

## MARKET RELEASE TRADING UPDATE TO 30 SEPTEMBER 2016

- The Group achieved same store sales growth of 2.8% and a total store sales increase of 6.8% for the 3 months to 30 September 2016
- Michael Hill brand delivered same store sales growth of 2.8% and a total store sales were up 5.9% for the 3 months
- Emma & Roe brand delivered a same store sales increase of 1.5% and total store sales growth of 71.5% for the 3 months
- 320 stores trading at 30 September 2016
- Five new Michael Hill and four new Emma & Roe stores to open prior to Christmas 2016

### GROUP SALES

Revenue from the sale of goods and services for the 3 months to 30 September 2016 including PCP income:

The following figures are in Australian dollars	Last Year	This Year	% Var
Michael Hill same stores	109,465,305	112,573,131	2.8%
Emma & Roe same stores	1,425,260	1,446,040	1.5%
<b>Total same stores</b>	<b>\$110,890,565</b>	<b>\$114,019,171</b>	<b>2.8%</b>
Michael Hill all stores	110,910,584	117,469,865	5.9%
Emma & Roe all stores	1,570,905	2,694,660	71.5%
<b>Total all stores</b>	<b>\$112,481,489</b>	<b>\$120,164,525</b>	<b>6.8%</b>

Exchange rates used for the 3 months:

New Zealand	1.11	1.05
Canada	0.95	0.99
United States	0.73	0.76

### MICHAEL HILL BRAND

Our Canadian business has traded well during the September quarter and reported same store sales growth of 7.6% in local currency and total store sales growth of 18.3%. It appears we are continuing to take market share in this growth market as the competition continue to struggle. New Zealand performed solidly to finish 2.5% up on last year and the Australian segment achieved same store sales growth of 1.3% for the quarter. Retail continues to be challenging in Australia however on a positive note, September was the stronger of the 3 months. Our US same store sales were down slightly for the quarter on last year and a management restructure occurred in August to place the US business under the leadership of our Canadian President, Brett Halliday. The Board has every confidence that Brett's appointment will bring this segment back into growth in coming months.

In Australian dollars, the Michael Hill brand reported same store sales growth of 2.8% for the quarter which was a pleasing result. Three new Michael Hill stores opened during the quarter, with 300 Michael Hill branded stores trading at the end of September. There are plans to open five more stores before Christmas and nine more in the second half of FY17.

Michael Hill same store figures in local currency		Last Year	This Year	% Var
Australia same stores	AUD	66,133,255	66,970,049	1.3%
New Zealand same stores	NZD	23,649,398	24,232,300	2.5%
Canada same stores	CAD	17,285,860	18,603,785	7.6%
United States same stores	USD	2,813,373	2,750,113	(2.2%)

Michael Hill all stores figures in local currency		Last Year	This Year	% Var
Australia all stores	AUD	66,576,981	68,484,263	2.9%
New Zealand all stores	NZD	23,649,398	24,232,300	2.5%
Canada all stores	CAD	18,253,183	21,589,697	18.3%
United States all stores	USD	2,800,587	3,020,563	7.9%

## EMMA & ROE BRAND

Emma & Roe achieved same store sales growth of 1.5% for the quarter and four new stores were opened during the period as we rolled out our New South Wales expansion plan. There were 20 stores open at the end of the quarter with plans to open a further four before Christmas and at least four in the second half of FY17. This result, while not being at the same strong level as we experienced last year, is satisfactory given the slow start to the quarter in July and August. A new Retail General Manager was appointed for this business in August. The September same store sales in Australia were up 14% for the month on last year. The two new stores recently opened in Sydney have produced some pleasing early results.

<b>Emma &amp; Roe same store figures in local currency</b>		Last Year	This Year	% Var
Australia same stores	AUD	1,287,545	1,315,029	2.1%
New Zealand same stores	NZD	153,356	137,282	(10.5%)
<b>Emma &amp; Roe all stores figures in local currency</b>				
Australia all stores	AUD	1,438,522	2,563,649	78.2%
New Zealand all stores	NZD	147,422	137,282	(6.9%)

The above figures for Michael Hill and Emma & Roe represent two months accounting adjusted sales results plus September preliminary sales figures prior to final accounting adjustments, and are unaudited. Revenue figures stated above include the Professional Care Plan (PCP) revenue brought to income during the period. The PCP income recognition pattern is based on existing estimates and is subject to ongoing management review, and accordingly is adjusted at each year end.

## Summary

The first quarter is not a crucial period for the business or for our full year result, but the results achieved across both brands were a satisfactory outcome. The Christmas period is the most critical quarter for the Group's financial year result, and the management team is completely focused on execution of the next three months of trade.

Media & Investors:  
Phil Taylor  
Chief Financial Officer and Acting Chief Executive Officer  
+61 7 3114 3507  
phil.taylor@michaelhill.com.au

## 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. The Group currently has 300 Michael Hill branded stores in Australia, New Zealand, Canada and the US and 20 Emma & Roe branded stores in Australia and New Zealand. The Group's global headquarters including its wholesale and manufacturing divisions is located in Brisbane, Australia. The Company is listed on the ASX (ASX:MHJ) and the NZX (NZX:MHJ).

For more information:

[www.investor.michaelhill.com](http://www.investor.michaelhill.com)  
<http://www.michaelhill.com.au/>  
[www.emmaandroe.com.au](http://www.emmaandroe.com.au)