



6 March 2017

Michael Hill International Limited announces appointment of Phil Taylor to CEO

The board is delighted to announce Phil Taylor will be appointed as the Chief Executive Officer of Michael Hill International, effective immediately.

Emma Hill, chair of Michael Hill International Limited, said "The board has been committed to finding a world class CEO to lead the group into the future and we're thrilled that Phil has emerged as our preferred candidate following an extensive international search process.

Phil has a deep understanding of our business and is well respected throughout the group. The board has been particularly impressed by the fresh perspectives and decisive action that have been evident since Phil was appointed as acting CEO and we are excited by the potential we see for Phil to unlock new opportunities and new streams of value for the Group."

Phil has been with the company since 1987 and was appointed Chief Financial Officer in 2003. Over his time with the group he partnered closely with the CEO and has overseen the company grow from 10 stores in New Zealand to 328 stores across 2 brands and 4 countries. Annual revenues have grown from \$8m to \$551m.

Phil said "I am delighted to have been offered this role and I'm thankful to the Board for their continued faith and trust in my ability. I have been very privileged to work with the amazing Michael Hill team for the last 30 years. As CEO, I look forward to leading the group. We have an exciting future ahead of us."

A summary of Mr Taylor's key terms of employment are attached.

Contact:

Media & Investors:

Emma Hill

Chair

+64 21 746 349

About Michael Hill International

Michael Hill International was founded by Sir Michael Hill in 1979 when he opened his first jewellery store in Whangarei, New Zealand. Michael Hill Group currently has 304 Michael Hill stores in New Zealand, Australia, Canada and the US and 24 Emma & Roe stores in New Zealand and Australia. The company's global headquarters including its wholesale and manufacturing divisions is located in Brisbane, Australia. The company has its primary listing on the Australian Stock Exchange (ASX: MHJ) with a secondary listing on the New Zealand Stock Exchange (NZX: MHJ).

For more information: <http://investor.michaelhill.com>

Key terms of employment of CEO

In accordance with ASX Listing Rule 3.16.4, Michael Hill International Limited (**MHJ**) makes the following disclosures in respect of the key terms of the executive services agreement entered into with its Chief Executive Officer, Mr Philip Taylor (**Agreement**).

Term of the Appointment

Mr Taylor has been appointed Chief Executive Officer on 6 March 2017. The Agreement does not contain any probationary period or fixed term.

Remuneration

The remuneration payable to Mr Taylor will be:

- (a) Annual base salary - \$694,400 (inclusive of the statutory superannuation contributions);
- (b) Short term incentives (**STI**) - 75% of base salary payable in cash on performance of agreed MHJ profit targets (70% of STI) and other agreed annual key indicators (30% of STI);
- (c) Long term incentives (**LTI**) – an allocation of Share Rights on an annual basis to a value of 30% of the STI payment earned in the preceding year¹. The Share Rights progressively vest² over a 4 year period from the date of issue and are retained on exiting the business in the event that Mr Taylor is deemed a 'Good Leaver' pursuant to the LTI Plan Rules;
- (d) Retention Payment – an allocation of Share Rights equal to \$325,500 per annum for 3 years from 1 September 2016. Each tranche of Share Rights will vest as at a date which is 3 years from the date of issue and are retained provided Mr Taylor is employed by MHJ as the commencement of the financial year in which the Share Right vesting is scheduled to occur. Termination of employment prior to each corresponding 3 year period will result in all unvested Share Rights being forfeited³.

Termination

Either party may terminate the engagement on six months' notice. Otherwise, MHJ may terminate Mr Taylor's position for serious misconduct or professional negligence.

Restraint

Mr Taylor will be restrained for up to 18 months following the cessation of his engagement with MHJ from soliciting business, customers, suppliers or employees of MHJ.

¹ The number of Share Rights in each tranche, is based on the prescribed dollar value for each tranche divided by the volume weighted average share price of MHJ shares over 5 trading days following the MHJ shares trading on an ex-dividend basis.

² On vesting each Share Right represents a right to receive one (1) ordinary share in the capital of the Company. No exercise price is payable upon the exercise of any Share Rights.

³ The Retention component of Mr Taylor's remuneration package is a continuation of the existing retention plan agreed on Mr Taylor's appointment as Interim CEO. As a consequence, the deemed issue date for the first tranche of Share Rights is 1 September 2016 and the corresponding vesting date is 1 September 2019.