**ASX & Media Release**

**Thursday 15 March 2012**

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**Myer First Half Results for the 26 weeks ended 28 January 2012**

# Earnings before interest and tax of $142.9 million

# Interim dividend of 10 cents, fully franked

# Full year NPAT guidance reconfirmed

- 1H sales down 1.7% to $1,704 million, down 3.0% on a comparable store sales basis
- Q2 sales down 0.4% to $1,023 million, down 1.7% on a comparable store sales basis representing an improving trend on Q1
- Excluding rationalised categories: total 1H sales down 0.4%, down 2.0 % on a comparable store sales basis; Q2 sales up 1.0%, down 0.7% on a comparable store sales basis
- Operating gross profit margin up 44 basis points (bps) to 40.98%
- Earnings before interest and tax (EBIT) down 15.1% to $142.9 million
- Earnings before interest, tax, depreciation, amortisation (EBITDA) down 10.0% to $182.9 million
- Net profit after tax (NPAT) (after non controlling interest) down 19.8% to $87.3 million, including one-off impacts of c$17 million (cycling of the receipt of the Melbourne store underpinning) and a $5 million increase in depreciation, both not repeated in 2H
- Interim dividend of 10 cents per share, fully franked, to be paid on 10 May 2012 (Record Date is 30 March 2012)

Myer Chief Executive Officer, Bernie Brookes, said the business has made good progress on delivering its strategic plan in the first half and that there continues to be a number of opportunities to further improve the business in this challenging retail environment.

“Our strong operating gross profit margin was driven by growth in MEBs, as well as progress in space optimisation, reducing markdowns and shrinkage, and improving product sourcing,” said Mr Brookes.

“We have continued with our strategy of a targeted and measured investment in improving customer service (1H 2012: additional $13 million investment). The positive customer and team member response to over 450,000 extra hours, improved product knowledge and training has certainly been encouraging.

“Our EBIT result was solid given the current trading conditions and reflects the robust business model we have established.

“The 1H NPAT included one-off impacts of c$17 million (cycling of the receipt of the Melbourne store underpinning) and a $5 million increase in depreciation, both not repeated in 2H. Assuming no further deterioration of trading conditions, we continue to anticipate FY2012 NPAT to be no worse than ten percent below FY2011 NPAT of $162.7 million.

“Recognising Myer’s continued strong cash generation and stable balance sheet, the Board has declared an interim dividend of 10 cents per share, (1H2011: 11 cents),” he said.

## 1H2012 FINANCIAL PERFORMANCE

The best performing categories in the first half were Miss Shop (Youth), Womenswear, Childrenswear and Cosmetics.

The Electrical category continued to be impacted by planned category exits and rationalisation (white goods, consoles and gaming, music, DVDs and navigation systems) impacting sales by $22 million in the first half. We are replacing this space with higher margin categories.

Within the Electrical category there were strong sales in Appliances and Home Office which partially offset the ongoing significant price deflation in TVs.

The best performing states were Western Australia and South Australia reflecting the first two states that received the investment in improving customer service.

Drivers of the improved gross profit margin, achieved despite the impact of cycling the receipt of profit underpinning relating to the Melbourne store rebuild, included:

- A further increase in MEBs as a proportion of the overall mix, now representing 18.3 percent of sales, an increase of 93 bps compared to 1H2011.
- A further reduction in promotional markdowns, in spite of the continued competitive retail environment.
- Further reduction in shrinkage as a result of our investment in closed-circuit television in all of our stores and distribution centres, increased security of our merchandise with improved tagging as well as increased service levels and team member education.
- The strength of the Australian Dollar continues to mitigate higher input costs from Asia.

As flagged in the FY2011 result, we face significant additional costs in FY2012. Cost impacts during the half were driven by three factors:

1. Our decision to invest additional hours in customer facing wages;
2. Increase in depreciation from $35 million to $40 million (as a result of the completion of major capital projects, new POS, Myer Melbourne rebuild and new IT hardware and updated operating platform for stores); and
3. Ongoing increased operational costs including store wages (renegotiated Enterprise Bargaining Agreement (EBA) and penalty rates and loadings resulting from award modernisation of the General Retail Award that will impact all retailers) and store occupancy (rents, rates and taxes).

As the major capital expenditure period is now complete, we anticipate capital expenditure will be less than depreciation during the next few years. This incorporates continued investment in new stores, refurbishments and omni-channel development.

### Strong balance sheet

Our inventory continues to be well managed and we ended the period with a clean inventory position. Underlying inventory at the end of the period increased by 1.2 percent to $380.7 million (adjusted for additional inventory held for the new store at Mackay and sass & bide, as well as the impact of the store closure at Forest Hill).

Net debt increased by $46 million to $298 million compared to January 2011, primarily due to the impact of the sass & bide acquisition. Our net debt to EBITDA ratio remains solid at 0.94 times.

## DELIVERING OUR FIVE-POINT PLAN

We have made good progress on our strategic plan, which we have continued to refine to include a number of new initiatives.

### 1. IMPROVE CUSTOMER SERVICE

We have continued to invest in improving the customer experience with a number of service and efficiency initiatives.

#### Service initiatives

- Despite the challenging retail environment, we are well advanced in our significant investment in improving customer service.
- Our investment included additional staffing in fitting rooms and an improved service model for a number of Myer Exclusive Brands.

In addition, we introduced:

- Advanced selling skills programs;
- Enhanced Reward and Recognition program with almost 1,000 team members now part of our High Performance Club; and
- Closer collaboration with National Brands suppliers for additional staffing to improve service.

#### Efficiency initiatives

- Completed POS clustering and consolidation in 14 stores to improve staff availability at sale points.
- Continued to improve 'floor ready' standards (pre-hung, security-tagged and price-ticketed merchandise) which results in more efficient delivery of stock to the shop floor.
- Continued to reduce shrinkage.

"We acknowledge we still have some way to go in improving customer service but we are very encouraged by the increase in the number of compliments received from customers. Feedback relating to staff availability has improved significantly. Our biggest opportunity continues to be in improving service provided to customers in fitting rooms, as well as team member product knowledge. The enormous contribution of our 13,000 team members continues to drive the success of our business and I thank them for all their efforts," said Mr Brookes.

### 2. ENHANCE MERCHANDISE OFFER

Our focus remains on inspiring and delighting our customers with newness and fashionability across all categories.

Our brand strategy is to continue to build long-term relationships with key brands targeting meaningful ranges that strengthen our customer offer. Our vertically-integrated Myer Exclusive Brand (MEB) model of managing design, development and sourcing of wanted brands provides us with significant control and flexibility. This model, together with our world-class supply chain, updated IT and merchandise systems, delivers speed to market, effective inventory control and gives us a key competitive advantage.

We also seek to acquire brands where it makes commercial sense and where the addition of the brand will further strengthen our merchandise offer.

We continue to focus on space optimisation to deliver increased profitability and our sourcing and supply chain remain a key focus for us to ensure speed to market at the lowest possible cost.

- During the past six months brands that performed well included **MAC Cosmetics**, **Chanel**, **Dior**, **KitchenAid**, **Lipsy**, **Wayne by Wayne Cooper**, **Leona by Leona Edmiston**, **Regatta**, **Bonds** and **Jane Lamerton**.
- MEBs continued to grow as a percentage of our overall sales mix, now representing 18.3 percent (1H2011: 17.4 percent). Brands that performed well include **Basque**, **Miss Shop**, **Tokito**, **Blaq** and **Jack Stone**.
- Key MEBs extensions are progressing well, including recently launched **Jayson Brundson** into homewares, with **sass & bide** lingerie to be introduced from FY2013.
- Excellent customer response to the sass & bide brand with highly profitable sales approaching $25 million in the first half. The acquisition of a 65 percent shareholding in sass & bide is already EPS accretive.
- Continued to strengthen our merchandise offer with a number of brand acquisitions including **Bauhaus** and we expect to finalise the acquisition of **Trent Nathan** shortly.
- Good progress made refining our Electrical offer with the exit of consoles and gaming and the rationalisation of music, DVDs and navigation systems. The space is being replaced with higher margin categories.
- Recently introduced a number of important new brands including Menswear brands **T. M. Lewin**, **R. M. Williams** and **Elwood**; Womenswear brands **Morrison**, **Laura Ashley**, **Sass**, **Fate**, as well as **Donna Karan** and **DKNY hosiery** that are exclusive to Myer.
- Our two new direct sourcing offices in Hong Kong and Shanghai are ahead of schedule in order placement and margin benefits are expected in the second half.

“Appliances and Home Office continue to perform well. The current market conditions relating to TVs, music and DVDs reflect a saturated and competitive market with significant price deflation. The planned rationalisation of these categories is nearing completion and we anticipate further improvements to profitability with the more productive use of space,” said Mr Brookes.

### 3. STRENGTHEN OUR LOYALTY PROGRAM

Our **MYER one** loyalty program is a key competitive advantage with **MYER one** sales representing approximately 70 percent of overall sales. The data from the program is highly beneficial, providing insights into customer shopping behaviours and provides a valuable means to evaluate the success of stores, brands, space, product and services mix. The program represents a valuable marketing tool with over 1.9 million email addresses.

- The first phase of improvements to the **MYER one** program launched in February 2012 with an improved weekly email including personalised updates and targeted offers.
- Air New Zealand was welcomed as a **MYER one** affiliate in August 2011 and their customer response has been particularly pleasing. Extended the **MYER one** affiliate program to additional United Petroleum stations and Ritchies SUPA IGA stores.
- The Myer Visa Card rated 5 stars by CANSTAR for outstanding value for everyday spending, continues to be an important part of our overall loyalty offer. Myer credit card transactions represent over 5 percent of overall sales.

“A number of key initiatives are underway to further strengthen this uniquely valuable loyalty program and importantly to support our omni-channel strategy. The program is being refreshed under a number of different work streams, including the development of an enhanced **MYER one** smart phone application,” said Mr Brookes.

**4. BUILD A LEADING OMNI-CHANNEL OFFER**

In a rapidly changing technology environment our customer's shopping preferences continue to evolve. We are focused on delivering a seamless experience for our customers across their preferred channel, whether in store, online, or on mobile devices. Our previous investments in our merchandise management system, POS system and supply chain set the foundations for effective inventory and order management. This gives us a significant competitive advantage in the development of our omni-channel offer.

We are also communicating with our customers in new and innovative ways. Our integrated marketing approach reflects a shift from traditional forms of media towards more digital-focused initiatives, including online digital and social media, e-commerce, events and the increasing leverage of our key **MYER one** program.

- Completed the first phase of e-commerce enhancements including a new web platform, using WebSphere, launched before Christmas. We have a comprehensive roadmap in place for further development.
- Appointment of Mark Goddard as Executive General Manager Retail Development, to lead all parts of the business that relate to developing and implementing new retail platforms as well as all of Myer's Information Technology. Mr Goddard is a highly experienced career retailer, most recently in the role of CEO at Spotlight from 2009 to 2011. He spent six years at Kmart in a key role as General Manager Merchandise, and was Acting Managing Director in 2008. He will report directly to Myer CEO, Bernie Brookes.
- Christmas and Stocktake Sale marketing campaigns demonstrated a truly integrated marketing execution across all channels.

"Our online sales are growing rapidly and we recognise there remains significant opportunity to capitalise on the strength of the Myer brand. Given the significant capital investment already made in supply chain and technology, we are well placed to expand our fulfilment capability as online sales grow. We are very pleased to have Mark Goddard join us and we welcome the addition of his substantial retail experience to our Executive team," Mr Brookes said.

**5. OPTIMISE OUR STORE NETWORK**

Our national network of stores and the strength of the Myer brand provide us with a unique advantage in supporting our omni-channel strategy. We are committed to a program of new stores and refurbishments while at the same time continually seeking to maximise productivity from our floor space.

- Continued improvement in trading at our flagship Melbourne store which was recognised internationally with the Retail Store Design of the Year award at the 2011 Oracle World Retail Congress.
- Trading at our new store at Mackay (Queensland) has exceeded expectations, with a pleasing customer response to our depth of range and localised merchandise offer.
- Rent reductions have been achieved in a select number of stores.
- Reflecting our strategy to maximise returns per square metre, our recent Liverpool (New South Wales) store refurbishment delivered a complete refresh of the offer as well as a 30 percent reduction in total space enabling greater efficiency and productivity with significantly enhanced sales and returns per square metre.
- Refurbishment at Carindale (Queensland) store is almost complete and on track to re-launch by the end of March 2012.
- During the half we closed our store at Forest Hill (Victoria), and more recently Tuggeranong (ACT) as the leases at these stores expired.

"We look forward to opening our two new stores at Fountain Gate (Victoria) and Townsville (Queensland) later this calendar year. Construction is also underway at our new store at Shell Harbour (New South Wales)," said Mr Brookes.

"In the current environment it is not unexpected that our discussions with landlords highlight adjustments in the timing of new stores and redevelopments. We have recently taken the decision not to proceed with a planned new store at Watergardens (VIC) as significant delays in this development led to Myer exercising its right to exit the agreement. We will continue to provide updates on new store openings when we have certainty from developers.

"We will continue to review the merits of all new and existing stores particularly in the context of lease renewal discussions," he said.

**OUTLOOK**

Despite the challenging trading environment there continues to be a number of opportunities to further improve the business. Factors that we can influence include the ongoing strengthening of our merchandise and omni-channel offer, markdown management, further shrinkage reduction, benefits from our sourcing offices, improved store lease terms, further capitalising on our **MYER one** program, all underpinned by improved customer service.

In FY2012, we face a number of additional costs (circa $40 million which are included in our guidance).

The 1H NPAT included one-off impacts of c$17 million (cycling of the receipt of the Melbourne store underpinning) and a $5 million increase in depreciation, both not repeated in 2H.

We have seen improvement in trading between the first and second quarters with a continuation of the second quarter trend into 2H2012. However, unless the sales trend improves from the current levels, total FY2012 sales are likely to be below or at best flat compared to FY2011.

Assuming no further deterioration of trading conditions, we reconfirm FY2012 NPAT guidance of no worse than 10 percent below FY2011 ($162.7 million).

Myer continues to be very well placed to benefit from any improvements in discretionary retail conditions when they occur.

For further information please contact:

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*All numbers are unaudited.*
*This release may contain "forward-looking statements". Forward-looking statements can generally be identified by the use of words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", "continue", "objectives", "outlook", "guidance" and similar expressions. Indications of plans, strategies and objectives of management, sales and financial performance are also forward-looking statements. Forward-looking statements are not guarantees of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Myer. Actual results, performance or achievements may vary materially from any forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements, which are current only as at the date of this release. Myer assumes no obligation to update such information.*

**Table 1 – Profit & Loss Statement for the 26 weeks to 28 January 2012**

| | **1H 2012 Actual $m** | **1H 2011 Actual $m** | **Change vs. LY** |
|---|---|---|---|
| **Total Sales Value** | **1,704.0** | **1,733.1** | **(1.7%)** |
| Concessions | **248** | 233 | +6.4% |
| Operating Gross Profit | **698.3** | 702.6 | (0.6%) |
| *Operating Gross Profit margin* | ***40.98%*** | *40.54%* | +44bps |
| Cash Cost of Doing Business | **(515.4)** | (499.4) | 3.2 |
| *Cash Cost of Doing Business/Sales* | ***30.25%*** | *28.82%* | +143bps |
| **EBITDA** | **182.9** | **203.2** | **(10.0%)** |
| Depreciation and amortisation | (40.0) | (35.0) | 14.6% |
| **EBIT** | **142.9** | **168.2** | **(15.1%)** |
| *EBIT margin* | ***8.38%*** | *9.71%* | (133bps) |
| Interest | (17.1) | (17.7) | (3.4%) |
| **Net Profit Before Tax** | **125.8** | **150.5** | **(16.5%)** |
| Tax | (37.7) | (41.7) | (9.4%) |
| **Net Profit After Tax (NPAT)*** | **88.0** | **108.9** | **(19.1%)** |
| Non Controlling Interest | (0.7) | 0 | |
| **NPAT after Non Controlling Interest*** | **87.3** | **108.9** | **(19.8%)** |

** 1H2011 NPAT excludes residual IPO costs of $2.1 million*

**Table 2: Balance Sheet as at 28 January 2012**

| | January 2012 Actual $m | January 2011 Actual $m |
|---|---|---|
| Inventory | 391 | 378 |
| Other Assets | 67 | 96 |
| Less Creditors | (487) | (517) |
| Less Other Liabilities | (259) | (238) |
| Net Trading Investment | **(288)** | **(281)** |
| Property | 27 | 27 |
| Fixed Assets | 497 | 503 |
| Tangible Funds Employed | **236** | **249** |
| Intangibles | 947 | 901 |
| **Total Funds Employed** | **1,183** | **1,150** |
| | | |
| Debt | 420 | 421 |
| Less Cash | (122) | (169) |
| Net Debt | **298** | **252** |
| Equity | 885 | 898 |
| **Total Investment** | **1,183** | **1,150** |

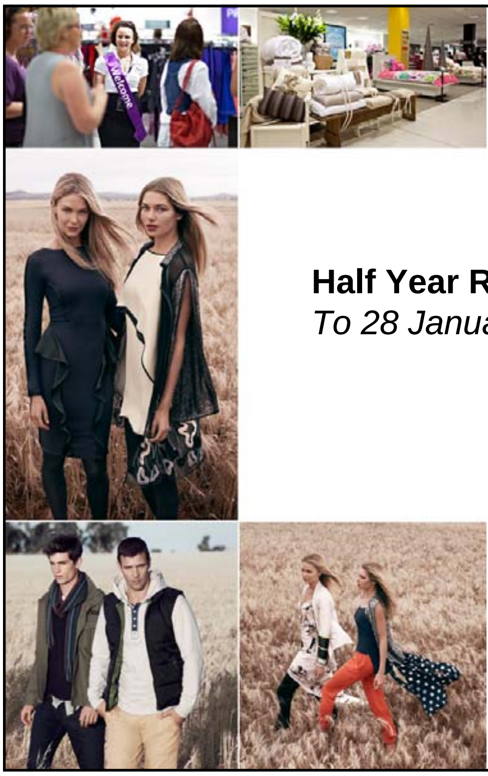
**Table 3: Other Statistics and Financial Ratios**

| | 1H2012 | 1H2011 |
|---|---|---|
| Capital Expenditure (gross) | $29m | $78m |
| Return on Total Funds Employed* | 20.02% | 22.50% |
| Gearing | 25.21% | 21.91% |
| Net Debt/EBITDA* | 0.94 | 0.77 |
| Stock turn (times) | 3.3 | 3.7 |
| Creditor Days | 70 days | 66 days |

** Calculated on a rolling 12 months basis*

| Table 4: Shares and Dividends | Actual 1H2012 | Actual 1H2011 |
|---|---|---|
| Shares on Issue* | 583.2 million | 581.7 million |
| Basic EPS | 15.0 cents | 18.7** cents |
| Dividend per share | 10 cents | 11 cents |

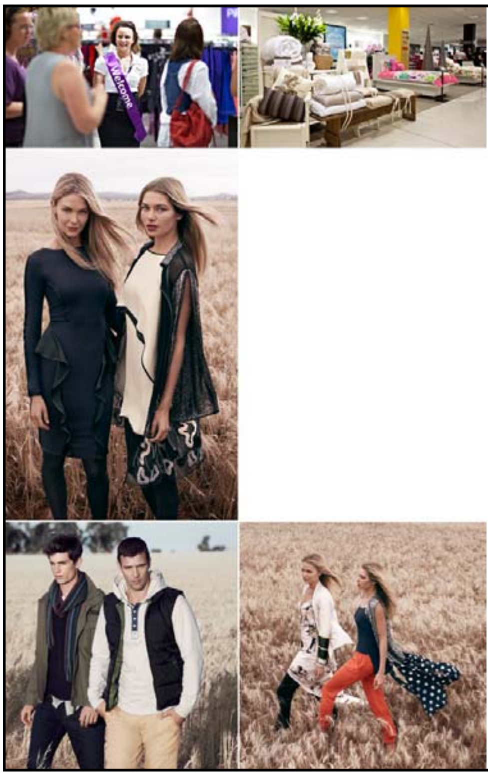
**Weighted average number of shares*
***Excluding residual IPO costs of $2.1m*




**Half Year Results**
*To 28 January 2012*

**Bernie Brookes**
CEO and Managing Director

**Mark Ashby**
CFO




## 1H2012 results

- **Overview**
- Financial update
- Delivering our plan
- Outlook

2

## Results in line with expectations

- Full year NPAT guidance reconfirmed
- 1H sales down 1.7% to $1,704 million
- Q2 sales down 0.4% to $1,023 million
- Operating gross profit margin +44 bps to 40.98%
- EBITDA $182.9 million, EBITDA margin 10.7%
- EBIT $142.9 million, EBIT margin 8.4%
- NPAT $87.3 million, down 19.8%
- Interim dividend of 10 cps, fully franked



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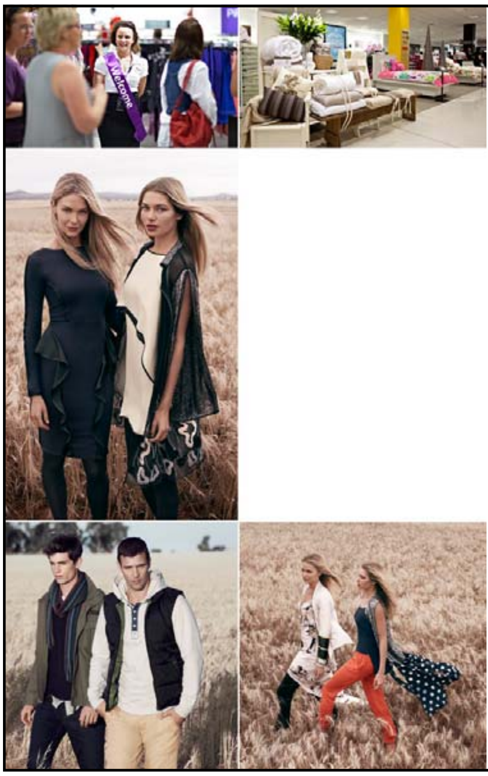
## Progressed strategy in tough environment

- Customer service investment in additional hours
- Significant reduction in markdowns, shrinkage
- New store at Mackay exceeding expectations
- Strong growth in MEBs contribution
- Addition of significant new brands
- New sourcing offices ahead of target

*"There continues to be a number of opportunities to further improve the business"*



MYER



# 1H2012 results

Overview

**Financial update**

Delivering our plan

Outlook

5

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# Financial summary

| | 1H2012 | vs.1H2011 | |
|---|---|---|---|
| Sales | $1,704.0m | (1.7%) | Improved sales from Q1 (3.5%), to Q2 (0.4%); Q2 trend continued into 2H |
| Operating gross profit | $698.3m | (0.6%) | Solid operating gross profit result despite cycling Melbourne store underpinning $17m |
| *Operating gross profit margin* | *40.98%* | *+44bps* | Gross profit margin driven by increase in MEBs, space utilisation, reduced markdowns and shrinkage |
| Cash CODB | $515.4m | +3.2% | Reflects service investment, wages, occupancy, sass & bide |

6 FINANCIAL UPDATE

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# Financial ratios

| | 1H2012 | vs.1H2011 | |
|---|---|---|---|
| EBITDA | $182.9m | (10.0%) | Reflects tough environment and increase in costs, including customer service investment |
| *EBITDA margin* | *10.73%* | *(99bps)* | |
| EBIT | $142.9m | (15.1%) | Increased depreciation from recent capital investment |
| *EBIT margin* | *8.38%* | *(133bps)* | |
| NPAT | $87.3m | (19.8%) | 1H NPAT included one-off impacts of $17m (cycling receipt of Melbourne store underpinning) and a $5 million increase in depreciation, both not repeated in 2H |
| LFL Inventory* | $381m | +1.2% | |

** Adjusted for additional inventory held for new store at Mackay and sass & bide, as well as the impact of the store closure at Forest Hill*



# 1H sales performance

**Positive drivers:**

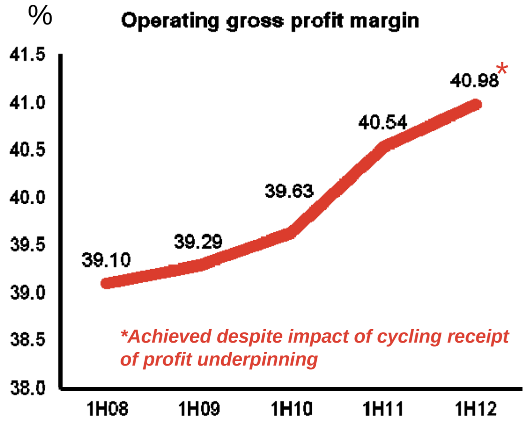
- New brands, MEBs, Melbourne store, new store at Mackay, refurbishments, online
- Strong results in WA, SA, Womenswear, Youth categories
- Customer service investment helped improve conversion

**Negative factors:**

- Continued challenging retail environment, subdued consumer confidence
- Planned category rationalisation ($22m sales impact)
- Continued deflation in TVs

## Continued improvement in OGP

- Further growth in MEBs
- Reduced markdowns
- Better mix and space utilisation
- Improved sourcing
- Further reduced shrinkage
- Clean inventory position




*"Business model delivers continued gross profit improvement in tough retail environment"*



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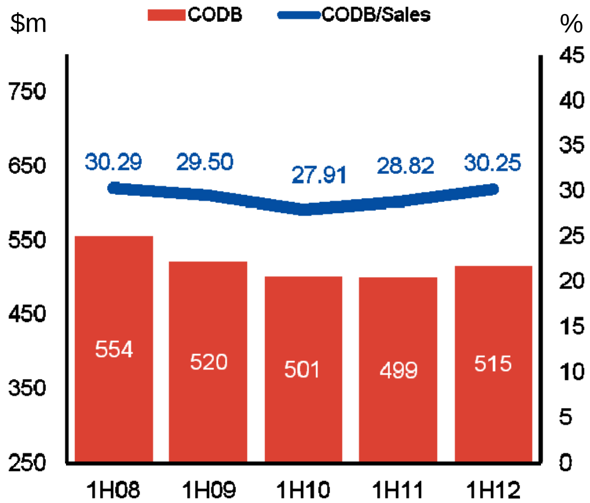
## Cash cost of doing business

- Significant investment in improving customer service (1H2012: $13 million)
- Labour
- Store occupancy
- Utilities
- Introduction of sass & bide



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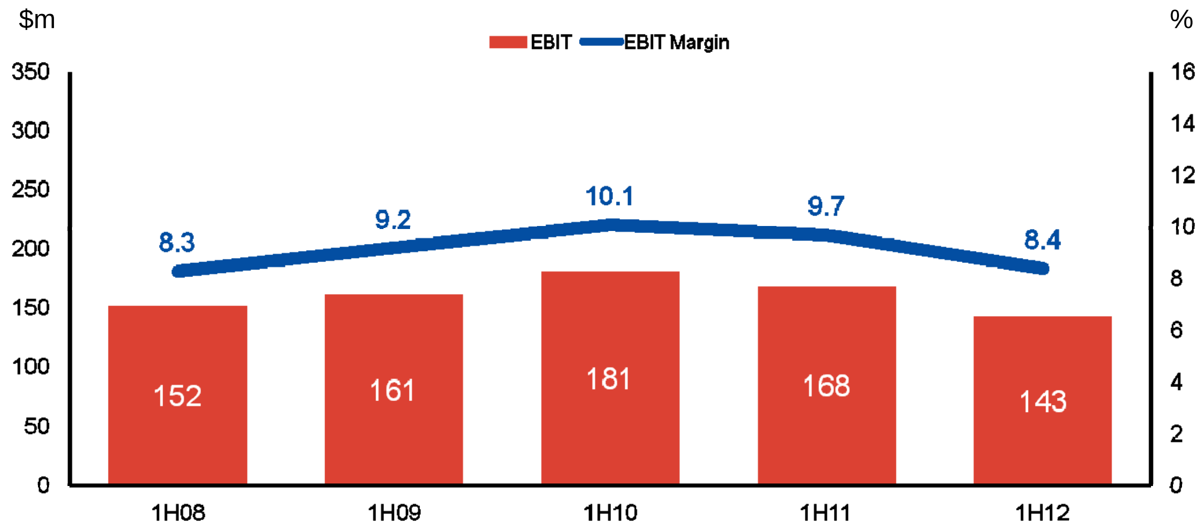
## EBIT reflects one-off impacts, increased depreciation




11 FINANCIAL UPDATE

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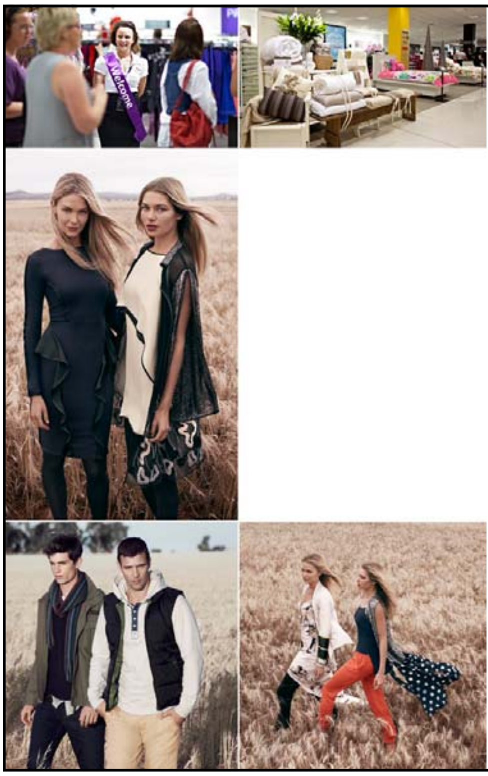
## 1H2012 financial summary

- Sales trend improved from Q1 to Q2
- Strong operating gross profit
- Investment in customer service
- Depreciation reflects recent capital investment
- Clean inventory position
- Strong cash flow and balance sheet

*“Continued investment in delivering our plan”*

12 FINANCIAL UPDATE

MYER



## 1H2012 results

Overview

Financial update

**Delivering our plan**

Outlook

13

MYER


## Progress on delivering our plan

1. Improve customer service and efficiency
2. Enhance our merchandise offer
3. Strengthen our loyalty program
4. Build a leading omni-channel offer
5. Optimise our store network

*"Investing to deliver shareholder returns"*

14 DELIVERING OUR PLAN

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## 1. Improve customer service and efficiency

### Service initiatives

- Targeted investment of extra hours in high service departments and in MEBs
- Enhanced selling skills program
- Reward and recognition expanded
- Increased service in fitting rooms
- Closer collaboration with National Brands suppliers for additional staffing



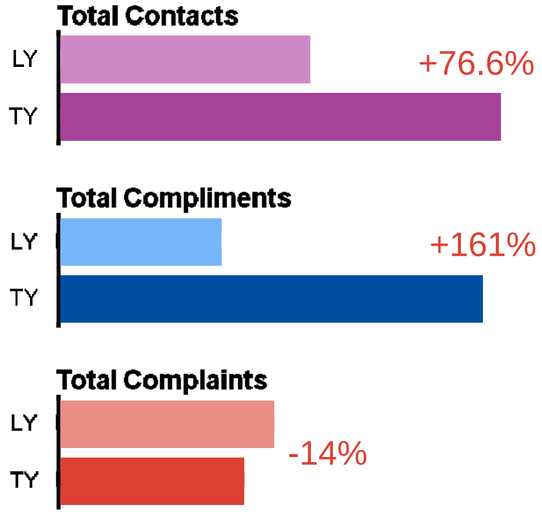
## 1. Improve customer service and efficiency

### Efficiency initiatives

- POS clustering and consolidation in 14 stores improves staff availability at sale points
- Continued focus on 'floor ready' standards results in more efficient replenishment
- Ongoing shrinkage reduction initiatives

*"Very encouraging response from customers and team members"*

# 1. Customer feedback improving




*Data reflects all contacts received in first half in Stores and by Customer Service Centre

17 DELIVERING OUR PLAN

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# 2. Enhance merchandise offer

- Brand acquisitions and exclusivity further strengthen offer
- Addition of meaningful and wanted brands to established brand hierarchy
- Targeted markdowns approach providing relevant promotions
- Space optimisation enables enhanced range
- Sourcing offices supporting growth in MEBs
- Speed to market reflects customer demands

18 DELIVERING OUR PLAN

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## 2. Enhance merchandise offer

Major new brands improve depth of offer

| | |
|---|---|
| Womens: | Morrison, Sass, Laura Ashley, Fate, Trent Nathan* |
| Mens: | T.M. Lewin, R.M. Williams, Elwood, Autonomy, Firetrap, Duck and Cover, Trent Nathan* |
| Intimates: | Leona Edmiston Pins, Donna Karan, DKNY hosiery, sass & bide (lingerie)** |
| Home: | Jayson Brunsdon Home Collection |
| International: | Isabel Marant, Vanessa Bruno, Tara Jarmon, Barbara Bui, Day Birger et Mikkelsen |

*“We target meaningful ranges that strengthen our merchandise offer”*

** Expect to finalise acquisition shortly*
*** From August 2012*




RM WILLIAMS
TM LEWIN
21


ELWOOD
BAUHAUS
FIRETRAP
AUTONOMY


Leona Edmiston Pins, DKNY and Donna Karan Hosiery

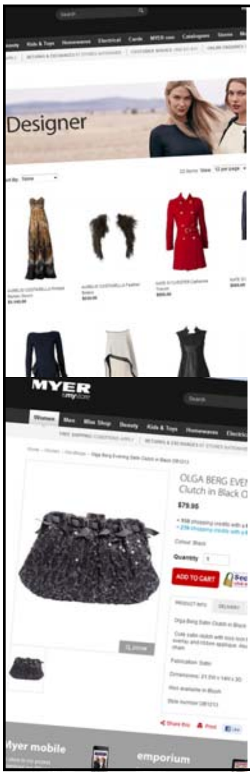

Jayson Brunsdon Home Collection


## 3. Strengthen our loyalty program

- Customer shopping data on approximately 70% sales
- Valuable means to evaluate stores, brands, space, product, service mix and marketing
- Over 1.9 million email addresses provides valuable and targeted marketing tool
- Key initiatives to further strengthen program

*"Unique and valuable loyalty program"*






## 4. Build a leading omni-channel offer

- Strength of brand and store network
- Customer shopping preferences evolving
- Continued integrated marketing approach demonstrated at Christmas and Stocktake Sale
- Supply chain, merchandise management system and POS deliver competitive advantage
- Significant resource allocation and investment

*"Focus on delivering seamless experience across all channels"*

# 4. Omni-channel roadmap

**SCALABLE PLATFORM**

- Transactional website ✓
- Core infrastructure ✓
- Range / Price / Promotion management systems ✓
- eCommerce Team established ✓
- Customer Value Propositions ✓
- eCommerce best practice ✓
- Analytics Suite ✓

**BUILD CAPABILITY**

- Marketing agility ○
- Customer order management ○
- Product recommendations ○
- Customer generated content ○
- Merchandising / Photography ✓
- Social media interface ○
- Mobile ○
- Customer wish list ○
- **MYER one** personalisation ○

**DELIVERING SOLUTIONS**

- In store multi-channel experience ○
- Range optimisation ○
- Benchmarking ○
- Store staff incentives ○
- Innovation ○
- Omni-channel fulfilment solution ○
- Single view of customer ○
- Borderless trading ○
- Partnerships ○

INFRASTRUCTURE | PEOPLE | VISION AND STRATEGY

**SOLID FOUNDATION**

✓ **Complete** ○ **Underway**



# 5. Optimise our store network

- Delivering improved returns per square metre
- Upcoming new stores Fountain Gate, Townsville, Shell Harbour expected to deliver 2xWACC ROFE
- Closure of two stores
- Further ongoing lease renegotiations
- Timelines for new stores impacted by landlords
- Continued commitment to refurbishments

*“Reviewing the merits of all new and existing stores”*


## 5. Optimise our store network

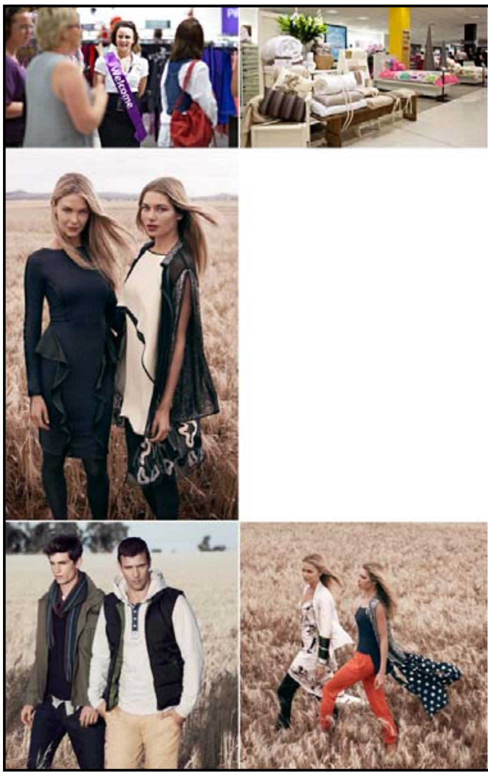
- Completed refurbishment at Liverpool
  - Total space reduced by 30% improving returns
  - Refreshed offer, new brands
- Carindale relaunch March 2012
- Refurbishments commencing in 2H
  - Highpoint, Indooroopilly




## Competitive advantages support the plan

- Significant customer service investment
- Completed significant capital investment in supply chain, merchandise, POS, IT systems
- Vertically integrated exclusive brand model supported by sourcing offices
- Unique and valuable loyalty program
- Strength of Myer brand
- Extensive store network

*"Stable, experienced management team"*



## 1H2012 results

Overview

Financial update

Delivering our plan

**Outlook**



## Key sales drivers and focus areas for 2H2012

- Strengthen MEBs with new brands, extensions
- Expand direct sourcing
- Adding new brands
- Enhance margins, optimise markdowns
- Reduce shrinkage
- Develop leading omni-channel offer
- Strengthen **MYER one** loyalty program

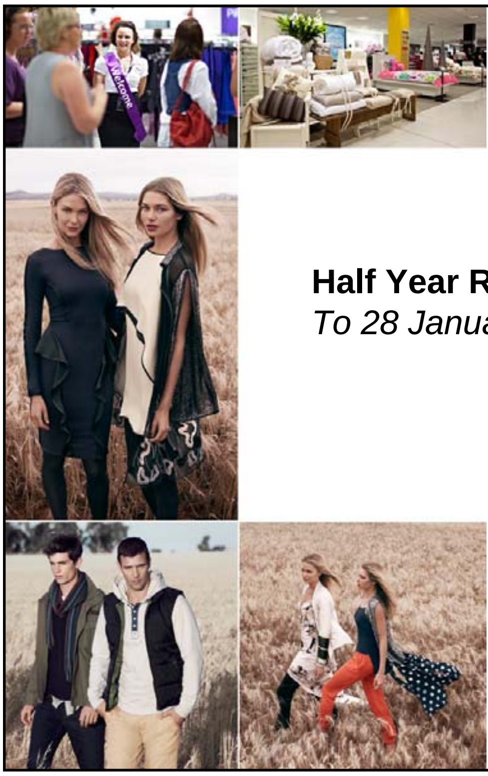
*"Underpinned by improved customer service"*

## Full year 2012 outlook

- In FY2012 we face a number of additional costs (c$40m which are included in our guidance)
- The 1H NPAT included one-off impacts of c$17m (cycling receipt of Melbourne store underpinning) and $5m increase in depreciation, both not in 2H
- FY2012 sales likely to be below or at best flat compared to FY2011
- Assuming no further deterioration in trading conditions, we continue to anticipate FY2012 NPAT to be no worse than 10% below FY2011*

*$162.7 million





**Half Year Results**
*To 28 January 2012*

**Bernie Brookes**
CEO and Managing Director

**Mark Ashby**
CFO

## Historical sales including concessions

| | 3Q10 | 4Q10* | 1Q11 | 2Q11 | 3Q11 | 4Q11 | 1Q12 | 2Q12 |
|---|---|---|---|---|---|---|---|---|
| **Total Sales** $m | 671.1 | 815.8 | 706.1 | 1,027.0 | 657.3 | 768.4 | 681.4 | 1022.6 |
| **Total Sales growth** | 0.0% | -1.4% | -1.5% | -4.9% | -2.1% | -5.8% | -3.5% | -0.4% |
| **LFL Sales growth**** | 0.6% | -0.7% | -1.7% | -7.4% | -3.1% | -7.9% | -5.1% | -1.7% |

**Notes:**
* 13 week basis
** in the like-for-like methodology (comparable store sales) sales for refurbished stores are excluded for the period of refurbishment only. Also excluded are new and closed stores as well as sass & bide



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## Indicative new stores schedule*

| Store | State | Year | Size (GLA sqm) | Landlord | Centre MAT $mill | Estimated Catchment population | Metro Infill | Growth Corridor | Regional City |
|---|---|---|---|---|---|---|---|---|---|
| Townsville[1] | QLD | FY2013 | 12,000 | Stockland | 230 | 174,000 | | | ✓ |
| Fountain Gate[1] | VIC | FY2013 | 12,000 | Westfield | 704 | 180,000 | | ✓ | |
| Shell Harbour[1] | NSW | FY2013 | 12,000 | Stockland | 206 | 205,000 | | | ✓ |
| Greenhills | NSW | FY2014 | 12,000 | Stockland | 309 | 145,000 | | | ✓ |
| Hobart Replacement Store | TAS | FY2014 | 12,600 | Non-Major | NA | 203,000 | | | |
| Myer Melbourne expansion[3] | VIC | FY2014 | 7,500 | CFS | NA | c. 4 million | | | |
| Woden | ACT | FY2015 | 12,500 | Westfield | 427 | 144,000 | ✓ | | |
| Mt. Gravatt | QLD | FY2015 | 12,500 | Westfield | 567 | 276,000 | ✓ | | |
| Werribee Replacement Store | VIC | FY2015 | 12,500 | Pacific | 406 | 148,000 | | ✓ | |
| Joondalup | WA | FY2015 | 12,000 | Lend Lease | 490 | 200,000 | | ✓ | |
| Coomera[2] | QLD | FY2017 | 12,000 | Westfield | NA | 134,000 | | ✓ | |
| Tuggerah | NSW | FY2017 | 12,000 | Westfield | 477 | 151,000 | | | ✓ |
| Plenty Valley | VIC | FY2017 | 12,000 | Westfield | 273 | 140,000 | | ✓ | |

*1. Under construction 2. Centre to be constructed 3. Emporium expansion in Lonsdale Street building*

***Subject to variation by landlords***



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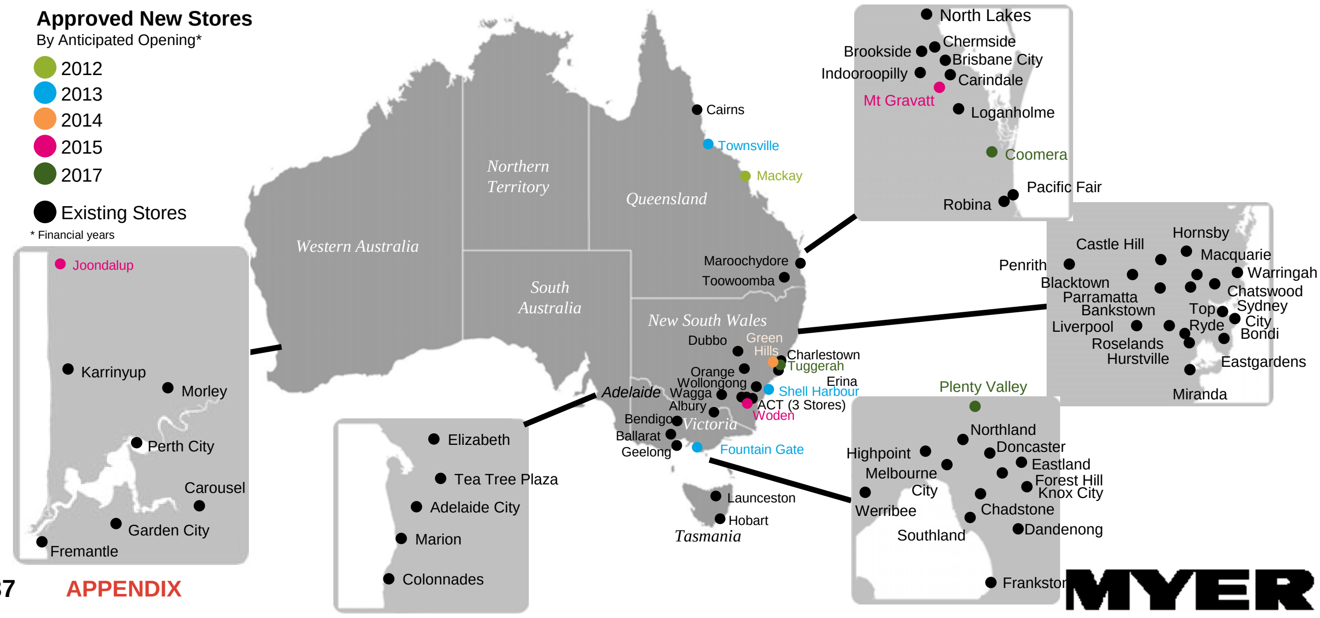
## Indicative new stores schedule



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## Stable, experienced Management Team

**Bernie Brookes**
April 2006

**Mark Ashby**
January 2008

**Greg Travers**
May 2006

**Nick Abboud**
December 1993

**Judy Coomber**
June 2006

**Adam Stapleton**
November 2002

**Megan Foster**
June 2006

**Timothy Clark**
March 2002

**Mark Goddard**
March 2012

**Marion Rodwell**
March 2008



Date joined Myer

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# Disclaimer

*All numbers are unaudited.*

*This release may contain "forward-looking statements". Forward-looking statements can generally be identified by the use of words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", "continue", "objectives", "outlook", "guidance" and similar expressions. Indications of plans, strategies and objectives of management, sales and financial performance are also forward-looking statements. Forward-looking statements are not guarantees of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Myer. Actual results, performance or achievements may vary materially from any forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements, which are current only as at the date of this release. Myer assumes no obligation to update such information.*



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