

MYER

ASX & Media Release

Thursday 14 March 2013

Myer first half results for the 26 weeks ended 26 January 2013

First half total sales up 1.7 percent to \$1,732.5 million

Q2 total sales up 2.1 percent

Operating gross profit up 2.3 percent to \$714.0 million

Net profit after tax up 0.7 percent to \$87.9 million

Interim dividend of 10 cents, fully franked

First Half 2013 Financial Highlights

- Sales up 1.7% to \$1,732.5 million, up 1.4% on a comparable store sales basis. Q2 sales up 2.1% to \$1,044.4 million, up 1.7% on a comparable store sales basis
- Operating gross profit up 2.3% to \$714.0 million. Operating gross profit margin up 23 basis points (bps) to 41.21%
- Earnings before interest, tax, depreciation, amortisation (EBITDA) up 1.4% to \$185.4 million
- Earnings before interest and tax (EBIT) down 1.0% to \$141.5 million
- Net profit after tax (NPAT) (after non-controlling interest) up 0.7% to \$87.9 million
- Interim dividend of 10 cents per share, fully franked, to be paid on 9 May 2013 (Record Date 28 March 2013)

Myer Chief Executive Officer, Bernie Brookes said the business had delivered a solid first half result, including a strong second quarter which reflected a well planned and executed Christmas and Stocktake trading period. Regardless of the ongoing challenging retail environment, this result demonstrates the successful execution of our five-point strategy.

"We have generated improved NPAT of \$87.9 million, up 0.7 percent compared to last year. Recognising Myer's strong cash generation and stable balance sheet, the Board has determined an interim dividend of 10 cents per share which is consistent with last year," said Mr Brookes.

"We are pleased that the positive sales trend continued during the half, with the second quarter representing our third consecutive quarter of positive comparative store sales growth.

"The exit and rationalisation of categories including whitegoods, gaming and consoles, CDs and DVDs, that we commenced in 2010 has been completed with the space reallocated to higher margin fashion categories," he said.

The key categories of Menswear, Cosmetics, Womenswear, Fashion Accessories and Childrenswear were the best performing categories, well ahead of last year in both sales and gross profit. The best performing states were Western Australia and Queensland.

Sales in National brands declined 1.3 percent, impacted by the rationalisation of the electrical range (particularly TVs), the exit of DVDs, CDs, gaming and consoles, as well as the competitive furniture market.

Concession sales grew by 4.9 percent, particularly driven by brands such as **Country Road**, **Sunglass Hut**, **Sportscraft** and **Review**.

“We have strengthened our merchandise offer with the introduction of new brands and the expansion of a number of established brands into new categories,” said Mr Brookes.

“We are delighted that sales in Myer Exclusive Brands grew by 10.0 percent to \$343 million during the half and now represent 19.8 percent of sales, up from 18.3 percent at the same time last year, reflecting the increasing customer support for these well-recognised brands,” he said.

A number of our largest Myer Exclusive Brands performed well, supported by the extension of these brands into new categories. In addition, a number of new brands were introduced in the half including **Trent Nathan**, **JAG** handbags, **Australian House and Garden**, **sass & bide** intimates, and **Material World by Madonna**.

“Operating gross profit increased by 2.3 percent on last year and reflects the success of a number of our long-standing strategic initiatives including growth in Myer Exclusive Brands, improved sourcing, reduced markdowns and shrinkage, as well as the contribution of sass & bide,” said Mr Brookes.

“Operating gross profit margin increased by 23 basis points to 41.21 percent, driven by the performance of Myer Exclusive Brands, Concession and National Brands, which all generated improved margins compared to the first half last year.

“This was a pleasing outcome considering our continued focus on price harmonisation. Suppliers have been supportive of our endeavours to be more competitive for our customers in a global marketplace. Customers have responded well to lower prices, and in the majority of cases volume increases have compensated for price deflation. Our continued improvement in the management of markdowns offset overall price deflation which was net 0.4 percent for the half.

“Like many businesses, we faced a number of increasing operational costs associated with labour and occupancy (utilities, rates and taxes). In addition, we continued our investment in customer service, Myer Exclusive Brands and omni-channel.

“During this half the improved gross profit more than offset the increased costs, resulting in EBITDA growth of 1.4 percent.

“Depreciation and amortisation in the first half increased from \$40.0 million to \$43.9 million reflecting our continuing capital investment in the business.

“Among the highlights of the half was our broadened focus on improving the customer experience with additional service and efficiency initiatives. We were delighted to be named the Australian Department Store of the Year in the **Roy Morgan Customer Satisfaction Awards 2012**. The poll of over 50,000 customers recognised our team’s commitment to improving our customers’ shopping experience and demonstrated that our customers are increasingly recognising our progress in this area. I am grateful for the contribution of all our team members.

“As our two sourcing offices in Asia manage an increasing proportion of our direct sourcing, we are seeing further quality, margin and speed-to-market benefits, capitalising on our world-class supply chain.

“We introduced a number of new and exciting initiatives relating to our loyalty program and omni-channel offer during the half and have a strong pipeline of improvements planned for 2013 and beyond.

“We continually seek to improve our customer proposition through innovation by testing new ideas and concepts. Examples of initiatives adopted in the first half include a smart phone app that enables real time delivery and redemption of **MYER one** rewards and exclusive offers to members, and the Commonwealth Bank pay-with-points at point-of-sale (POS). In addition, we trialled pop up shops with a dynamic product range and we will continue to employ these innovative formats in high traffic areas such as CBD railway stations and shopping centres.

“The successful openings of two new stores at Fountain Gate (Victoria) and Townsville (Queensland) were very pleasing and both have been very well received by their communities.

“Our investment in the **sass & bide** business again proved beneficial with another very strong half, demonstrating our ability to invest in and develop brands. The business delivered double digit sales growth as customers continue to embrace this exciting Australian designer offer in Myer stores and across all **sass & bide** channels,” he said.

STRENGTHENED BALANCE SHEET

As a result of our continued strong cash generation, net debt declined by \$56 million to \$242 million compared to last year. The net debt to EBITDA ratio was 0.78 times, significantly improved when compared to 0.94 times at the same time last year.

We maintained our focus on inventory management with inventory at period end well below last year. Underlying inventory (adjusted for new and closed stores) was \$359 million at the end of the period, down 6.3 percent on last year.

“Our strong cash flow and balance sheet will support our strategic plan and capital requirements,” said Mr Brookes.

OUTLOOK

There are a myriad of factors that continue to influence consumer confidence and discretionary spend, hence we remain cautious about the trading environment. Therefore, Myer does not intend to provide sales or profit guidance to the market for FY2013.

Sales in the second half will be impacted by major refurbishments of three of our top 20 stores in Adelaide (South Australia), Indooroopilly (Queensland) and Miranda (New South Wales). The anticipated sales growth from our three new stores will be largely offset by the impact of these refurbishments and the closure of Fremantle (Western Australia) and Tuggeranong (ACT).

Cost pressures associated with labour and occupancy (utilities, rates and taxes) will continue. Further investment in growth initiatives, including omni-channel and Myer Exclusive Brands, of approximately \$4 million (operating costs) will impact the second half. Depreciation is also expected to increase further and will impact the second half by over \$3 million.

As outlined last year, the second half 2012 result included a non-recurring benefit to net finance costs relating to the revaluation of the sass & bide put option of \$3 million. This is not expected to be repeated in the second half 2013.

Our ongoing investment in the future of the business is expected to drive: further growth in Myer Exclusive Brands, new brands and online; continued improvement in sourcing, inventory, and markdown management; store portfolio optimisation; as well as retail innovation.

Our five-point strategic plan continues to provide clear direction for the business. This plan will continue to evolve and be further strengthened by the introduction of new initiatives to meet changing customer demands.

DELIVERING OUR STRATEGIC PLAN

We continue to make significant progress on our five-point strategic plan while implementing additional initiatives to strengthen and evolve the plan.

1. IMPROVE CUSTOMER SERVICE

We have continued to invest in improving the customer experience with a number of service and efficiency initiatives. Our strategy is driven by customer and team member feedback as well as by other opportunities to optimise productivity.

Service Initiatives

- National profit-based commission scheme in selected categories was strengthened by a new program for our elite electrical sales team during the half.
- Our personal shopping service improved sales productivity and increased customer take up. These team members consistently delivered above average sales per labour hour.
- An initial 7,800 team members participated in a new performance review program with improved coaching, mentoring and performance management focus.
- Customer compliments relating to stores improved to over four compliments per complaint, with over 23,000 contacts by customers during the half.

Efficiency Initiatives

- Further reduction in shrinkage, reflecting a whole of business commitment to this initiative.
- The clustering and consolidation of POS has now been completed in 29 stores, improving the availability of team members at sale points.
- Further improvement in supplier compliance delivering 'floor ready' merchandise to stores that is security-tagged, price-ticketed, and already on a hanger.
- Out-of-stock levels reduced significantly during the past six months.
- New labour management and rostering tool optimising labour investment in stores.
- Introduction of customer-friendly Myer Visa online application process.

"During the half, feedback relating to customer service in our stores continued to improve. Customer service, together with the right merchandise mix, in store and online experiences are key to success in an omni-channel retail environment," said Mr Brookes.

"The inclusion of our concession team members in our reward and recognition programs will help to ensure there is a consistent level of service for customers across all our departments.

"Like all retailers, we face increasing wage costs relating to penalty rates and loadings with little resultant productivity improvement. We are committed to rewarding our team members but seek flexibility to ensure the ongoing competitiveness of the Australian retail industry in an increasingly global marketplace," he said.

2. ENHANCE OUR MERCHANDISE OFFER

We are focused on being the first choice for customers when shopping for fashion, cosmetics and the home. We have the largest range of desired brands and styles that offer newness, fashionability, quality and value, with an increasing focus on exclusivity.

Our merchandise business is split into three segments: Myer Exclusive Brands, International and National brands, and Concessions.

Our 59 Myer Exclusive Brands are comprised of brands developed by Myer, Designers @ Myer, National brands owned by Myer, and Licensed National brands. Myer Exclusive Brands are now represented across a wide range of price points and all categories. Key brands that are well-established with strong customer advocacy have been successfully extended into new categories. Myer Exclusive Brands deliver a significantly higher margin through the vertical-integration of design, development, sourcing, supply chain, and marketing.

- During the half our best brands across the business that performed well included **sass & bide**, **Basque**, **Regatta**, **Country Road**, **Review**, **Reserve**, **Blaq**, **Politix**, **Ben Sherman**, **G-Star**, **Chanel**, **MAC Cosmetics**, **Benefit Cosmetics**, **Mecca Cosmetics**, **Apple**, **Lego**, and **Breville**.
- The continued strong growth in Myer Exclusive Brands reflects excellent results from established brands including **Basque**, **Regatta**, **Reserve**, **Blaq**, **Piper**, and **Jayson Brunsdon Home**.
- During the half we also successfully introduced a number of new Myer Exclusive Brands including **Trent Nathan**, **sass & bide** intimates, **Karen Walker Home**, **Australian House and Garden**, **Fleurette by Fleur Wood**, **Material World by Madonna**, **True: home**, and **True: body**.
- We continually refresh our offer by expanding compelling and relevant brands. Examples during the half included the new brands of **O.P.I nails**, **Diesel**, **Modern Amusement**, and **Speedo**, and the further rollout of **T.M. Lewin** and **G-Star** to additional stores.
- Additional **Lavazza**, **Nespresso**, and **KitchenAid** concept stores and interactive headphone installations further improved the customer experience with demonstrations and specialist service.
- We recently announced that we had extended the international cosmetics brand **Benefit Cosmetics** as an exclusive department store supplier for a further five years. In 2012, the Benefit counter in Myer Sydney was ranked the number one counter out of 3,000 counters globally.
- The leading makeup brand **Napoleon Perdis** is an exciting new brand that will soon be rolled out in all stores with a highly visible presence. This highly successful Australian makeup brand has enjoyed international acclaim and recently announced its launch into Neiman Marcus and Bergdorf Goodman.

“Our sales growth reflects our ability to identify key season trends and ensure we have a comprehensive representation of those trends across multiple brands and price points, from designer to everyday basics. This depth of range is essential to inspire and delight our broad customer base,” said Mr Brookes.

3. STRENGTHEN OUR LOYALTY PROGRAM

Our **MYER one** loyalty program is one of Australia’s most successful loyalty programs and represents approximately 70 percent of Myer’s sales. The data from this program is a highly effective tool to evaluate key aspects of our business including stores, brands, space, product, service and marketing.

- We reached an important milestone in January when the five millionth customer joined the program, representing an 11 percent increase in members on the same time last year.
- The innovative **MYER one** app was launched before Christmas giving members access to personal shopping credit balances and real time Reward Cards balances, as well as exclusive news, events and offers. The app also facilitated the first digital delivery of **MYER one** Reward Cards for members to receive and redeem directly from their smartphone.
- \$24.0 million in Reward Cards were distributed to members during the half with an average spend on redemption of 3.8 times the value of the card.
- We now have over 2 million email addresses from members who have opted in to receive **MYER one** targeted emails, as well as over 3.2 million mobile phone numbers for SMS communication.
- We continued to strengthen our **MYER one** affiliates program with an increased focus on affiliate partners that are more meaningful to our customers.

- The **Myer Visa** card is an important loyalty offer for our customers. With up to three **MYER one** rewards points offered to **Myer Visa** card holders, **Myer Visa** continues to be one of the most competitive credit cards in the market, awarded 5 stars by CANSTAR for outstanding value (with annual spend of \$12,000) for six consecutive years.
- A highly successful collaboration with the Commonwealth Bank was launched in December. The 'pay-with-points' initiative uses market leading technology to allow instant redemption of Commonwealth Awards points at Myer POS. Our **MYER one** members also earn shopping credits on these purchases, delivering even greater rewards.
- The **MYER one Wine Club** was launched before Christmas, designed specifically for our members with a compelling and desired range of wine. The response by members has exceeded expectations.

"We continue to build relationships with more meaningful affiliate partners to enhance our program, and are excited to announce the launch of Caltex and Caltex Star Mart as **MYER one** affiliates," said Mr Brookes.

"The Commonwealth Bank pay-with-points initiative is proving very popular with our customers with the number of transactions and value of redemptions far exceeding expectations. This highly innovative technology delivers significant convenience to customers and incremental sales to Myer.

"Looking forward, our strategy for **MYER one** involves improving customer engagement, enhancing rewards for membership tiers, and utilising sophisticated data and basket analysis. Our **MYER one** loyalty program represents a key competitive advantage and we have a program of significant improvements to come that will further strengthen this valuable program," he said.

4. BUILD A LEADING OMNI-CHANNEL OFFER

Our customers' expectations have evolved in line with increasing online inspiration, information and digital commerce, and Myer now operates in a global marketplace. Against this backdrop, our focus is on building a leading omni-channel offer that is inspiring, compelling and available to our customers wherever and whenever they choose to engage with us.

Our previous investments in a merchandise management system, a point-of-sale system and a world-class supply chain have set the foundations for effective inventory management. This provides us with a significant competitive advantage in the development of our omni-channel offer.

- Online sales continued to grow strongly and accelerated over the Christmas and Stocktake period. Over 8 million visits and 90 million page views during the past six months.
- Recent improvements introduced include a new inspirational homepage, improved search capability, simplified checkout, customer ratings and reviews, and enhanced conversion tactics have combined to drive increased site visits and improved sales.
- We continued to increase and optimise our range online, incorporating improved product information and descriptions for customers, as well as increased use of QR codes to enhance online content.
- The early availability of Stocktake Sale online and participation in 'Click Frenzy' contributed to the significant growth in online sales during the half.
- Other enhancements introduced include a mobile phone enabled shopping site, **MYER one** log in, team member discount and 'click and collect' in selected stores.
- Digital Myer gift cards were launched enabling customers to email Myer gift cards to family, friends and colleagues to print or add directly to Passbook on an iPhone or iPod touch.
- Our integrated marketing activity across digital and traditional media continues to focus on delivering inspiring and engaging content.

- A monthly digital **Emporium** magazine was launched in November 2012, distributed to 1.3 million **MYER one** members, including interactive content and the ability to shop direct from pages.

“We have successfully implemented a number of important omni-channel initiatives, with a significant pipeline of further developments and enhancements to come,” said Mr Brookes.

“We recognise that success in omni-channel retailing depends on delivering exceptional customer experience, a compelling merchandise offer, informative and inspirational content, with fast and efficient fulfilment.

“We continue to strive for a seamless and consistent Myer experience for our customers across all retail channels, including our physical stores, online, digital and our customer service centre,” he said.

5. OPTIMISE OUR STORE NETWORK

Our focus is on maximising returns per square metre by improving productivity through enhanced store layouts, new stores, improved efficiency of floor space through refurbishments and the closure of a handful of stores. In this context, we continue to review the merits of all existing and planned stores in our portfolio, including proactive lease negotiations yielding results.

- During the half two new stores were successfully opened at Fountain Gate (Victoria) in September 2012, and Townsville (Queensland) in October 2012. Both stores are well on track to achieve their return on investment hurdles. There has been a very positive customer response to the arrival of Myer as the only full-line department store in both these locations.
- As previously announced, the Fremantle (Western Australia) store closed in January 2013. All team members were redeployed to nearby stores.
- The Highpoint (Victoria) store has been refurbished and will be relaunched this week with a number of new brands, refreshed fixtures and fittings, and an improved floor layout.
- A significant refurbishment of our store at Indooroopilly (Queensland) has commenced, scheduled to be relaunched in early 2014.
- A major upgrade of our CBD store in Adelaide (South Australia) has commenced. This work will not be completed until early 2014, reflecting the significant scope of works in our store as well as the concurrent centre refurbishment and Rundle Mall upgrade.
- A refurbishment of our Miranda (New South Wales) store has commenced and is scheduled to be completed for Christmas 2014.

“We are committed to our long-term refurbishment program to ensure a consistently high standard of in-store experience for customers, notwithstanding the sales impact during a refurbishment. In all cases we aim to refresh the offer with new brands, and upgraded fixtures and fittings, and ensure an optimal store layout with improved efficiency and productivity,” said Mr Brookes.

“During the second half we are looking forward to the opening of our new store at Shell Harbour (New South Wales), scheduled for May 2013. This reflects our strategy to optimise our store network through a combination of opening new stores, refurbishing others, while rationalising the store portfolio and improving overall space productivity.

“In all our decisions relating to stores we incorporate extensive data from **MYER one** and our increasingly sophisticated understanding of our **MYER one** customer preferences,” he said.

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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 26 January 2013

	1H 2013	1H 2012	Change vs. LY
	Actual	Actual	
	\$m	\$m	
Total sales value	1,732.5	1,704.0	+1.7%
Concessions	260.1	248.0	+4.9%
Myer Exclusive Brands	342.9	311.6	+10.0%
Other	1,129.5	1,144.4	(1.3%)
Operating gross profit	714.0	698.3	+2.3%
<i>Operating gross profit margin</i>	41.21%	40.98%	+23bps
Cash cost of doing business	(528.6)	(515.4)	+2.6%
<i>Cash cost of doing business/sales</i>	30.51%	30.25%	+26bps
EBITDA	185.4	182.9	+1.4%
<i>EBITDA margin</i>	<i>10.70%</i>	<i>10.73%</i>	<i>(3bps)</i>
Depreciation and amortisation	(43.9)	(40.0)	+9.6%
EBIT	141.5	142.9	(1.0%)
<i>EBIT margin</i>	8.17%	8.38%	(21bps)
Interest	(14.1)	(17.1)	(17.2%)
Net profit before tax	127.4	125.8	+1.3%
Tax	(38.2)	(37.7)	+1.3%
Net profit after tax (NPAT)	89.2	88.0	+1.3%
Non controlling interest	(1.2)	(0.7)	
NPAT after non controlling Interest	87.9	87.3	+0.7%

Table 2: Balance Sheet as at 26 January 2013

	January 2013	January 2012
	Actual	Actual
	\$m	\$m
Inventory	363	391
Other assets	43	60
Less creditors	(457)	(480)
Less other liabilities	(230)	(259)
Net trading investment	(281)	(288)
Property	26	27
Fixed assets	480	497
Tangible funds employed	225	236
Intangibles	932	947
Total funds employed	1,157	1,183
Debt	422	420
Less cash	(180)	(122)
Net debt	242	298
Equity	915	885
Total investment	1,157	1,183

Table 3: Other statistics and financial ratios

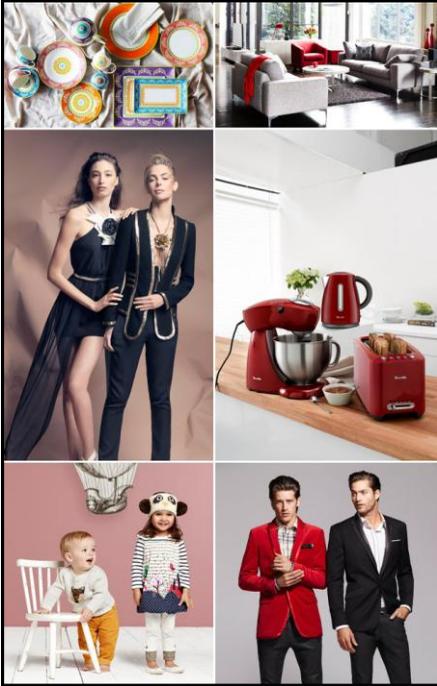
	1H 2013	1H 2012
Capital expenditure (gross)	\$30m	\$29m
Return on total funds employed*	19.54%	20.02%
Gearing	20.94%	25.21%
Net debt/EBITDA*	0.78	0.94
Stock turn (times)	3.4	3.3
Creditor days	70 days	70 days

* Calculated on a rolling 12 months basis

Table 4: Shares and Dividends

	Actual 1H 2013	Actual 1H 2012
Shares on issue*	583.4 million	583.2 million
Basic EPS	15.1 cents	15.0 cents
Dividend per share	10 cents	10 cents

*Weighted average number of shares

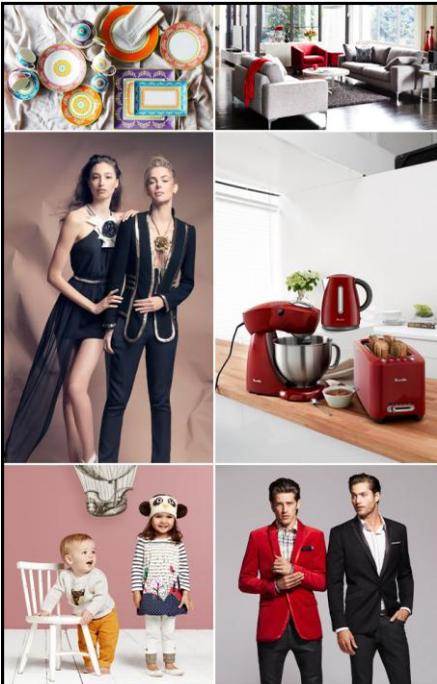


Half Year Results
to 26 January 2013

Bernie Brookes
CEO and Managing Director

Mark Ashby
CFO

MYER



1H2013 results

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Delivering our five-point plan

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MYER



A solid result in 1H2013

- 1H sales up 1.7% to \$1,732.5 million, up 1.4% on a comparable store sales basis
- Q2 sales up 2.1%, up 1.7% on a comparable store sales basis
- Operating gross profit margin +23 bps to 41.21%
- EBITDA up 1.4% to \$185.4 million
- EBIT down 1.0% to \$141.5 million
- NPAT up 0.7% to \$87.9 million
- Strong cash flow and balance sheet supporting interim dividend 10 cents per share fully franked

2 OVERVIEW

MYER



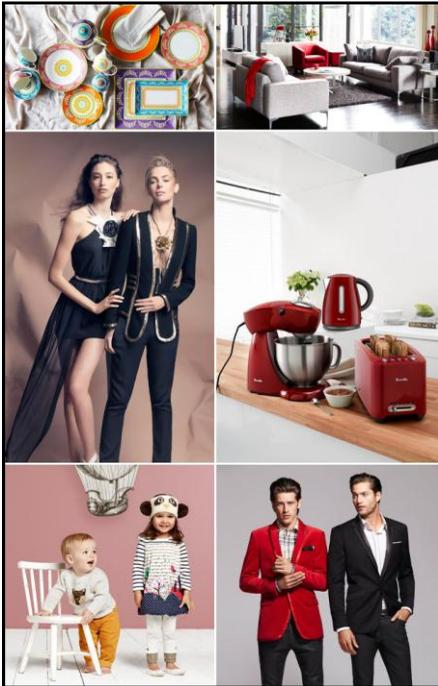
Key achievements in challenging environment

- Sales and gross profit growth in core categories of Menswear, Cosmetics, Womenswear, Fashion Accessories
- Myer Exclusive Brands sales up 10% to \$343 million
- Double-digit sales and profit growth in sass & bide
- Successfully opened two new stores
- Improved sourcing, managed markdowns, price harmonisation
- Significant increase in website traffic
- **MYER one** attracts five millionth customer

“Underpinned by continued improvement in customer experience”

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MYER



1H2013 results

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Financial summary

	1H2013	vs.1H2012	
Sales	\$1,732m	+1.7%	Third consecutive quarter of comparable store sales growth
Operating gross profit	\$714m	+2.3%	Further progress on key initiatives offsetting price deflation
Operating gross profit margin	41.21%	+23bps	Myer Exclusive Brands and Concessions growth, improved sourcing, reduced markdowns and shrinkage
Cash CODB	\$529m	+2.6%	Increased labour and occupancy costs, new stores, investment in omni-channel and Myer Exclusive Brands

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MYER



Financial summary

	1H2013	vs.1H2012	
EBITDA	\$185m	+1.4%	Solid result reflecting strong operating gross profit offsetting increased cash CODB
EBITDA margin	10.7%	(3bps)	
EBIT	\$141m	(1.0%)	Depreciation increased by \$3.9m to \$43.9m due to continuing capital investment
EBIT margin	8.2%	(21bps)	
NPAT	\$88m	+0.7%	Net profit result reflects execution of strategic plan
LFL Inventory*	\$359m	\$383m	Disciplined inventory management
Net Debt	\$242m	\$298m	Significant improvement in working capital driving stronger cash flow

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* Adjusted for new and closed stores

MYER



1H2013 sales performance

Drivers:

- Improved customer service reflected in improved store metrics
- Top categories: Menswear, Cosmetics, Womenswear, Fashion Accessories
- Best performing states: WA, QLD
- Growth in Myer Exclusive Brands and Concessions
- New stores, refurbishments, online
- Double-digit sales growth in sass & bide

Challenges:

- Continued tough retail environment, strong AUD
- Price harmonisation continuing within global marketplace

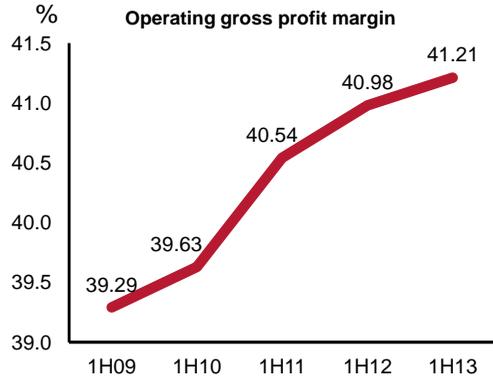
“Three consecutive quarters of comparable stores sales growth”

7 FINANCIAL UPDATE

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Improvement in operating gross profit

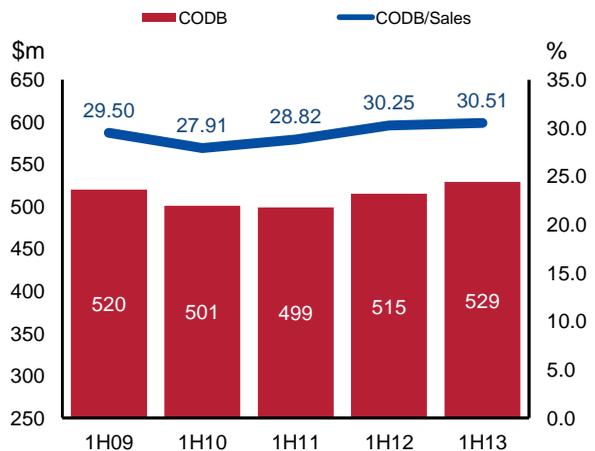
- Strong growth in Myer Exclusive Brands and Concessions
- Continued benefits from Myer sourcing offices
- Improved space productivity supported by completion of category rationalisation (whitegoods, gaming, consoles, CDs, DVDs)
- Continued success of markdown management, price harmonisation
- Further reduced shrinkage
- Clean inventory position



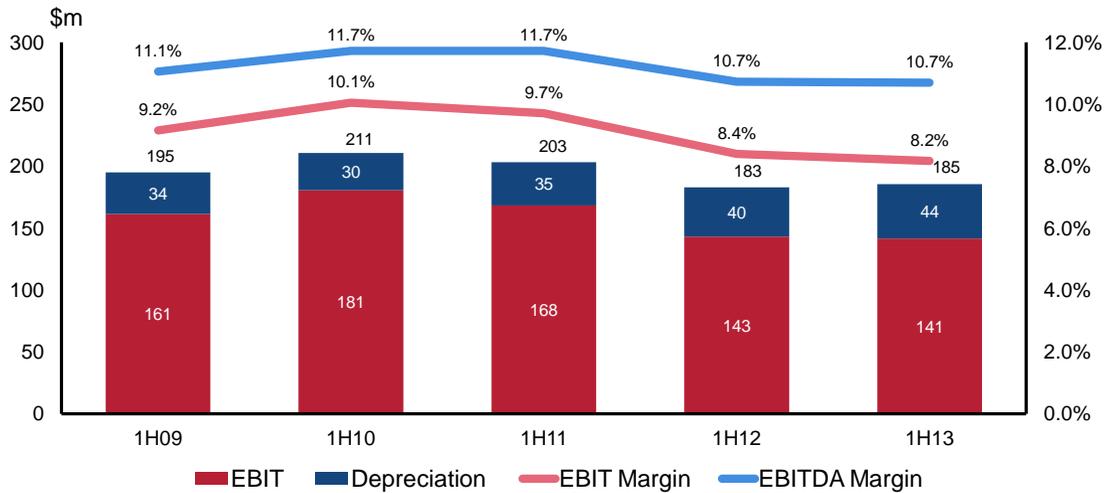
“Key initiatives delivering sustained operating gross profit improvement”

Cash cost of doing business

- Increased store labour costs including investment in service
- Store occupancy (utilities, rates, taxes)
- Investment in Myer Exclusive Brands and omni-channel
- Costs associated with new stores



Solid EBITDA result



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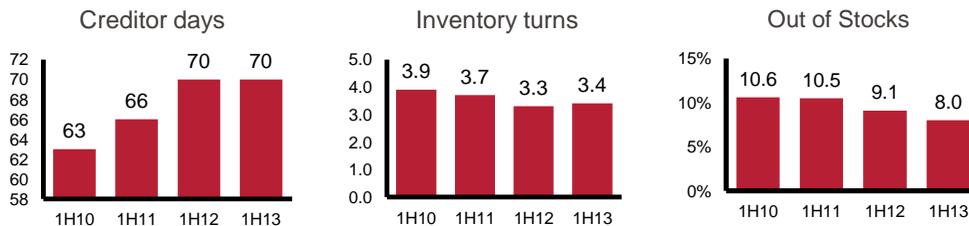
“Increased depreciation reflects continuing capital investment in the business”



Cash flow and working capital management

\$(m)	1H2013	1H2012
Operating cash flow	272	235
<i>Cash conversion</i>	<i>147%</i>	<i>128%</i>
Tax*	(30)	(40)
Interest*	(14)	(8)
Net cash capex paid (post landlord contribution)	(34)	(28)
Cash flow before financing activities	195	159

* Change reflects timing in payments. Actual interest expense down by \$3m.



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Strong, stable balance sheet

Key credit metrics	26 January 2013	28 January 2012	Bank covenants
Net debt	\$242m	\$298m	
Net debt / EBITDA	0.78	0.94	<2.5x
Fixed charge cover*	2.28x	2.26x	>1.65x
Shareholders' equity	\$915m	\$885m	>\$500m

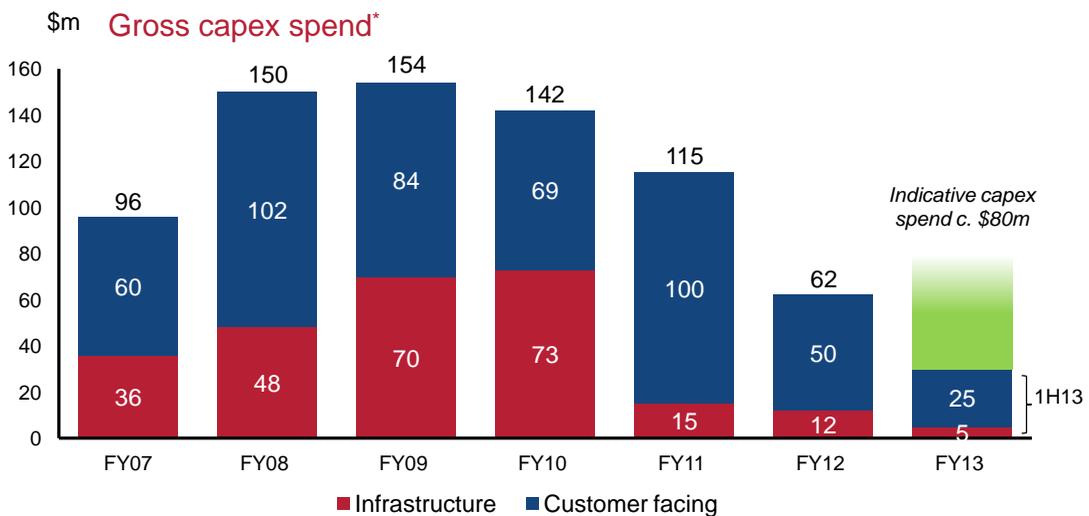
“Strong cash flow and balance sheet providing financial flexibility to support strategic plan and capital requirements”

* Fixed charge cover is calculated as EBITDAR / net interest expense + fixed rental expense

12 FINANCIAL UPDATE

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Significant capital invested in recent years



13 FINANCIAL UPDATE

*Before landlord contributions

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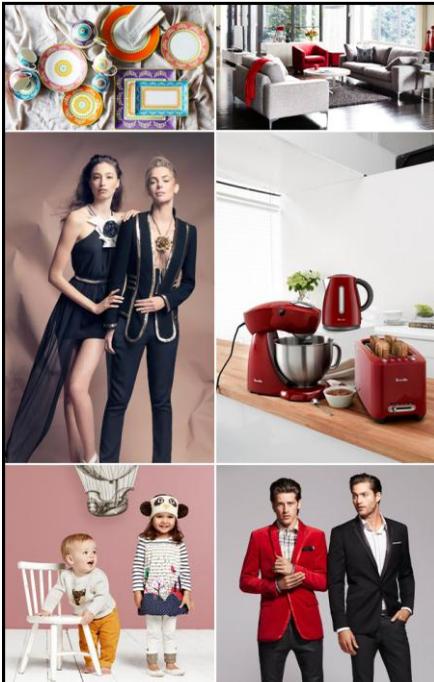
Key financial highlights in 1H2013

- Continued growth in sales from core categories Womenswear, Menswear, Cosmetics, Fashion Accessories, Childrenswear
- Solid performance by new and established Myer Exclusive Brands and Concessions
- Continued strong operating gross profit offsetting cost pressures
- Disciplined inventory management
- Strong cash flow supports sustainable dividend payout ratio

“Balance sheet supports investment in strategic plan”

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1H 2013 results

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Delivering our five-point plan

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Progress on delivering our plan

1. Improve customer service
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”

16 DELIVERING OUR PLAN

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1. Improve customer service

Service initiatives

- New development program with improved coaching, mentoring and performance management; 7,800 team members to date
- New reward program for elite electrical sales team
- Encouraging take up of personal shopping
- Store customer compliments to complaints ratio improved

“Myer awarded Department Store of the year for customer satisfaction by Roy Morgan”

17 DELIVERING OUR PLAN

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1. Improve customer service

Efficiency initiatives

- Harvesting year-two benefits from new POS system
- Improved supplier compliance to 'floor-ready' standards
- Out-of-stocks reduced significantly
- New labour management tool optimising labour investment
- Customer-friendly Myer Visa online application

"In store efficiencies improve stock flow and customer service"

18 DELIVERING OUR PLAN

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2. Myer's merchandise offer

The merchandise business is split into three segments:

- Myer Exclusive Brands
 - Brands developed by Myer
 - Designers @ Myer
 - National brands purchased by Myer
 - Licensed National brands
- International and National brands
- Concessions

19 DELIVERING OUR PLAN

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2. Price harmonisation supported by leading suppliers



“Strong support from leading suppliers delivering more globally competitive prices, an ongoing process”

20 DELIVERING OUR PLAN

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2. Enhanced merchandise offer

- Brands that performed well included:
 - sass & bide, Country Road, Politix, Lego, Breville, Ben Sherman, G-Star, Ziggy, Review, JAG, Apple, MAC Cosmetics, Benefit Cosmetics, Mecca Cosmetics
 - New and established Myer Exclusive Brands
- Proven ability to identify key season trends across multiple brands and price points
- Increasingly price competitive in global marketplace

“Continued focus on newness, fashionability, exclusivity, quality and price competitiveness”

21 DELIVERING OUR PLAN

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2. Myer Exclusive Brand growth continues

- Myer Exclusive Brands now represent 19.8% of overall mix
- Top performing Myer Exclusive Brands in 1H2013
 - Basque, Regatta, Reserve, Blaq, Jayson Brunsdon Home, Piper
- Successful introduction of new Myer Exclusive Brands
 - Trent Nathan, sass & bide intimates, Karen Walker Home, Australian House and Garden, Fleurette by Fleur Wood, Material World by Madonna, True: home, True: body

“Vertically-integrated Myer Exclusive Brands model a key competitive advantage”

22 DELIVERING OUR PLAN

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2. Merchandise - integrated sourcing

- Myer sourcing offices, hubs and DCs managing increasing volumes
- Supporting growth in Myer Exclusive Brands
- Improved margin, quality assurance and control, lead time
- Targeting new categories to source
- More focused factory base for better validation and more competitive pricing, delivering more substantial orders

“Better control of quality, stock flow and costs”

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2. Merchandise - sass & bide success story

Myer acquired 65% of sass & bide in 2011

	January 2011	January 2013
Number of Myer stores	Nil	20 concessions
Number of standalone stores	15	20
Brand extensions	Nil	Sunglasses, Intimate apparel
Online sales	Minimal	4th largest sass & bide store
Future plans		Strong pipeline of further extensions. International expansion

“Strategic acquisition exceeding return on investment hurdles with double-digit sales and profit growth in past six months”

24 DELIVERING OUR PLAN

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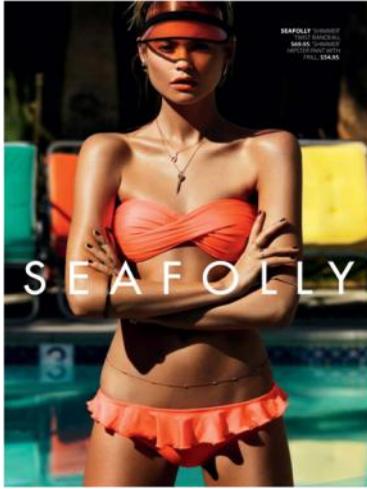
2. Merchandise - focus on newness

- **Seafolly** department store exclusive
- **Benefit Cosmetics** department store exclusivity extended for five years
 - Myer Sydney Benefit counter ranked number one out of 3,000 Benefit counters globally in 2012
- **Napoleon Perdis** to be introduced to all stores
 - Highly successful Australian makeup brand
 - Recently announced Neiman Marcus and Bergdorf Goodman introduction continues international success

“Exciting new brands to inspire and delight”

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benefit
SAN FRANCISCO



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3. Strengthen our loyalty program

- Represents approximately 70% of sales enabling greater engagement with high-value customers
- Customer analytics capability supports key business decisions
- Communicate with members across multiple channels with over 2 million email addresses, 3.2 million mobile numbers
- \$24 million in Reward Cards for the half
- **MYER one** smartphone app launched; 93,800 downloads

“MYER one now has over 5 million members”

29 DELIVERING OUR PLAN


3. MYER one smartphone app



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4. Build a leading omni-channel offer

- Over 8 million visits, 90 million page views during the half
- Recent improvements driving rapid growth in sales and key customer metrics including conversion
- Enhanced mobile site delivers improved customer engagement on phone and tablet
- Integrated marketing across all channels
- Strong pipeline of further enhancements

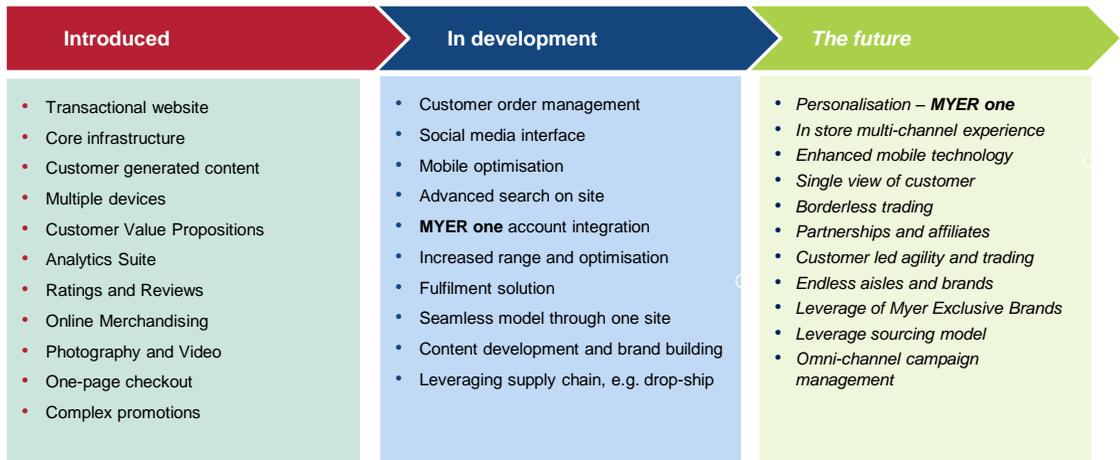
*“Myer brand, depth of range, sourcing, supply chain, store network, **MYER one**, all competitive advantages”*

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4. Our omni-channel roadmap continues to evolve



“We will remain customer focused, agile and innovative”

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5. Optimise our store network

- Focus on maximising returns per square metre with initiatives to optimise floor space
- Strong customer response to new stores at Fountain Gate, Townsville; on track to achieve returns hurdles
- Exit of Fremantle, all staff redeployed
- Shell Harbour scheduled to open in May 2013
- Overall gross leasable area to remain around 1.2 million square metres

“Focus on improving space productivity”

33 DELIVERING OUR PLAN

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MYER Half Year Results 2013

Fountain Gate



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Townsville



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5. Optimise our store network

- Continued commitment to refurbishments
 - Refurbishment completed at Highpoint
 - Refurbishments commenced at Indooroopilly, Miranda and Adelaide
- Proactive lease negotiations yielding results
- Ongoing review of merits of all existing and planned stores

“Optimising our store network to ensure maximum efficiency and productivity”

36 DELIVERING OUR PLAN

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5. Optimise our store network - Highpoint refurbishment



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Innovation to inspire and delight

- Continually testing new ideas and concepts
- Initiatives successfully adopted in past 6 months:
 - Commonwealth Bank ‘pay-with-points’ initiative
 - **MYER one** smartphone app with real time shopping credits and rewards balances, and exclusive offers
 - Email delivery of digital Myer gift cards
 - Pop up shops with dynamic product range in high traffic areas
 - **MYER one** Wine Club successfully launched
 - Shop the look (real time) from fashion launch live streaming
 - Increasing use of technology for Christmas windows
 - Leading monthly digital fashion magazine ‘Emporium’

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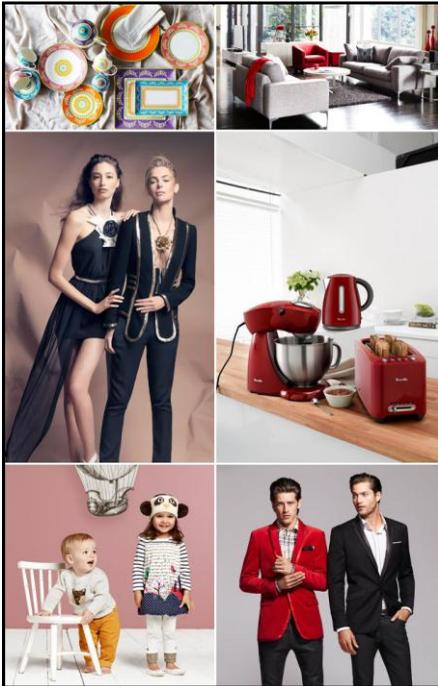
Competitive advantages

- Customer service investment delivering results
- Vertically-integrated Myer Exclusive Brand model
- Newness, fashionability and a differentiated and competitive merchandise offer
- Leading loyalty program with 5 million **MYER one** members
- Strength of Myer brand, supply chain, extensive store network and capital investments support growth in our omni-channel offer
- Proven management team with depth of talent

“Solid foundations established since 2006”

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1H 2013 results

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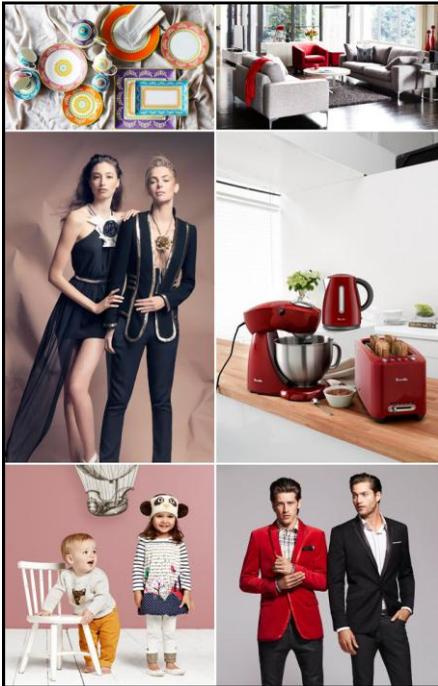


Outlook

- Remain cautious about outlook due to challenging trading environment, election uncertainty. We do not intend to provide guidance for FY2013
- Cost pressures to continue in second half: depreciation (over \$3 million), as well as additional labour and occupancy costs
- Remain on track with our five-point plan and retail innovation
- Anticipated sales growth from new stores will be largely offset by impact of refurbishments of three of our top 20 stores and store closures
- Continued investment in growth initiatives ~\$4 million (operating costs): Myer Exclusive Brands and omni-channel

41 **OUTLOOK**

MYER



Half Year Results
to 26 January 2013

Bernie Brookes
CEO and Managing Director

Mark Ashby
CFO



Historical sales including concessions

	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13
Total Sales \$m	657.3	768.4	681.4	1022.6	651.1*	766.0	688.0	1,044.4
Total Sales growth	-2.1%	-5.8%	-3.5%	-0.4%	-0.9%	-0.3%	1.0%	2.1%
LFL Sales growth**	-3.1%	-7.9%	-5.1%	-1.7%	-2.1%	0.3%	0.8%	1.7%

Notes:

* 3Q12 Sales were \$649.1 million post IFRS adjustment

** 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 pre-acquisition in March 2011



Indicative new stores schedule*

Store	State	Year	Size (GLA sqm)	Landlord	Centre MAT** \$mill	Estimated catchment population	Metro infill	Growth corridor	Regional city
Townsville	QLD	FY2013	12,000	Stockland	230	174,000			✓
Fountain Gate	VIC	FY2013	12,000	Westfield	654	180,000		✓	
Shell Harbour	NSW	FY2013	12,000	Stockland	206	205,000			✓
Myer Melbourne expansion ¹	VIC	FY2014	7,500	CFS	NA	c. 4 million			
Greenhills ²	NSW	FY2014	12,000	Stockland	309	145,000			✓
Hobart replacement store	TAS	FY2014	12,600	Private	NA	203,000			
Woden	ACT	FY2015	12,500	Westfield	416	144,000	✓		
Mt. Gravatt	QLD	FY2015	12,500	Westfield	563	276,000	✓		
Joondalup	WA	FY2015	12,000	Lend Lease	551	200,000		✓	
Werribee replacement store	VIC	FY2016	12,500	Pacific	406	148,000		✓	
Darwin	NT	FY2017	12,000	GPT	380	151,000			✓
Coomera	QLD	FY2017	12,000	Westfield	NA	134,000		✓	
Tuggerah	NSW	FY2017	12,000	Westfield	469	151,000			✓
Plenty Valley ²	VIC	FY2017	12,000	Westfield	307	140,000		✓	

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* Subject to variation by landlords
** Moving Annual Turnover

¹ Emporium expansion underway in CFS Lonsdale Street building
² Under review



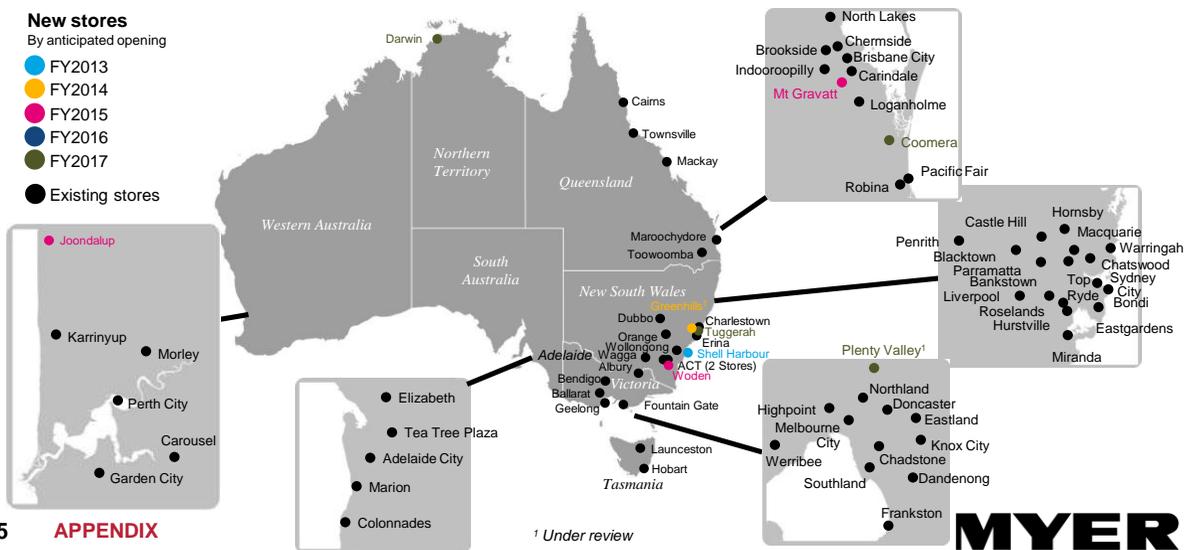
Indicative new stores schedule*

* Subject to variation by landlords

New stores

By anticipated opening

- FY2013
- FY2014
- FY2015
- FY2016
- FY2017
- Existing stores

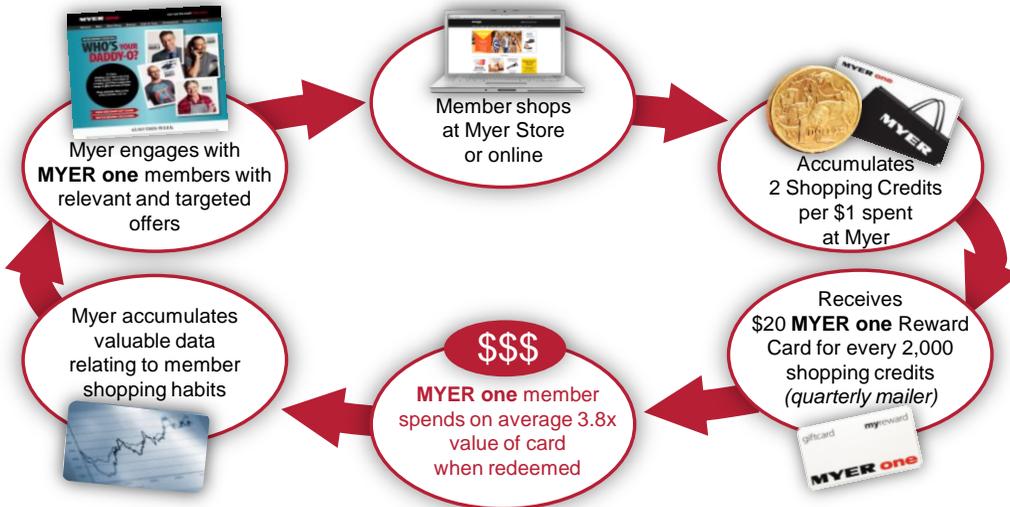


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¹ Under review



MYER one – a leading loyalty program



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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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