

# MYER

## Media Release

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For immediate release – Friday 6<sup>th</sup> February 2009

### **MYER FIRST HALF YEAR SALES RESULT**

- **SALES DOWN 3.7% TO \$1762 MILLION - AHEAD OF EXPECTATIONS**
- **CUSTOMERS RESPONDING WELL TO PRICING OFFERS AND IMPROVED STORE PRESENTATION**
- **IMPROVED SECOND QUARTER IN CRUCIAL CHRISTMAS AND SALE PERIOD**
- **INCREASE IN MYER MARKET SHARE**

#### **SALES**

Sales at Australia's largest department store for the six months to 24 January 2009 were ahead of expectations, down 3.7% to 1762 million.

Like-for-like sales fell 3.7%

During the period, three new stores – Bankstown, Eastgardens and North Lakes – traded well. However, sales were negatively impacted as the company's two flagship stores – Melbourne and Sydney – were under major refurbishments, along with Doncaster and Geelong in Victoria.

Sales in Queensland, Western Australia and New South Wales were best, while the Victorian market was much tougher. Stores in lower demographic suburbs down the east coast of Australia were the weakest for the company, with some sales down more than 10%.

Cosmetics, Accessories and Womenswear were our strongest performing areas of the business, while some Youth brands, Intimate Apparel, and Homewares were weaker.

Myer Chief Executive Bernie Brookes is pleased Myer has secured market share in the tough economic climate.

"Our customers responded very positively to promotional offers and the significantly improved presentation in our stores. In particular, our Womenswear business improved markedly with our large and growing range of Australian and international designers. Sales in the lead up to Christmas were slightly better than anticipated, however, the post Christmas sales were excellent," said Mr Brookes.

“With the return of state based fashion parades led by our ambassador Jennifer Hawkins this month, combined with business offers for customers, we expect the apparel side of the business to continue to perform strongly,” he said.

“We are continuing to refocus our apparel business and invest in brands that are performing well, and exiting those, particularly in the younger market, that have not performed. We are introducing Australian first concept shops for Ben Sherman, along with brands such as Armani Jeans, Wayne by Wayne Cooper menswear, and international icon Vivienne Westwood, to name a few,” said Mr Brookes.

“Our brand proposition is broad and therefore we are not boxing ourselves into one particular section of the shopping public, and now that our new Sydney store is open, with Australia’s number one cosmetics hall, I would encourage all of our shoppers to have a look.

“Much of our brand new \$300 million Melbourne store will be open for Christmas trading this year,” he said.

“Overall sales in the first half year were a little ahead of expectations, and we were very pleased to increase our market share. Our long term plans are starting to pay dividends,” he said.

“The Myer Turnaround Strategy remains on track. We are 32 months into a 50-month turnaround and our focus has been to increase our return on sales, drive operational improvements and invest in our store portfolio. Against this backdrop, and given the current challenging economic climate, this result is encouraging and reaffirms that our market share has grown,” said Mr Brookes.

## **MARKET SHARE**

The company’s market share has increased in a difficult economy. While most specialty fashion businesses in Australia had a difficult November and December, Myer’s market advantage over David Jones increased to 161%.

<b>(\$Mil)</b>	<b>MYER</b>	<b>David Jones</b>	<b>Myer advantage</b>
Year to July 2008	3320	2098	158%
H1 to Jan 2008	1829	1136	161%
Q1 to Oct 2009	681 <i>-4.8%</i>	442 <i>-6.3%</i>	154% <i>+1.5%</i>
Q2 to Jan 2009 (key Christmas and sale period)	1081 <i>-2.8%</i>	620 <i>-6.6%</i>	174% <i>+3.8%</i>
H1 to Jan 2009	1762	1062	166%
Change	-3.7%	-6.5%	
Year to Jan 2009	3253	2024	161%

## **CASH POSITION STRONG**

Myer finished the half-year with \$224 million cash on deposit. Debt remains at \$628 million plus \$247 million listed notes with all banking covenants comfortably exceeded, and no debt repayment due until 2012.

## **CAPITAL INVESTMENT**

Continuing to invest in the business, even in a challenging economic environment, remains a cornerstone and point of difference in Myer's business platform. As outlined previously, the company will continue its capital expenditure program over the next three years as part of its Turnaround Strategy and subsequent Growth Strategy.

## **OUTLOOK**

Myer Executive Chairman Bill Wavish is cautious about the short and medium term outlook.

"Myer expects retail market conditions to remain difficult in the second half year, especially in the current third quarter," said Mr Wavish.

"The December trends of recent years continued, with customers increasingly shopping later for Christmas, buying more Myer Gift Cards, and buying more at the post-Christmas Sales. As a result, our strongest sales period, in total and relative to last year, was from December 20th to 31st.

"While the Federal Government stimulus paid to consumers in early December was both positive and welcome, it was a secondary factor in the strength of our December sales," he said.

"The first stimulus package definitely helped our sales, notably in the lower demographic "struggle" suburbs. It follows that the second package will also benefit our customers and our sales, although perhaps not to the degree suggested in the interpretation by economists of the reported December sales.

"Myer supports the second stimulus package announced this week and calls on all political parties to support it. It will undoubtedly help those "struggle" suburbs where many of the citizens are not enjoying the benefits of lower interest rates and lower petrol prices, especially if they rent their home and use public transport," said Mr Wavish.

Myer recently forecast H1 FY09 profits up 1% to 6%. The audited profit announcement will be in late March.

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