



FY23 RESULTS
michael hill[®]
INTERNATIONAL LIMITED



DISCLAIMER

Certain statements in this announcement constitute forward-looking statements. Forward-looking statements are statements (other than statements of historical fact) relating to future events and the anticipated or planned financial and operational performance of Michael Hill International Limited and its related bodies corporate (the Company). The words “targets,” “believes,” “expects,” “aims,” “intends,” “plans,” “seeks,” “will,” “may,” “might,” “anticipates,” “would,” “could,” “should,” “continues,” “estimates” or similar expressions or the negatives thereof, identify certain of these forward-looking statements. Other forward-looking statements can be identified in the context in which the statements are made. Forward-looking statements include, among other things, statements addressing matters such as the Company’s future results of operations; financial condition; working capital, cash flows and capital expenditures; and business strategy, plans and objectives for future operations and events, including those relating to ongoing operational and strategic reviews, expansion into new markets, future product launches, points of sale and production facilities.

Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the Company’s actual results, performance, operations or achievements or industry results, to differ materially from any future results, performance, operations or achievements expressed or implied by such forward-looking statements.

Such risks, uncertainties and other important factors include, among others: global and local economic conditions; changes in market trends and end-consumer preferences; fluctuations in the prices of raw materials, currency exchange rates, and interest rates; the Company’s plans or objectives for future operations or products, including the ability to introduce new jewellery and non-jewellery products; the ability to expand in existing and new markets and risks associated with doing business globally and, in particular, in emerging markets; competition from local, national and international companies in the markets in which the Company operates; the protection and strengthening of the Company’s intellectual property rights, including patents and trademarks; the future adequacy of the Company’s current warehousing, logistics and information technology operations; changes in laws and regulations or any interpretation thereof, applicable to the Company’s business; increases to the Company’s effective tax rate or other harm to the Company’s business as a result of governmental review of the Company’s transfer pricing policies, conflicting taxation claims or changes in tax laws; and other factors referenced to in this presentation.

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The Company does not intend, and does not assume any obligation, to update any forward-looking statements contained herein, except as may be required by law. All subsequent written and oral forward-looking statements attributable to us or to persons acting on the Company’s behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this presentation.

Michael Hill International Limited

CEO and CFO FY23 Update

- FY23 Performance Overview
- FY23 Financial Results
 - Group Results
 - Key Performance Insights
 - Segment Results
 - Capital Management Framework
- FY24 Trading Update
- Strategy Update – Emphasis on Growth
- MH Group – Portfolio of Brands
- Q&A
- Appendices



FY23 Performance Overview

- Record sales, strong margin and second highest comparable EBIT underpinned by:
 - Ability to elevate ATV supported by MHJ's aspirational brand journey
 - Leveraging the loyalty program
 - Product evolution
 - Retail fundamentals
- ***Brilliance by Michael Hill*** membership now **over 2 million**
- Successful transition to new global headquarters:
 - State of the art distribution technology
 - Upgraded artisanal manufacturing workshop
 - Attract and retain high calibre talent
- Executed acquisition strategy with purchase of Bevilles
- Continued focus on digital to modernise customer experience and enter new markets of Quebec, Singapore and Malaysia
- Culture and team - unwavering focus and energy



FY23 Group Results

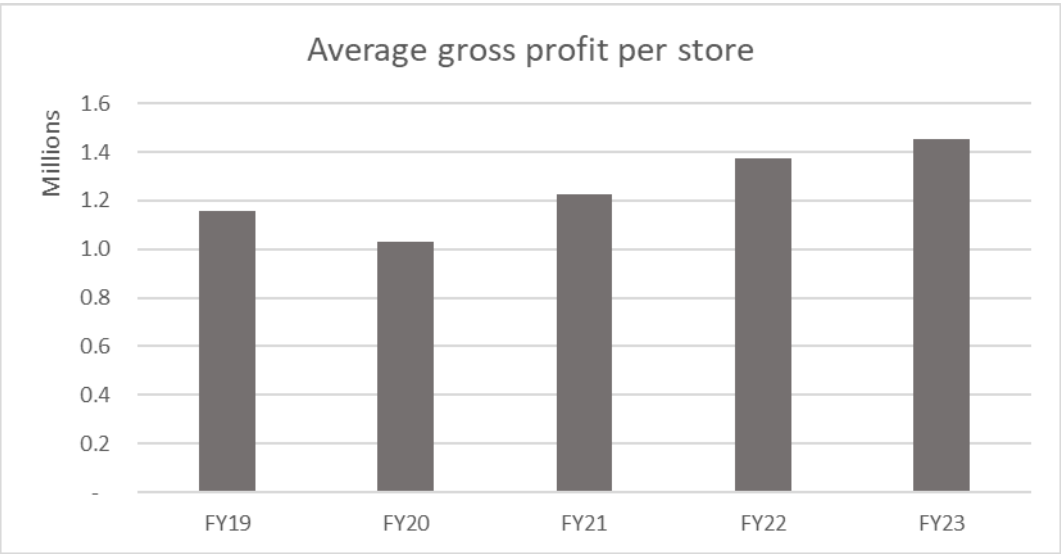
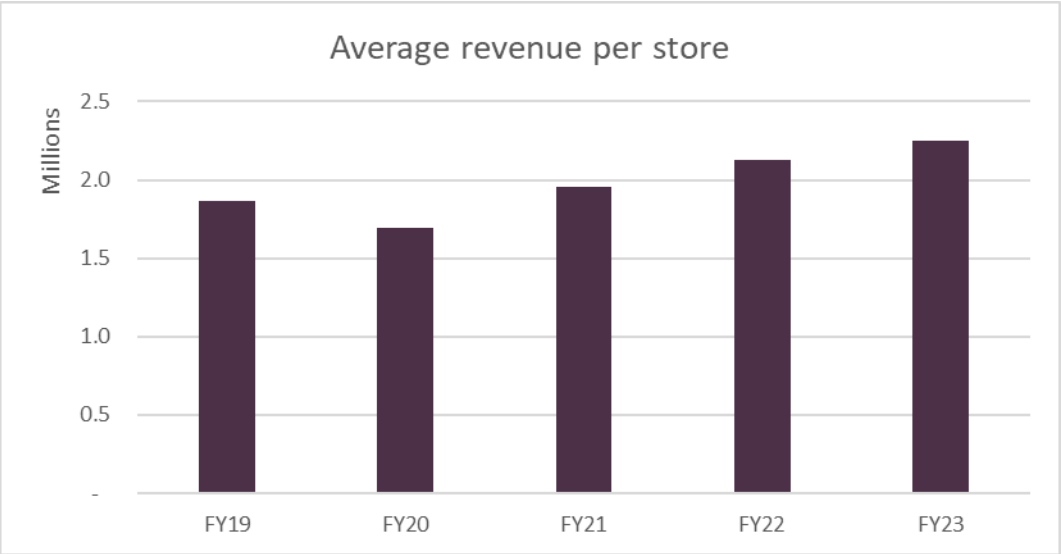
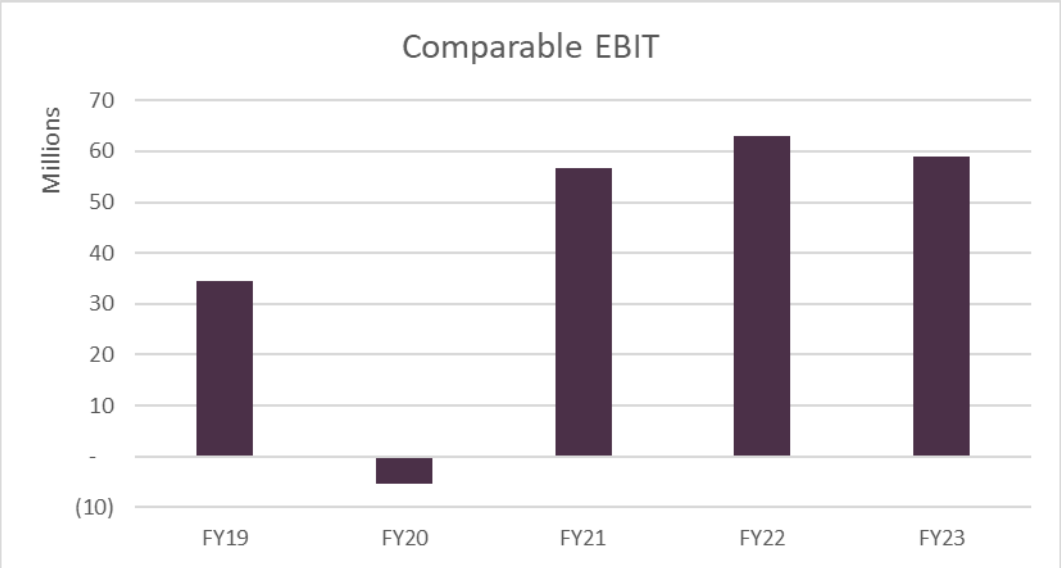
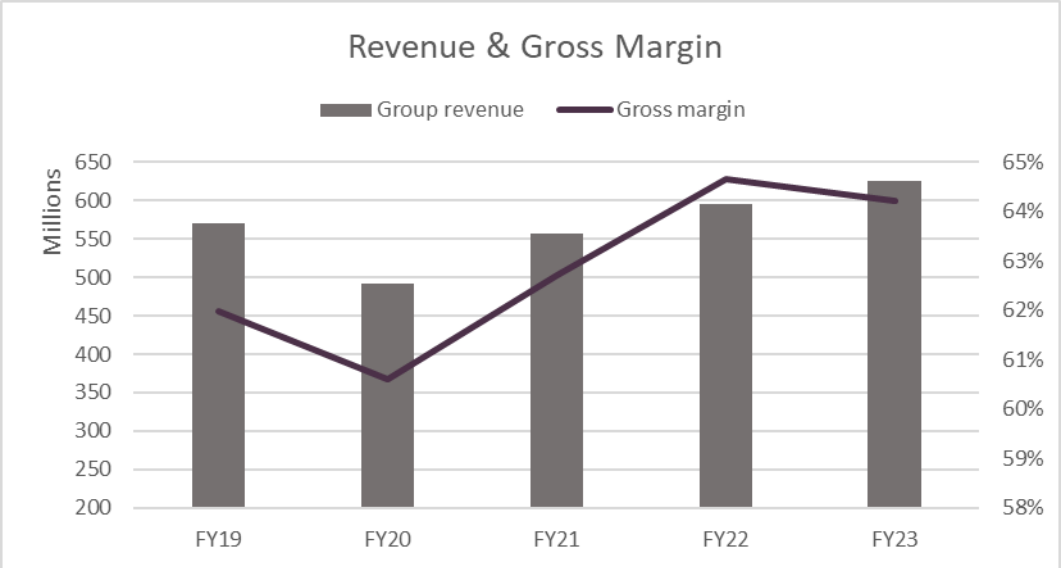
- Record revenue with growth of \$34m
- Strong gross profit up \$20m
- Elevated gross margin maintained
- Comparable EBIT down 6% but second highest year
- Balance sheet with nil net debt, having deployed cash to support dividends, share buy-back and Bevilles acquisition
- Healthy inventory, with the growth attributable to the Bevilles business
- Final dividend of AU3.5 cents per share

	FY23 ^{1, 2}	FY22	Change
Revenue	\$629.6m	\$595.2m	+6%
Gross Profit	\$404.4m	\$384.8m	+5%
Gross Margin	64.2%	64.7%	-50bps
Comparable EBIT	\$58.9m	\$62.9m	-6%
Inventory	\$203.3m	\$181.5m	+\$21.8m
Net Cash	\$8.4m	\$95.8m	-\$87.4m
Total Dividend	AU7.5c	AU7.5c	-
Store Network	278 304 with Bevilles	280	-2

¹ FY23: 53-week year

² Includes four weeks of Bevilles trade from 1 June 2023

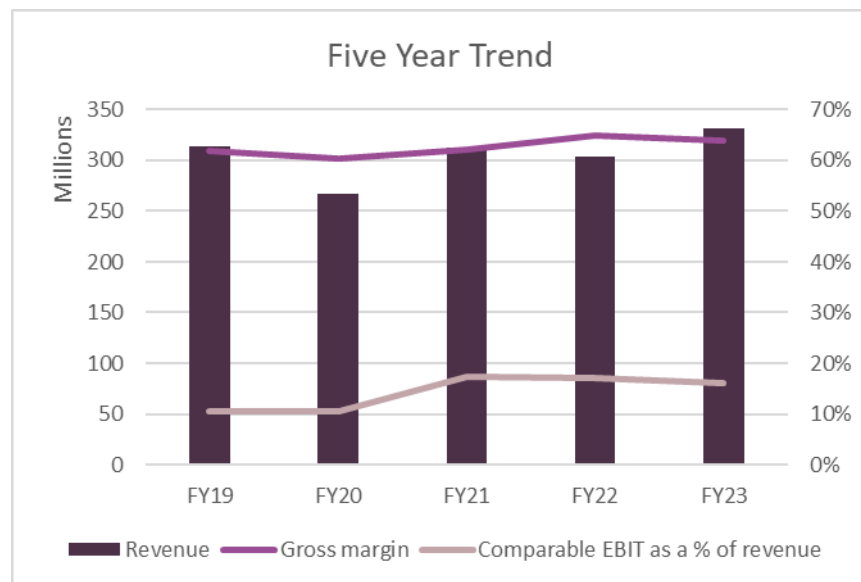
FY23 Key Performance Insights



Australia Segment Results

	Australia (AUD)				
	FY23 ^{1, 2}	FY22	FY21	FY20	FY19
Revenue	331.0m	303.4m	312.3m	266.6m	313.6m
Gross profit	211.8m	196.9m	194.1m	161.0m	194.1m
Gross margin	64.0%	64.9%	62.2%	60.4%	61.9%
Segment Comparable EBIT	53.5m	51.8m	54.3m	27.6m	32.6m
Comparable EBIT as a % of revenue	16.2%	17.1%	17.4%	10.4%	10.6%
Store network	146	147	150	155	167

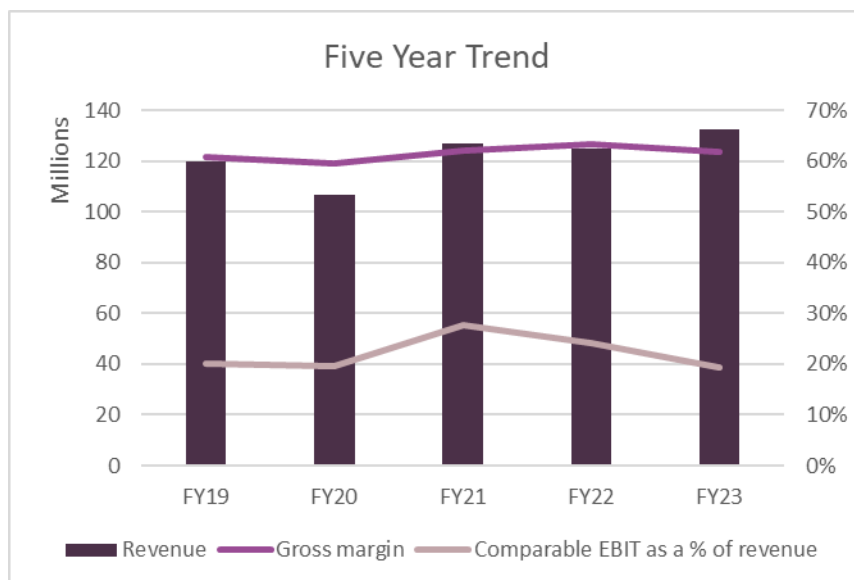
172 with Bevilles



- Record revenue increased by 9.1% on prior year
- Strong margin maintained, up 210 bps on pre-pandemic levels
- ATV continues to lift, validating the aspirational brand journey
- Productivity lifted by 19% since FY19
- 33 stores refreshed/refurbished during the year

New Zealand Segment Results

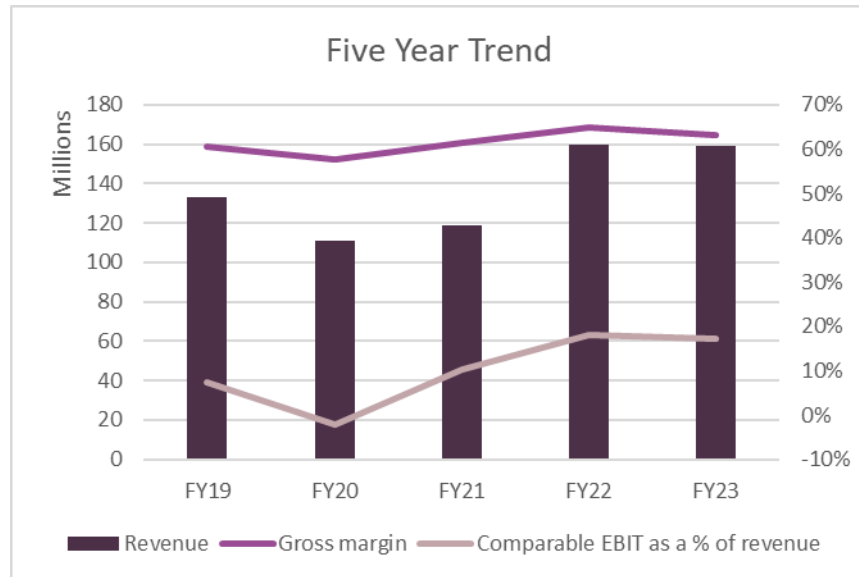
	New Zealand (NZD)				
	FY23 ¹	FY22	FY21	FY20	FY19
Revenue	132.4m	125.1m	127.1m	106.7m	120.1m
Gross profit	82.0m	79.3m	78.8m	63.6m	73.0m
Gross margin	61.9%	63.4%	62.0%	59.6%	60.8%
Segment Comparable EBIT	25.6m	30.1m	35.1m	21.1m	24.1m
Comparable EBIT as a % of revenue	19.4%	24.1%	27.6%	19.7%	20.1%
Store network	46	48	49	49	52



- Record revenue, increased by 5.8% on FY22
- Gross margin decline largely attributable to higher penetration of diamond sales, yet up 110 bps on pre-pandemic levels
- Highest average transaction value of all segments
- Incremental \$5m security cost impact on EBIT
- Productivity lifted by 25% since FY19

Canada Segment Results

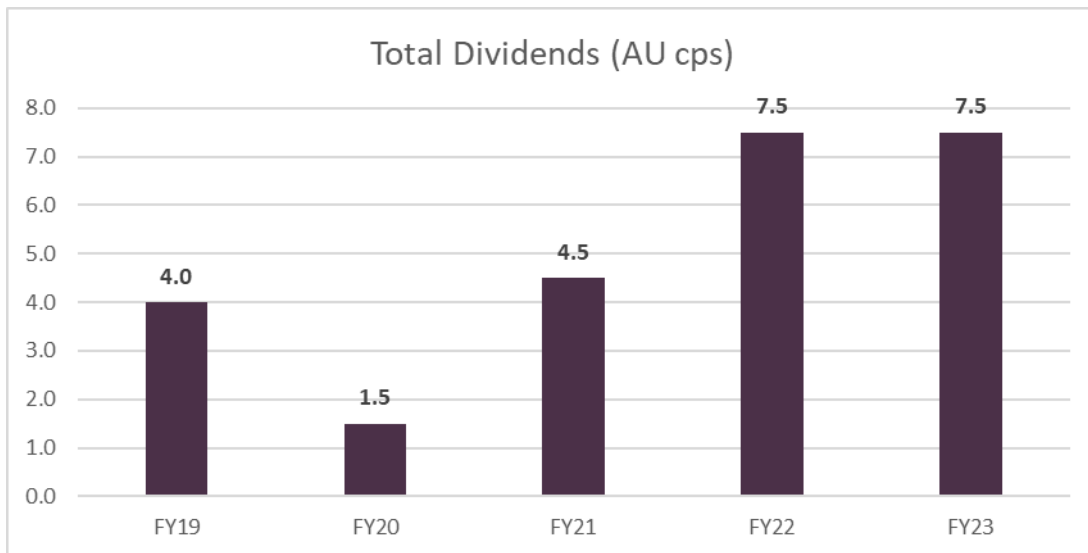
	Canada (CAD)				
	FY23 ¹	FY22	FY21	FY20	FY19
Revenue	158.9m	159.7m	118.4m	110.8m	133.1m
Gross profit	100.5m	103.6m	72.6m	64.0m	80.7m
Gross margin	63.3%	64.9%	61.3%	57.8%	60.6%
Segment Comparable EBIT	27.1m	28.8m	12.3m	-2.4m	9.8m
Comparable EBIT as a % of revenue	17.1%	18.0%	10.4%	-2.2%	7.4%
Store network	86	85	86	86	86



- Strong revenue, cycling record prior year
- Elevated gross margin maintained and up 270 bps on pre-pandemic levels
- ATV continues to lift, validating the aspirational brand journey
- The significant performance improvement in recent years is a credit to the strategic focus placed on the market
- Productivity has lifted by 19% since FY19

Capital Management Framework

- Final dividend of AU3.5 cps, resulting in total dividend of AU7.5 cps
- On-market share buy-back resulting in 8.63m shares acquired at a cost of \$10.2m, representing 2.2% of share capital
- Entered new markets: Quebec via dual language website, Singapore & Malaysia digitally via Zalora marketplace
- New revenue streams: Launched *Re:cycle* program and introducing third-party jewellery insurance
- Successful acquisition of Bevilles



FY24 Trading Update

- For the first seven weeks of FY24:
 - Group sales are up 1.2% on prior year,
 - While for the core Michael Hill brand, sales have continued the recent trend and are down on the record start to FY23.
- When compared to both FY21 and FY22:
 - Group sales are up 14.6% and 17.2% respectively, and
 - For the core Michael Hill brand, sales are up mid-single digits for both years.
- External transactional sales data demonstrates that both the Group and the Michael Hill brand continue to take market share.



Strategy Update - Emphasis on Growth

Brand & Loyalty	Modern, differentiated, omni-channel jewellery brand with loyal customers
Retail Fundamentals	Elevated productivity & customer experience
Digital & Omni-channel	Omni-first, digital-led & channel agnostic
Product Evolution	Elevated yet accessible, with diamonds at our core
New Territories & Services	New markets, new channels & new service propositions
Cost Conscious Culture	Unwavering focus on costs
Sustainability	<i>“the jeweller that cares”</i>

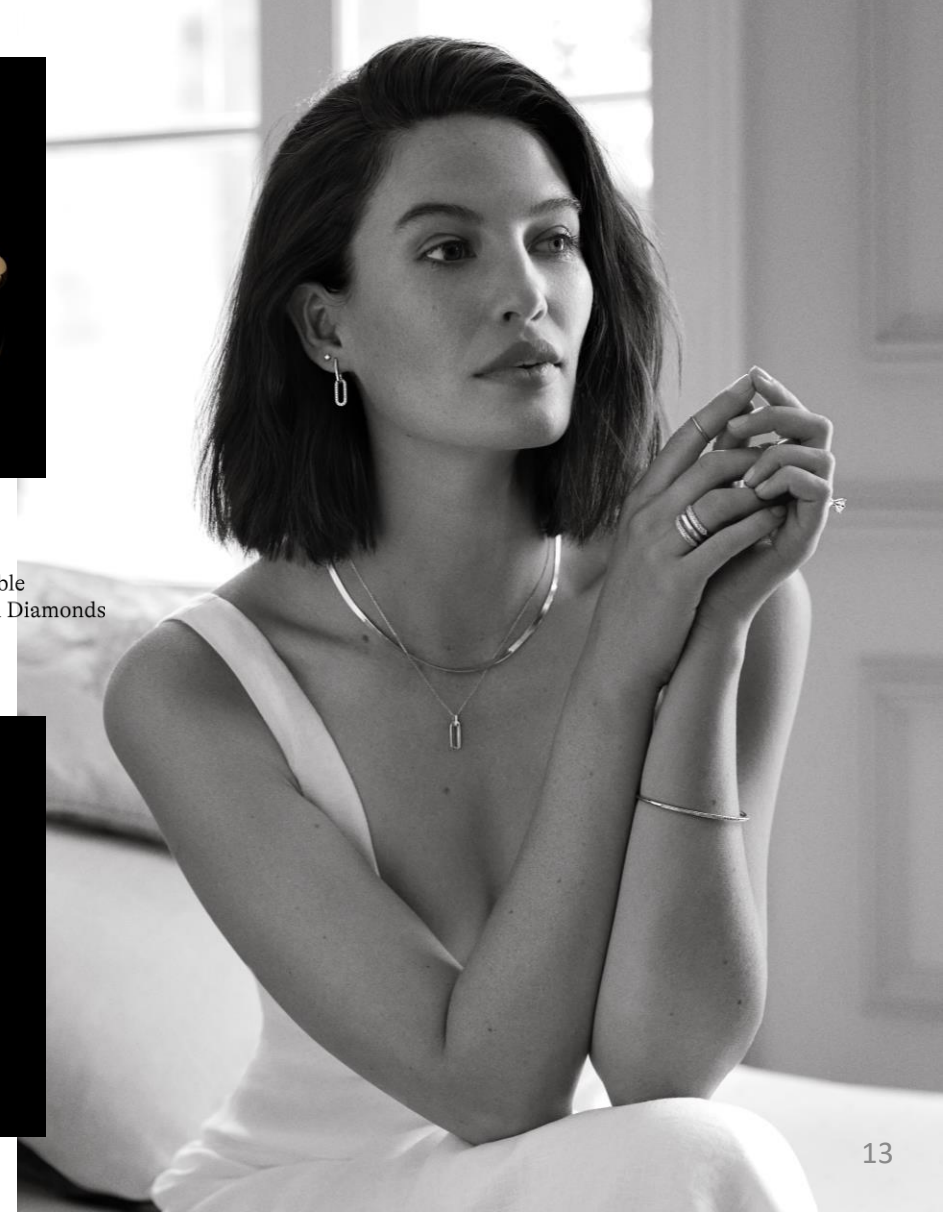
Brand and Product Elevation

*Marking the moments that create
the story of our lives*

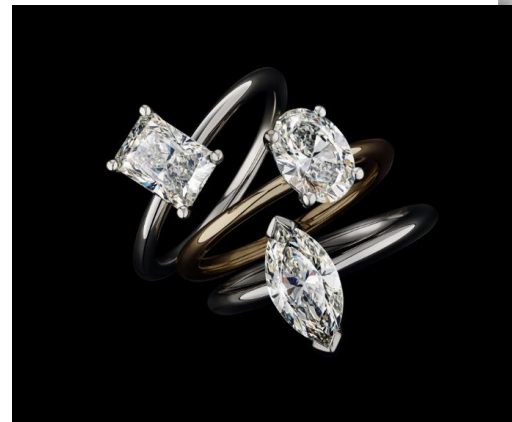
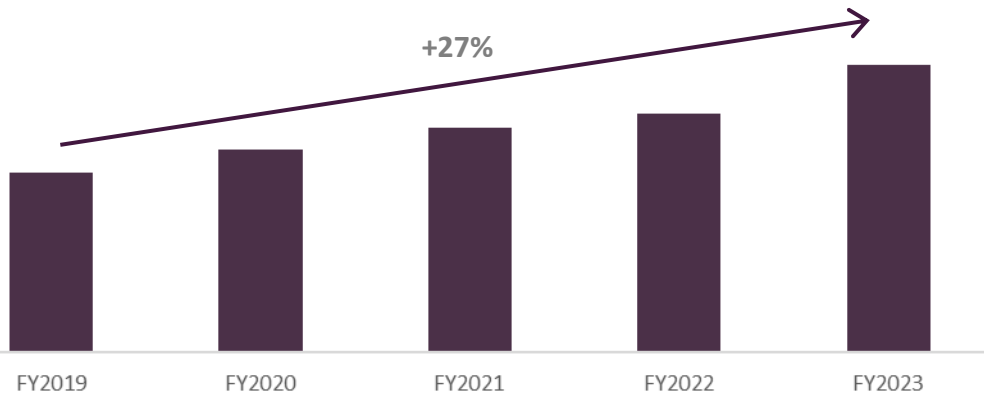
- ◆ Elevated emotive brand-led campaigns
- ◆ Emphasis on craftsmanship, quality & sustainability
- ◆ Relentless focus on creative & visual excellence
- ◆ Focus on unique differentiated product
- ◆ Diamonds at our core
- ◆ Increasing ATV demonstrates brand elevation, up 27% over four years



LAB. Certified Sustainable
Laboratory Grown Diamonds



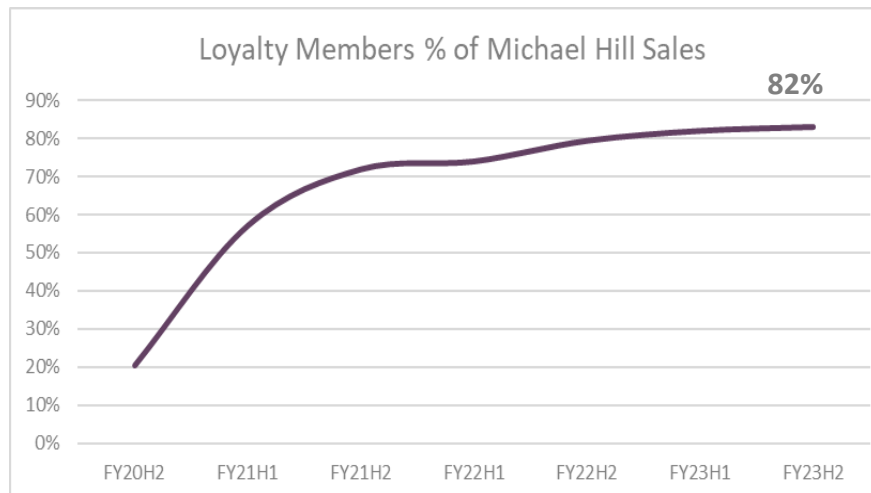
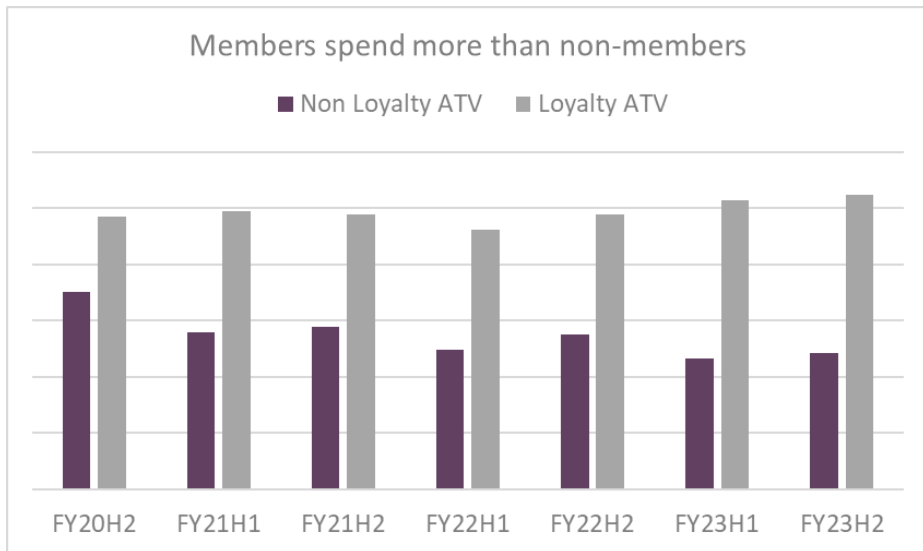
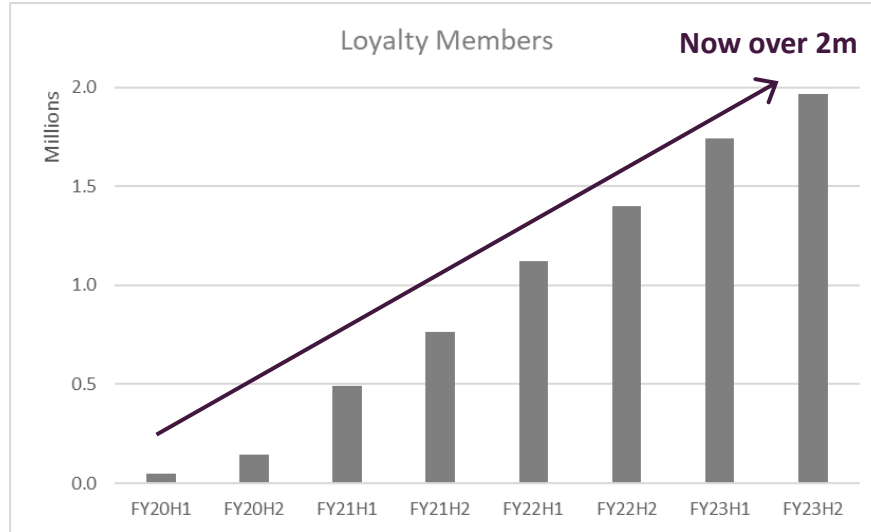
Average Transaction Value



Leveraging of Loyalty Program

Your love for jewellery rewarded

- ◆ Over 2 million loyalty members
- ◆ Focus on customer segmentation and personalisation
- ◆ Targeted AI and data insights
- ◆ Loyalty members are more valuable
 - ATV 70% higher
 - GP% 250 bps higher
 - 34% more transactions per customer
- ◆ Loyalty members represent ~82% of sales

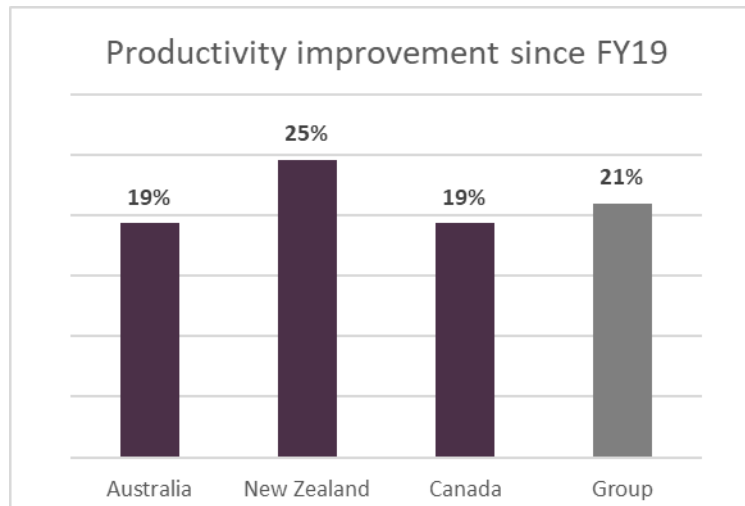


Brilliance[™]
michael hill

Retail Productivity & Store Investment

Elevating productivity & retail execution

- ◆ Productivity up 21% since FY19 and up in all markets
- ◆ Focus on in-store experience, delivering increased customer engagement
- ◆ Dynamic rostering driving more productive labour
- ◆ Elevated visual merchandising resulting in increased shopfront conversion
- ◆ Significant investment in store network with more than 60 stores refreshed



Productivity measure used: revenue per store



Sustainability

- Announced ESG 2030 manifesto centred around three key pillars – Product, Planet & People
- Launched circular economy offering **Re:new:**
 - Digitally-enabled gold recycling platform
 - Launching a diamond upgrade program
 - Reimagining and expansion of jewellery repair business

re:new

 Our sustainable jewellery ecosystem.

re:cycle

Give your precious metals a new lease on life with our gold and platinum recycling program. Make a sustainable choice, while trading in for a store gift card.

re:store

Repair and restore your Michael Hill jewellery and watches and see them shine anew (future: any jewellery).

re:imagine

Love your stone, but outgrown the size? Trade in your Michael Hill diamond and upgrade your size for even more sparkle.



Product

100% of our products will be sustainable, responsible or circular



Planet

We will nurture nature and reduce our negative impacts to net zero



People

We will improve the lives of people across our value chain



TRANSPARENCY	METAL STEWARDSHIP	CHAMPION INNOVATION
100% use of certified sustainable or responsibly sourced natural diamonds, coloured gemstones and cultured pearls	100% of Michael Hill's silver and gold products will be made from certified recycled, responsibly sourced, local or artisanal sources	We will pioneer an innovation hub to champion and integrate jewellery circularity, product innovation and Laboratory created diamonds
[By 2030]	[By 2025]	[By 2024]

ZERO CARBON OPERATIONS	NATURE POSITIVE	ELIMINATE WASTE
Achieve net zero carbon operations (scopes 1 & 2)	Contributing to the restoration and conservation of the natural environment in our key markets	We will send zero waste to landfill and eliminate single use plastic from our packaging
[By 2025]	[from 2025]	[By 2027]

RESPONSIBLE SUPPLIERS	EMPOWERING WOMEN	GREAT PLACE TO WORK
100% of all suppliers meet our expectations on their social and environmental impacts	Deliver initiatives and develop partnerships focused on empowering and supporting over 100,000 women	Michael Hill will maintain a leading workforce engagement score of greater than 80%
[By 2030]	[By 2030]	

MH Group - Portfolio of Brands

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INTERNATIONAL LIMITED

ASX & NZX: MHJ

- Leading fine jewellery retailer, with a material presence in Australia, New Zealand and Canada
- Catering to multiple market and consumer segments through differentiated brands and product offerings
- Customer focused, detail-oriented, nimble, multi-channel operations
- State of the art distribution technology and high calibre leadership and retail teams

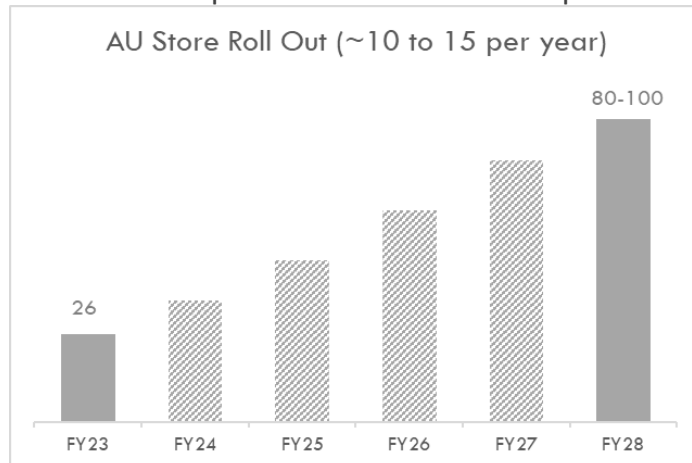


INITIAL FOCUS

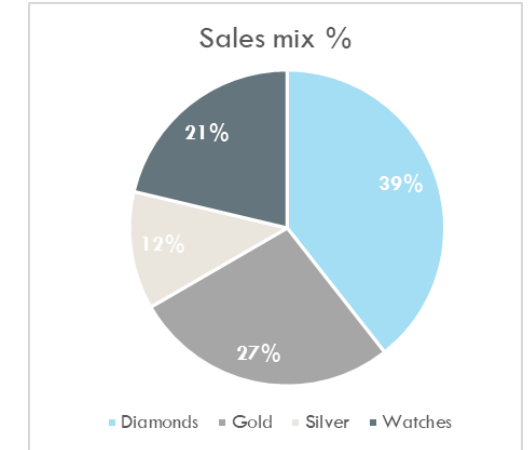
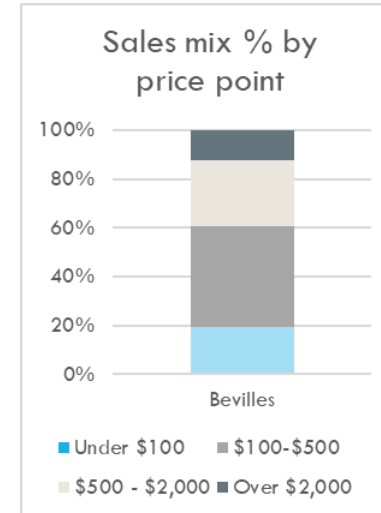
- Smooth transition of all team members
- Store roll-out plan: Three new sites secured, and another three close to finalisation for pre-Christmas opening, with a further tranche identified for the second half
- IT integration progressing well and initial supply chain synergies in place

KEY GROWTH OPPORTUNITIES

- Substantial store roll-out opportunity in short and medium term
- Rapidly expand lab diamonds and new category opportunities
- Enhance value add services offerings e.g. repairs, care plans and insurance
- Third party brand expansion (jewellery and watches)
- Refine and expand omni-channel offering
- New Zealand and Canada present future market expansion opportunities



PRICE POINT AND PRODUCT MIX



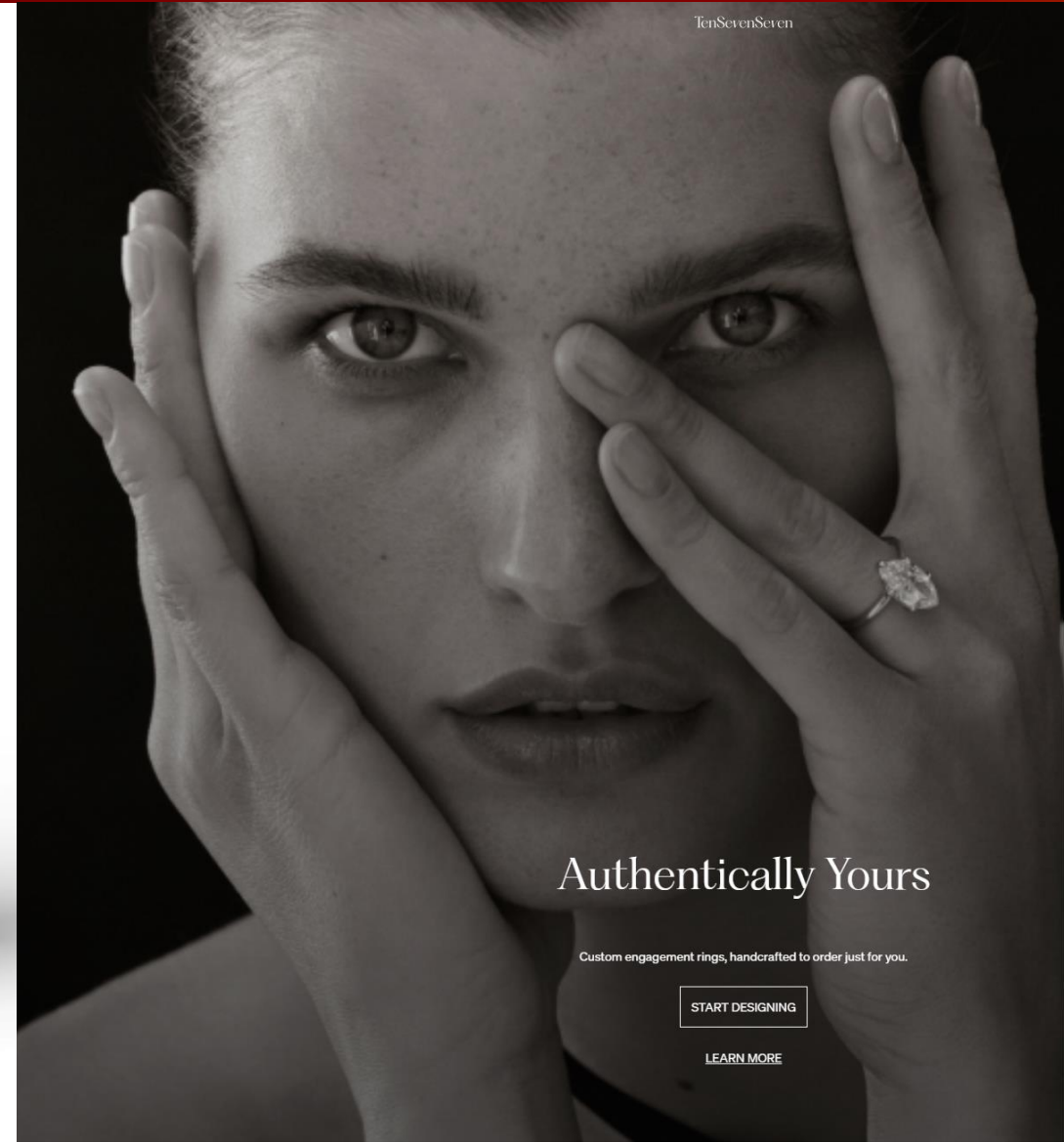
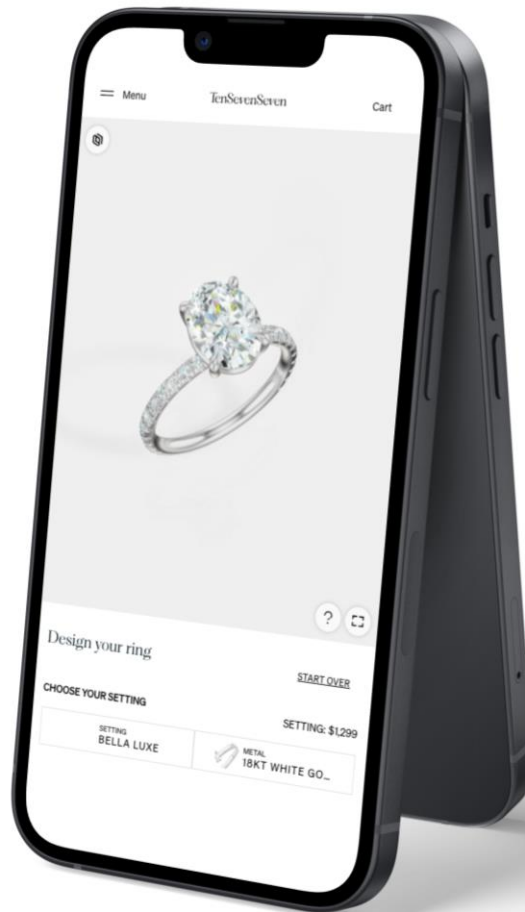
Data on this slide relates to the period March 2022 to February 2023



TenSevenSeven

BESPOKE DIAMONDS
BY LADY CHRISTINE HILL

- New start-up brand designed to test a completely unique and elevated proposition, capturing an entirely new high-end customer
- Brought to life through an immersive digital experience supported by the gradual roll-out of a limited number of showrooms in key capital cities
- Customers will be invited to select from tens of thousands of unique diamonds, paired with a ring design of their choice and ultimate handcrafting in our artisanal Australian workshop
- Anticipated launch: October 2023



TenSevenSeven

Authentically Yours

Custom engagement rings, handcrafted to order just for you.

[START DESIGNING](#)

[LEARN MORE](#)

Q & A

You are able to listen to Q&A via this platform

If you would like to ask a question, click on **“Request To Speak”** at the bottom of the broadcast window and follow the instructions to join the audio questions queue. The button will appear at the top of the window if the broadcast is full screen.



Appendices



Appendix A: Bridge from Comparable EBIT to Statutory EBIT

Calculated as follows:

(AUD million)	FY23	FY22
Comparable EBIT	58.9	62.9
Impact of AASB16 <i>Leases</i>	10.0	13.4
Impact of IFRIC SaaS-related guidance	-7.3	-6.0
Bevilles acquisition transaction costs	-2.0	
Restructuring	-0.7	
Government grants received (AU, NZ, CA)	-	2.9
Statutory EBIT	58.9	73.2



Appendix B: AASB16 *Leases* & SaaS Impact

(AUD million)	FY23 Stat	Impact of AASB16 & SaaS	FY23 pre-adjustments	FY22 pre-adjustments	Change pre-adjustments
Revenue	629.6	-	629.6	595.2	+5.8%
Cost of sales	-225.1	-	-225.1	-210.4	+7.0%
Gross profit	404.4	-	404.4	384.8	+5.1%
Employee benefits expense	-168.4	-3.2	-165.2	-152.8	+8.1%
Occupancy costs	-9.9	51.2	-61.1	-56.2	+8.7%
Marketing expenses	-44.2	-	-44.2	-41.2	+7.2%
Selling expenses	-20.9	-	-20.9	-17.7	+18.1%
Other income/(expenses)	-44.5	-10.1	-34.4	-33.8	+1.9%
EBITDA	116.6	37.9	78.7	83.1	-5.4%
Depreciation and amortisation expenses	-57.7	-35.3	-22.5	-17.4	+29.2%
EBIT	58.9	2.7	56.2	65.7	-14.5%
Finance expenses	-9.1	-8.8	-0.3	-0.9	+59.5%
Profit before tax	49.7	-6.1	55.9	64.9	-13.9%





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