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FY21H1 RESULTS

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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 do 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 FY21H1 Update

- FY21H1 Performance Overview
- FY21H1 Financial Results
 - Group Results
 - Key Performance Results
 - Retail Segment Results
- Strategy Update – Emphasis on Growth and Margin
- Outlook
- Appendix – AASB16 *Leases* Impact



FY21H1 Performance Overview

- FY20Q4 global store network shutdown
- Strong sales and margin delivery in Q1 while reopening the store network, and maintaining priority on health and safety protocols
- Restarted global supply chain and invested in Christmas inventory
- Prioritised key strategies that were “paused” for COVID-19 lockdown:
 - *Brilliance by Michael Hill*
 - New retail incentive scheme
 - Omni-channel initiatives
- Volatile trading conditions continued through the half, impacting all segments, with significant decline in foot traffic and 3,709 lost store trading days
- Transformational change agenda underpinned strong sales, margin and significant profit growth
- Continuing the journey to become a modern, differentiated, omni-channel jewellery brand



FY21H1 Group Results

- Delivered significant increase to NPAT and EBIT
- Unwavering focus on cost truly embedded in business
- Decisive working capital management resulted in a significant improvement in net cash position
- Focused inventory management
- Interim dividend of AU 1.5 cents per share
- Active management of global store network

	FY21H1	FY20H1	Change
Revenue	\$319.9m	\$329.5m	-2.9%
Gross Profit	\$200.5m	\$203.4m	-1.5%
EBIT	\$58.9m	\$35.3m	+66.9%
EBIT - % of revenue	18.4%	10.6%	+780bps
NPAT	\$39.0m	\$21.4m	+82.1%
Interim Dividend	AU 1.5c	AU 1.5c	Flat
Inventory	\$170.6m	\$200.1m	-\$29.5m
Net Cash/(Debt)	\$90.3m	\$0.4m	+\$89.9m
Store Network	289	304	-15



FY21H1 Key Performance Results

\$58.9m

EBIT
FY20H1: \$35.3m



+6.3%

GROUP
SAME STORE
SALES GROWTH



62.7%

GROUP
GROSS MARGIN
FY20H1: 61.7%



\$18.5m

DIGITAL SALES
+102%



38.4%

BRANDED COLLECTION
SALES
FY20H1: 35.4%



289

STORE
NETWORK
FY20H1: 304

1

STORE
CLOSED
IN FY21H1

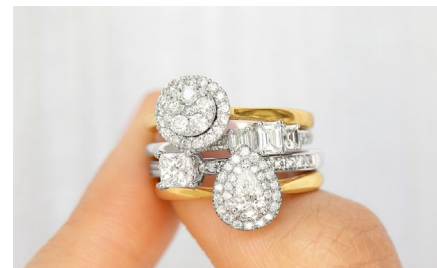
+12.0%

AUSTRALIA
SAME STORE
SALES GROWTH



+2.8%

NEW ZEALAND
SAME STORE
SALES GROWTH



+3.6%

CANADA
SAME STORE
SALES GROWTH



Michael Hill Segment Results

	Australia (AUD)			New Zealand (NZD)			Canada (CAD)		
	FY21H1	FY20H1	Change	FY21H1	FY20H1	Change	FY21H1	FY20H1	Change
Revenue	175.1m	174.2m	+0.5%	69.3m	69.9m	-0.9%	75.2m	79.9m	-5.9%
Gross profit	107.6m	104.3m	+3.2%	42.3m	41.1m	+2.9%	46.3m	46.5m	-0.5%
Gross margin	61.4%	59.9%	+150 bps	61.1%	58.8%	+230 bps	61.5%	58.2%	+330 bps
Segment EBIT*	43.9m	22.7m	+93.6%	20.3m	14.5m	+40.1%	14.2m	7.9m	+78.7%
EBIT as a % of revenue	25.1%	13.0%	+1210 bps	29.2%	20.7%	+850 bps	18.8%	9.9%	+890 bps
Store Network	154	165	-11	49	52	-3	86	87	-1

- Australian revenue performance a credit to the segment given 2,567 lost trading days
- New Zealand also resilient given the Auckland closures
- Extended store closures in Canada impacting total revenue
- Segment gross margins up by 150 bps to 330 bps

* Pre-AASB 16 Leases



Strategy Update - Emphasis on Growth and Margin



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Strategy Update - Emphasis on Growth and Margin



Brand	Modern, differentiated, omni-channel jewellery brand
Digital	Digital-first
Retail Fundamentals	Elevated productivity and customer experience
Omni-channel	Customer-led & channel agnostic
Loyalty	Your love for jewellery rewarded
Product Evolution	Uniquely Michael Hill
Cost Conscious Culture	Unwavering focus on costs



Outlook



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Appendix A: AASB 16 *Leases* Impact

(AUD million)	FY21H1 Stat	Impact of AASB 16	FY21H1 pre-AASB 16	FY20H1 pre-AASB 16	Change pre-AASB 16
Revenue	319.9		319.9	329.5	-2.9%
Cost of sales	-119.4		-119.4	-126.1	-5.3%
Gross profit	200.5		200.5	203.4	-1.5%
Employee benefits expense	-80.6		-80.6	-82.9	-2.9%
Occupancy costs	-11.4	17.0	-28.4	-30.8	-8.0%
Marketing expenses	-17.0		-17.0	-20.5	-17.2%
Selling expenses	-9.4		-9.4	-12.2	-22.3%
Other income/(expenses)	2.5		2.4	-15.8	-115.1%
EBITDA	84.6	17.0	67.5	41.2	64.0%
Depreciation and amortisation expenses	-25.7	-17.5	-8.2	-9.6	-14.5%
EBIT	58.9	-0.5	59.4	31.6	87.8%
Finance expenses	-3.8	-3.4	-0.3	-1.1	-72.4%
Profit before tax	55.1	-3.9	59.1	30.5	93.9%

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