

24 June 2024

MYER REVIEWS BUSINESS STRATEGY AND EXPLORES POTENTIAL COMBINATION WITH PREMIER'S APPAREL BRANDS

- Ongoing strategic review to increase Myer's profitability and drive sustainable earnings growth
- Review of strategic direction identifies opportunities to create material value for all Myer shareholders including via renewed focus on enhancing and expanding private label and exclusive brands portfolio
- Myer to explore a potential combination with Premier Investments' Apparel Brands business to accelerate strategic priorities
- Myer to retain ownership of the sass & bide, Marcs and David Lawrence brands

Myer Holdings Limited (ASX:MYR) has approached Premier Investments Limited (Premier) to explore a potential combination with its Apparel Brands business to create one of the leading retail and apparel companies across Australia and New Zealand.

As part of a comprehensive and ongoing strategic review of the business, Myer will focus on enhancing and expanding its private label and exclusive brands portfolio.

In line with strategic priorities identified in the preliminary phase of the review, Myer is proposing the combination with Apparel Brands to capitalise on the highly complementary nature of the businesses, which Myer believes has the potential to generate significant value for both Myer and Premier shareholders and accelerate the delivery of Myer's key strategic priorities.

Apparel Brands is a leading clothing business with a portfolio comprising the Just Jeans, Jay Jays, Portmans, Jacqui E, and Dotti brands. Apparel Brands has a retail network of 717 stores across Australia and New Zealand, generating revenues of \$845 million in FY23.

Myer sees significant opportunity from a combination of the businesses to deliver a step-change in Myer's market position and generate substantial strategic and financial benefits through:

- Significantly enhanced scale, revenue and growth opportunities
- Material potential cost and revenue synergies across supply chain, sourcing, property and brand management.
- The ability to leverage Myer's leading MYER one loyalty program and eCommerce platform across an enlarged customer base.
- Expansion of Myer's exclusive brands and private label portfolio, to drive sharper product focus, benefits of scale and new strategic opportunities.
- Enhanced retail, brand management and direct sourcing capabilities.
- Greater capacity to invest across the combined business and further expand Myer's portfolio of owned and exclusive brands.
- A larger and more diversified shareholder base, with improved trading liquidity and access to capital.

Myer will progress discussions with Premier to explore the potential combination with Apparel Brands. The discussions with Premier are preliminary, non-binding and exploratory in nature and there is no certainty that any transaction will eventuate.



Under the proposed combination:

- Myer would acquire Premier's Apparel Brands business in exchange for the issue of new shares in Myer to Premier. The businesses would be contributed in proportion to their maintainable EBIT (pre-AASB16) and on the same EV/EBIT (pre-AASB16) multiple.
- Apparel Brands would be contributed together with sufficient cash to ensure a consistent capital structure for each of the two businesses and provide Myer with capital to invest in growth initiatives.
- Premier would distribute all of its shares in Myer to Premier shareholders. As a result, Premier would cease to own shares in Myer. After the proposed transaction, Premier shareholders would become Myer shareholders directly.
- The transaction would be implemented with reference to Myer's share price prior to the date of this announcement.
- Shared services and transitional services arrangements would apply for a period of time following completion of the proposed transaction.

It is expected that Century Plaza Investments and its associates (Century Plaza), Premier's largest shareholder and the private investment vehicle of Premier Chairman Solomon Lew, would become Myer's largest shareholder, with a shareholding less than Premier's current holding in Myer. If the proposed combination proceeds, it is expected that Century Plaza would be represented on the Board of Myer.

Any proposed combination would be subject to agreement of transaction terms, including the proposed merger ratio.

Any proposed combination would also require approval by the Board and independent shareholders of Myer, as well as the Board and shareholders of Premier. Any proposed combination would also be subject to the report of an independent expert as well as ASX, ACCC, ASIC and Australian Tax Office engagement to the extent required.

An Independent Board Committee, led by Myer Executive Chair Olivia Wirth, including all of Myer's Independent Non-Executive Directors except Premier's nominee director, has been formed to consider the proposed combination with Apparel Brands.

Strategic review

In parallel with exploring the potential combination with Apparel Brands, Myer will continue to progress a review of its strategic direction.

The broad-ranging strategic review is focused on repositioning Myer's retail platform for sustainable and profitable long-term growth in an evolving retail landscape. This process involves a comprehensive assessment of Myer's product offering, brand portfolio, store network, supply chain, eCommerce platform, loyalty program, technology and cost base, amongst other areas.

The evolution of the successful Customer First Plan will leverage Myer's leading Australian retail platform, loyalty program, strong brand partnerships and capabilities to deliver improved profitability and new growth opportunities.

While the review remains ongoing, the Board has identified growth of its private label and exclusive brands portfolio as a strategic priority. In line with this approach, Myer has taken the decision to retain ownership of its current brand portfolio, which includes iconic brands sassa & bide, Marcs and David Lawrence.



Myer Executive Chair, Olivia Wirth, said:

“Against the backdrop of a changing retail landscape, Myer has commenced a thorough review of its strategic direction and growth opportunities, focused on increasing profitability, improving returns and driving sustainable earnings growth for our shareholders.

“While Myer has one of Australia’s strongest retail brands, store networks and loyalty programs, there is a significant opportunity to reinvest in our product offering, customer engagement capabilities and further optimise our supply chain to achieve our full potential.

“As part of this review, Myer is exploring both organic and inorganic investment opportunities that align with our strategic focus areas to create value for Myer shareholders. It quickly became clear that the idea of a combination of Myer and Apparel Brands offered significant potential synergies and prospects for growth, evidently warranting further examination.”

Any material outcomes from the strategic review will be announced to shareholders.

Myer has appointed Barrenjoey Capital Partners as financial adviser and Clayton Utz as legal adviser in relation to the potential combination of the Myer and Apparel Brands businesses.

This announcement was authorised by the Board of Myer Holdings Limited.

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