

# PREMIER INVESTMENTS LIMITED

(A.C.N. 006 727 966)  
(A.B.N. 64 006 727 966)

## MEDIA RELEASE

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### **Statement by Premier Investments Limited regarding the latest executive departure from Myer Holdings Limited**

Premier Investments Limited ("Premier") has consistently called the experience and the credibility of the Myer Holdings Limited ("Myer") Board into question. It is clear that the incumbent Board has failed.

Last week, Premier requested Myer's register for the purpose of working towards an EGM that will allow Myer shareholders to have their say and provide them with an opportunity to reconstitute the entire Myer Board.

It remains Premier's view that Myer needs an experienced and performance-focused Board capable of addressing the current challenges and fulfilling the potential of the Myer brand and business.

Today's announcement regarding the latest executive departure from Myer demonstrates a total lack of judgement from the Myer Board and a complete abdication of responsibility.

It is clear from Mr Umbers' departure that not only the Board-endorsed "New Myer" strategy, but also the "New, New Myer" strategy are dead and buried.

Any remaining doubt that Myer is in peril should now be removed from the minds of all of shareholders.

Myer's Chairman, Mr Garry Hounsell, has demonstrated a total lack of judgement in the way he has acquitted himself in the role, and deserves neither to be appointed nor paid as Executive Chairman.

Premier expressed concern at the time of Hounsell's appointment as Chairman at his lack of retail experience given the very severe challenges facing Myer. This concern is only amplified by the move from a non-executive role to a paid operational role for which he has no relevant operational experience.

Mr Hounsell's track record at Myer is woeful. So far, he has:

#### **Publicly and consistently backed a failed strategy**

- Mr Hounsell loudly backed both Mr Umbers and the "New Myer" strategy before he had spent any time with his CEO or properly reviewed the strategy. In his letter to shareholders accompanying Myer's notice of meeting lodged on 23 October 2017, Mr Hounsell said: *"The Myer Board has played a central role in developing the New Myer agenda and overseeing its implementation.... I am convinced that the New Myer strategy is the right one. I come to this role very motivated by how much progress the management team has made in delivering New Myer."*

### **Wound back management's performance targets**

- Mr Hounsell and his Board then re-set Management's ROFE target BELOW the starting point of the "New Myer" strategy in 2015. The Board is supposed to represent shareholders best interests and yet, thanks to Mr Hounsell, the Long Term Incentive Plan now rewards a decline in performance.

### **Overseen two significant downgrades**

- During the all-important Christmas trading period, Mr Hounsell's Myer admitted trading in the first two weeks in December were down 5% on the previous corresponding period. Despite this red flag, in the weeks ahead sales deteriorated further, with January sales down 6.5%.

Mr Hounsell's announcement today raises more questions than it answers given the now Executive Chairman's unqualified support for the New Myer strategy. It also demonstrates a complete failure of the incumbent Myer Board to adequately plan for succession.

Myer investors have been misled by Mr Hounsell and Myer. Premier is firmly of the view that Myer has misled the market and continues to reserve all of its legal rights.

Mr Umbers' departure is the latest in a long line of Myer executives jumping off the ship. The business has lost all of its retail talent in the past two years, and there is no retail experience of any note on its failed Board.

Premier has consistently said that the best retail talent needs to know that they have an experienced Board to work with. Myer needs retailers who know the business from the shop floor up, as well as experienced, solutions-focussed businesspeople who can tackle their key issues. Instead, what Myer now has is a revolving door of executives following a continuous exodus of talent. And a Board lacking retail expertise taking the reins of executive duties as well.

Mr Hounsell lacks the retail industry experience to be the Chairman of Myer, let alone to be its CEO. His appointment should give great concern to all of Myer's shareholders, customers, employees and suppliers.

The fact that Mr Hounsell will be paid an undisclosed amount as an executive implies that shareholders should expect a long period before an experienced and qualified CEO is appointed.

Shareholders should also be aggrieved that Mr Umbers is being paid twelve months' salary on his way out the door. Shareholders have suffered significant losses, yet Myer management and the Myer Board continue to reward themselves at our expense.

Premier repeats its warning that Myer is in peril and needs a totally new Board in order to have any sustainable future. It is time for all Myer shareholders to unite to save their company from the failed Myer Board.

Premier reiterates its commitment to caucus with other significant Myer shareholders in coming weeks to compose a new Board with a majority of independent directors to be put to a vote of shareholders at an Extraordinary General Meeting.

Lauren Thompson: +61 438 954 729 | Ross Thornton +61 418 233 062