



# ASX & MEDIA RELEASE

14 December 2017

## Second Quarter Trading Update

Myer Holdings Limited (MYR) today announced a second quarter trading update.

### In summary:

- Sales and profit have deteriorated in recent weeks following a subdued Q1 performance
- The recent trading environment is expected to result in a profit shortfall that is unlikely to be recovered in the remainder of the first half
- Reduced foot traffic continues to impact the business
- Myer's online business continues to deliver strong growth but it is not yet of sufficient scale to compensate for the subdued performance of some stores
- New Myer strategy is a five year turnaround and we remain focused on the long term transformation which will further strengthen the business to compete

Myer's Q1 FY2018 sales were announced on 1 November 2017, with total sales down 2.8% and comparable store sales down 2.1%, compared to the previous corresponding period.

At the Company's AGM on 24 November 2017, Myer indicated that trading at the start of the all-important second quarter had shown no improvement on the first quarter.

Since the AGM sales have continued to be below expectations and reflect ongoing challenging retail conditions characterised by reduced foot traffic, widespread industry discounting and subdued consumer sentiment.

Despite investing heavily in marketing and traffic-driving initiatives, total sales to the end of November were down 2.3% and down 1.8% on a comparable store sales basis. Sales during the first two weeks in December have weakened further and were down 5% on the previous corresponding period.

Myer Chief Executive Officer Richard Umbers said: "Trading during the past two weeks has been significantly below our expectations and the year to date run rate, and while there is an additional weekend of pre-Christmas trading this month, we do not know what the sales impact of that will be.

"There has been continued strong performance in our online business with sales up 62% in the first four months despite cycling a particularly strong previous corresponding period in the lead up to Christmas 2016. While this strong growth has not been sufficient to offset the subdued trading in some stores, we take confidence from this performance as indicating that we are investing in the right areas," Mr Umbers said.

Myer Chairman Garry Hounsell said: "While the last two weeks of trading have been disappointing, I am in no doubt that the commitments made at the recent Myer Strategy Day to further focus on omni-channel and productivity are the correct priorities.

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“As I said at the AGM, I am an impatient person and I am driving the Executive team to unlock value more quickly. During the next 12 weeks, I will be continuing my incoming Chairman’s review of all aspects of the business including MYER one, omni-channel, merchandise, marketing, customer service, property and a cost review to commence immediately. I will update shareholders on any additional steps that are required to drive performance progressively during this period.

“Everyone at Myer remains resolutely focused on taking appropriate steps to ensure the business can maximise the performance during Christmas and Stocktake Sale,” Mr Hounsell said.

A significant proportion of annual NPAT is generated during the second quarter. Myer expects 1H 2018 NPAT (pre implementation costs and individually significant items) to be materially below the previous corresponding period. Given the recent sales volatility and considering the magnitude of sales expected in the coming weeks, Myer does not have a reasonable basis to provide a specific profit range for the half or full year at this time.

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