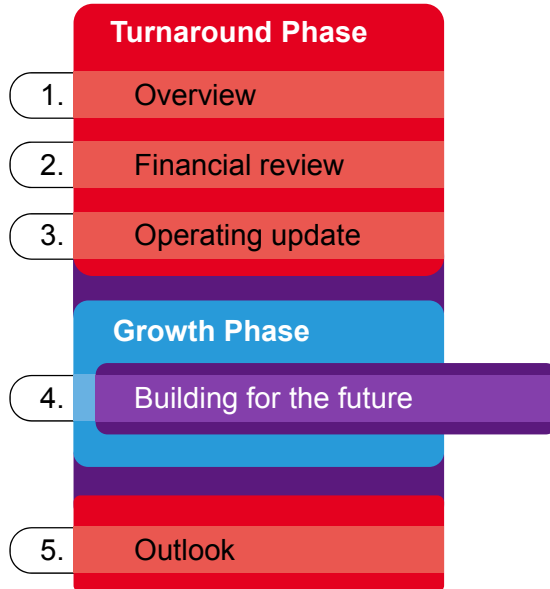
- Expanded initiatives to attract, retain and reward talent through 'Myer for Me' benefits program
 - Extended Myer Equity Incentive Plan to include over 350 managers
 - New benefits added
- Safety firmly embedded as key performance measure
- Continue to build talent pool for Growth Phase
 - 2008 Graduate and Store Management Development Program completed, all 80 participants now in permanent roles
 - 2009 programs commenced with first half intake of 10 graduates and 48 store management trainees
 - Succession planning across business remains a key focus
- Sales focus rewarded through innovative incentive programs such as Add On and Drive Away, Add On and Fly Away, and Bullseye Bucks
- Completed first phase of 'Awesome Service' customer service program



Continuously improving productivity, customer service, and team member engagement

MYER 28

Agenda



MYER²⁹

Increased capital expenditure to accelerate growth

- Capital expenditure in H1 FY09 of \$57m, up from \$41m in H1 FY08
- Significantly higher than under previous ownership which averaged \$34m in the first half for the 3 years prior to acquisition
- Capital investment being funded by cashflow following significant improvement in return on sales since acquisition
- Investment during Turnaround Phase is funding IT, new Point-of-Sale System, brand presentation, refurbishments, a new support centre and new stores
- FY09 capex anticipated to be \$140m, less than previous estimate of \$160m, due to some timing slippages
- Given strong cash position and comfortable debt covenants, we see no reason to slow down investment program, however have flexibility built into plans should we need to make future adjustments

Annual capital expenditure more than doubled since acquisition

MYER³⁰

Store expansion program will underpin future growth

- Four new stores opened in FY08 are trading in line with expectations
- Construction of new store at Top Ryde in NSW has commenced
- During FY08, signed nine leases for new stores
 - Queensland: Robina (QIC), Townsville (Stockland), Mackay (Lend Lease), Mt Gravatt (Westfield)
 - New South Wales: Top Ryde (Beville), Green Hills (Stockland), Shell Harbour (Stockland)
 - Victoria: Plenty Valley (Westfield), Watergardens (QIC)
- Experiencing several landlord delays and others could arise
- Built flexibility into planning



Remain committed to expansion program to take portfolio from 65 to 80 stores

MYER 31

Store refurbishment program to reinforce brand proposition and grow sales

- Six stores refurbished to date including Chermside, Chatswood, Warringah, Geelong, Doncaster and Sydney flagship
- Doncaster fully refurbished in October 2008
 - Store performance exceptional despite new entrant
 - \$24m in sales in 2Q09 alone
- Sydney City store refurbished to international class department store standard and reopened in time for Christmas 2008
- Major rebuild of Melbourne store ongoing, phased delivery due to commence before Christmas 2009
- Work has begun on refurbishment of stores in Castle Hill and Blacktown



Proactive refurbishment strategy reflects long-term focus

MYER 32

Myer Sydney redevelopment

- Major refurbishment of flagship store was delivered in time for Christmas trading
- Supply chain efficiency enabled additional 10% trading space to take store to 33,000 square metres
- Store features include:
 - Best cosmetics hall in the country, installations include Mecca Cosmetica, Bobbi Brown, Elemis, Chanel Colour studio, one of only 11 internationally, and the first Benefit Brow Bar in Australia
 - Menswear concept stores including Hugo Boss, 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
 - Dining destinations including Parisian-style cafe and licensed bar & grill
 - **MYER one** lounge for Gold and Silver Members
 - Revamped parents' room and beauty rooms
- Delivered strongest store performance over peak trading period

Myer Sydney - an international class department store

MYER 33

Myer Sydney redevelopment



MYER 34

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Turnaround Phase focused on delivering permanent positive change

Turnaround Phase (2006 – 2010) Priorities for the next 16 months

Continuous improvement of IT, supply chain and buying capabilities

Store refurbishments including Melbourne flagship rebuild

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

Continue to refine and add to brand portfolio

Deliver 7 cents EBIT in sales dollar

Growth Phase (2010 – 2014) Ongoing priorities

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

Continue store refurbishment program

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

MYER ³⁶

Business well positioned in current trading environment

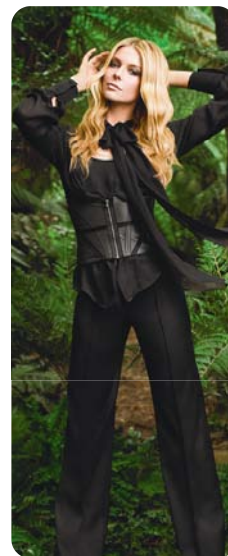
- Variabilised cost base and rigorous cost management
- World class supply chain and over-arching IT platform enabling tight inventory control
- Improved trading terms with suppliers, working together to deliver mutual benefits
- Flexibility to adapt promotional strategy to appeal to customers in current climate
- Broad-based proposition enables us to dial up or dial down brands and price points in different stores and departments
- Powerful and cost effective marketing tool in **MYER one**
- Growing customer loyalty platform with over 200,000 Myer credit card holders
- Strong balance sheet and disciplined approach to capital management
- Increased cash generation funding investment to underpin future growth

Flexible platform enables us to respond quickly to changing environment

MYER 37

FY09 Outlook

- H1 FY09 sales down 3.7%, better than budgeted 5% fall
- Outlook for balance of FY09 not dissimilar to first-half, planning for slight further deterioration circa -5%
- H2 sales to date down around 2½%
- Work done so far in Turnaround Phase, has allowed us to manage business more flexibly in difficult environment
- Confirm previous guidance, FY09 profits likely to be similar to FY08
- Remain on track to deliver full year EBIT of 7 cents in the dollar by the end of the Turnaround Phase in July 2010 (up from 1.8 cents at acquisition) as previously advised



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