



Myer Holdings 2021 AGM Report

ASX Code	MYR
Meeting Time/Date	11am, Thursday 4 November 2021
Type of Meeting	Virtual
Monitor	John Whittington (proxy collector), assisted by Mike Robey and Godwin Bonavia
Pre-AGM Meeting?	Yes, with Chair JoAnne Stephenson, CEO John King, and CFO Nigel Chadwick

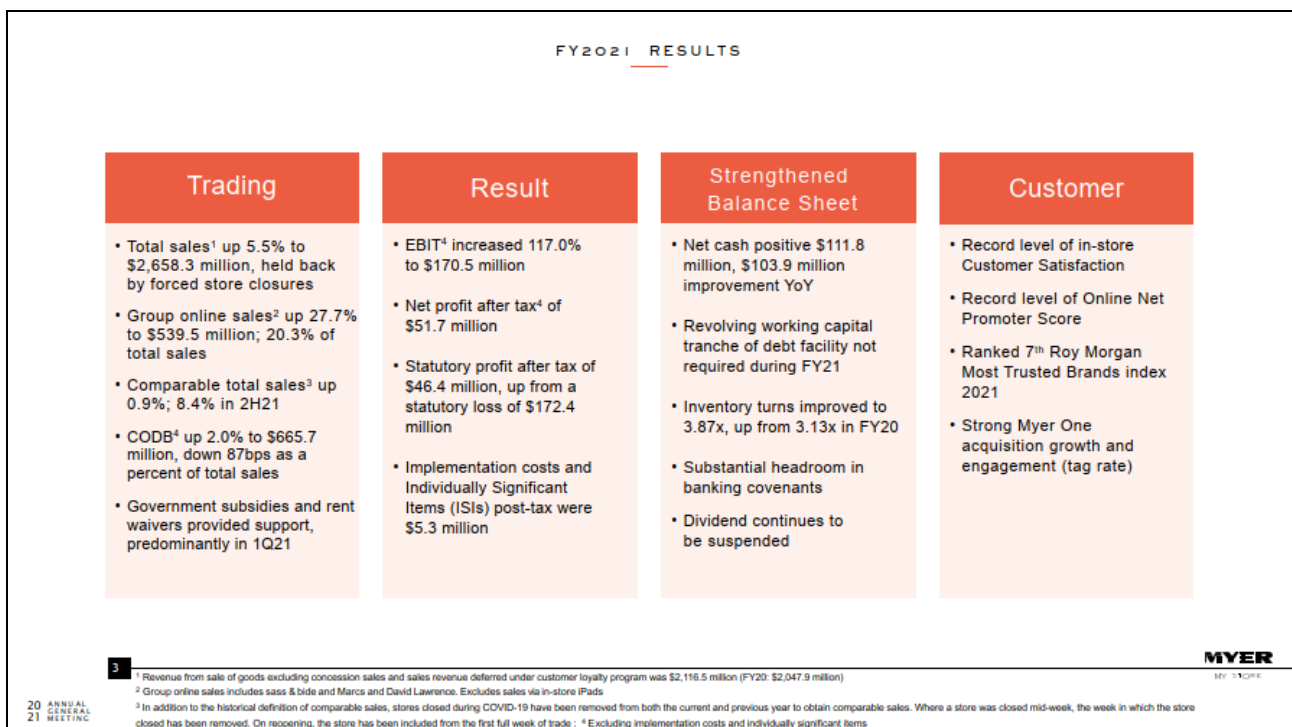
A Premier Strike

What the Company Does

Myer is Australia's largest full line department store group, with stores in prime retail locations across Australia, a large loyalty programme, and increasing online sales through its website.

Developments in the Financial Year

Despite Covid resulting in the loss of more than 2,000 individual trading days during the year, the company grew total sales by 5.5% to \$2,658m, earning before interest and taxes by 117% to \$170.5m, and net profit after tax was \$46.4m (after a \$172.4m loss in FY20). Online sales now represent over 20% of total sales.



Source: Myer 2021 AGM CEO Presentation

This was the third year of CEO John King’s Customer First Plan, following his appointment in June 2018, which has achieved the following:

CUSTOMER FIRST PLAN

The first 3 years of Customer First Plan is delivering on its objectives

- We have made strong progress against the plan since 2019 despite the challenges of COVID-19
- The Customer First Plan will continue to evolve over the coming years

Our Plan	Progress
Accelerate Online	<ul style="list-style-type: none"> • Delivered strong growth and scale • Improved NPS and conversion
Accelerate F2C	<ul style="list-style-type: none"> • 3PL facility opened, lower cost per order • National Distribution Centre to open in FY23
In-store Experience	<ul style="list-style-type: none"> • Customer satisfaction scores materially higher • Improved store formats and ranges
Re-focus Merchandise	<ul style="list-style-type: none"> • Higher margins and faster stockturn • Reduction in aged and clearance inventory
Rationalise Property	<ul style="list-style-type: none"> • 8% reduction in space since 1H18 • Further pipeline of opportunities
Reduce Overheads	<ul style="list-style-type: none"> • Disciplined management of costs • Deleveraged balance sheet

COVID-19 overlay

Actions taken

Accelerate

Re-sequence

Expand

Our plan

Accelerate online

Accelerate F2C

Adapt in-store experience

Refocus merchandise

Rationalise property

Reduce overheads

Re-engage the consumer

20 ANNUAL GENERAL MEETING 21

MYER
MY STORE

CUSTOMER FIRST PLAN

Accelerate online: building on success

Initiatives Undertaken

Significantly Scaled Online

- Driven significant growth, now one of largest online retailers in Country
- Increased share of our core business from 7% to 20%

Improved User Experience

- New website / checkout / mobile interface now handles peak trade
- Integrated systems
- Improved IT capacity

Fulfilment experience improved at lower cost

- 3PL opened in September 2020
- Multi-carrier last-mile delivery solution

Improved Merchandise Offering

- More range and brands including growing marketplace offering
- Data-led ranging of brands in response to performance and customer feedback

Results and Benefits

Group online sales¹

Net Promoter Score (NPS)

Conversion

Brand Performance

Future Growth and Expansion

- Continued acceleration into customer experience and multi - channel capabilities
- Expanding and introduction of new online partnerships to deliver scale and audience growth
- Continuing to expand range Online through marketplace and brand extensions
- Improving delivery options and speed (particularly following rollout of NDC)
- Upgrading technology stack to enable seamless interface between Myer.com and MYER one programs

20 ANNUAL GENERAL MEETING 21

MYER
MY STORE

¹ Group online sales includes sass & bide and Marcs and David Lawrence. Excludes sales via in-store iPads

Source: Myer 2021 AGM CEO Presentation

Summary of Historical ASA Issues with the Company

Following Myer's IPO in November 2009 it has destroyed considerable shareholder wealth with the share price falling from the \$4.10 IPO price to under 40 cents in early 2018 when the Chair and CEO were both replaced. As a result there are a lot of angry investors out there, even though it seems that the current CEO has arrested the share price fall (it is now trading around 50 cents) and returned the company to profitability.

Added to all this unhappiness is that Premier Investments (Chair Solomon Lew) which holds (as at 17 September 2021) a 15.77% stake in the company, has been talking down the board, company, and management for some years. Given that typically less than 50% of shareholders vote at the AGM, this stake alone has been sufficient to generate a remuneration "strike" in 2017, 2018, and 2020 and considerable director turnover during the period.

Debate and Voting at the AGM

The meeting was a virtual-only meeting with audio and slides only with no video. This made it a rather impersonal and uninvolved meeting compared with previous face-to-face Myer AGMs that this monitor has attended. The [Chair's address](#) covered the overall results, outlined that the dividend remained suspended due to the ongoing uncertainties of Covid but recommencing them was a priority, highlighted the achievements of the three years of the Customer First Plan, outlined the directors standing for election and re-election, and highlighted Myer's community activity.

The CEO gave his usual confident and enthusiastic presentation ([slides here](#)) giving lots of details on the activities that have and are being taken to turn the company around.

Following the presentations, as per prior Myer AGMs, the Chair presented all the items of business before a general Q&A session. Each of the directors standing for election or re-election spoke about their background and suitability for the role. What they said was good but without video – i.e., seeing them speak – it felt processional rather than uplifting.

When it came to questions, the company used a company executive as moderator, and he read out questions from two different sources and then moved to the phone line for audio questions. There were over thirty questions asked with some shareholders unhappy with the share price decrease since the IPO, others offering their advice, and the rest covering topics such as why should management be incentivised, asking for earnings guidance, why no video at the meeting, stock supply bottlenecks, possible conflicts between the new director who is also Chair of Macphersons, ethical supply issues, loyalty programmes, climate and environment, Australia Post delays of parcel deliveries, and the recruitment process for the Chair. Stephen Mayne also asked about ten questions.

A few questions asked why the company did not engage with 16% shareholder Premier Investments. The Chair replied that the company had engaged and was open to constructive dialogue however key requirements that any solution must have an independent Chair, a majority of independent directors, and that board positions are proportional to shareholdings. It seems that is not an attractive offer to Premier. The Chair also stated that Premier had the opportunity but nominated no one for positions on the board.

The ASA asked about the trend in the company's cost of doing business (driving it down) and how the company was performing against David Jones and other department stores around the world and was told the company constantly evaluated against David Jones and believed they were doing better.

On remuneration, we indicated that we would be supporting the report as the company had made good improvements on what was already a fairly good report and remuneration scheme. We noted our appreciation that the company now has 50% deferral, half for two years, on their short-term Transformation Incentive Plan and, with their long-term incentives, have moved to performance rights rather than options and have an absolute total shareholder return gateway. We believe these changes further align remuneration with performance and shareholders. We further outlined our concerns at the use of voting on the remuneration report for reasons other than remuneration. We highlighted that improvements in executive pay, for example, lower rates of base pay and incentives, better alignment with shareholders, and closer alignment with community expectations, have all been as a result of the two strikes policy. If the two strikes policy were to start being used as a lower threshold for corporate actions, then there would be a fair chance that changes would be made to the policy and executive pay would be back to its bad ways in no time.

The Chair finally closed the meeting after 2¼ hours. All the main items were supported by 63-66% of votes; however it is interesting to note that 93-97% of non-Premier voting was in favour of each item. As the remuneration report received more than 25% against (including the Premier votes) then a second “strike” occurred, and the required spill motion was put to the meeting. Only 37% supported the spill (7% of non-Premier votes) so no spill occurred.

The ASA supported all the main items and voted against the spill.

Outlook Statements from the Company

The company did not provide any specific earnings or revenue guidance to the market which isn't really surprising in this uncertain environment. The CEO believes that the company is well placed to deliver a strong Christmas.

CHRISTMAS 2021

Delivering a strong Christmas

Well stocked and well placed

- Supply Chain is well managed, more stock and we have launched earlier to meet customer demand
- Christmas outlook remains positive, with strong sales YTD in both online and non-lockdown stores
- NSW has performed strongly since re-opening albeit CBD remains subdued

Australia's Christmas Marketplace

- Expanded Christmas gifting range, improved curation
- Elevated experiences nationally, more events
- Myer will launch 88th Melbourne windows and deliver new Gifforium in iconic Mural Hall

Ready and Focused

- Strong promotional plans with key focus on delivering stronger Black Friday and take advantage of buoyant Christmas
- A strong and distinctive Christmas Brand Campaign

14

20 ANNUAL GENERAL MEETING 21

Meeting Statistics

Number of Holdings Represented by ASA	60
Number of Shares represented by ASA	532,965
Value of Shares represented by ASA	\$0.285m
Number Attending Meeting	Unknown
Market capitalisation	\$435m
Were proxies voted?	Yes, on a poll