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FY23H1 RESULTS

michael hill[®]
INTERNATIONAL LIMITED

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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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Michael Hill International Limited

CEO and CFO FY23H1 Update

- FY23H1 Performance Overview
- FY23H1 Financial Results
 - Group Results
 - Key Performance Insights
 - Segment Results
- Outlook
- Strategy Update – Emphasis on Growth
- Appendices



FY23H1 Performance Overview

- Record sales, gross profit and comparable EBIT driven by:
 - Brand elevation
 - Retail fundamentals
 - Product evolution
 - Digital-first expansion
 - Loyalty penetration
- Strategic initiatives align to lift performance - best evidenced by 19% productivity increase over the last three years
- ***Brilliance by Michael Hill*** membership increases 70% to 1.7m
- Successful transition to new global headquarters:
 - State of the art distribution technology
 - Upgraded artisanal manufacturing workshop
 - Attract and retain high calibre talent
- Execution of new growth initiatives gathering pace

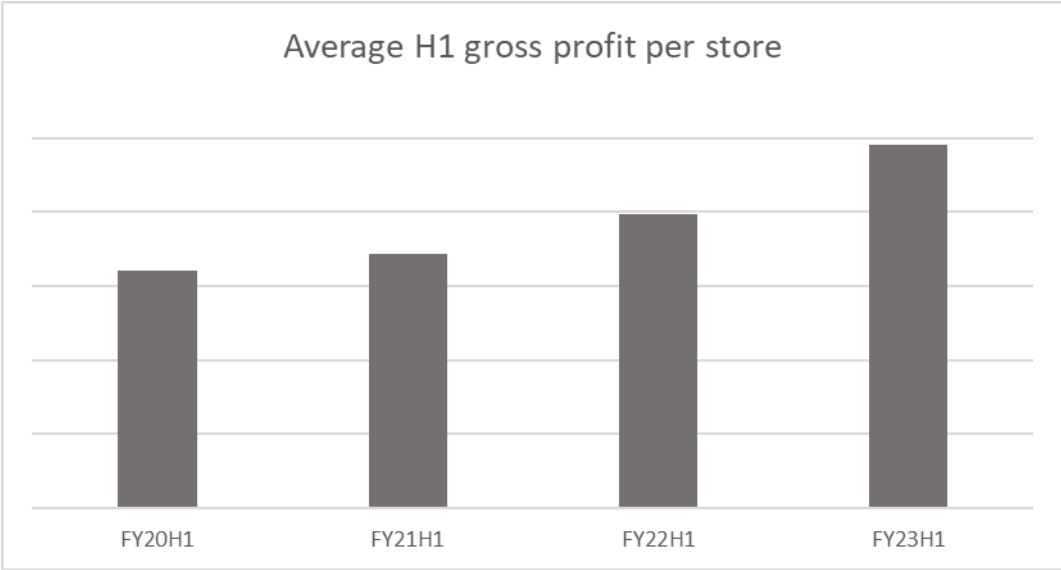
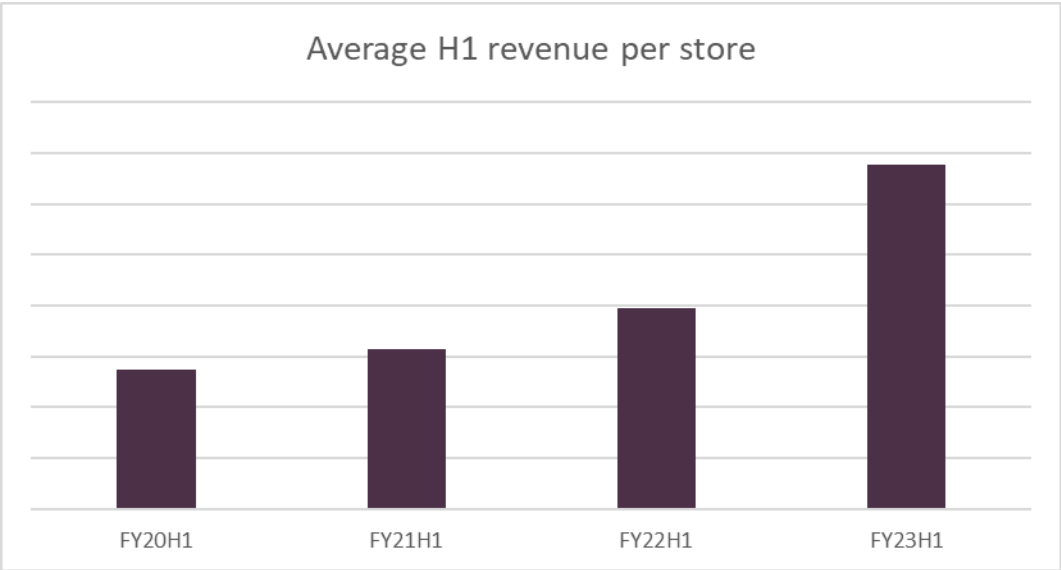
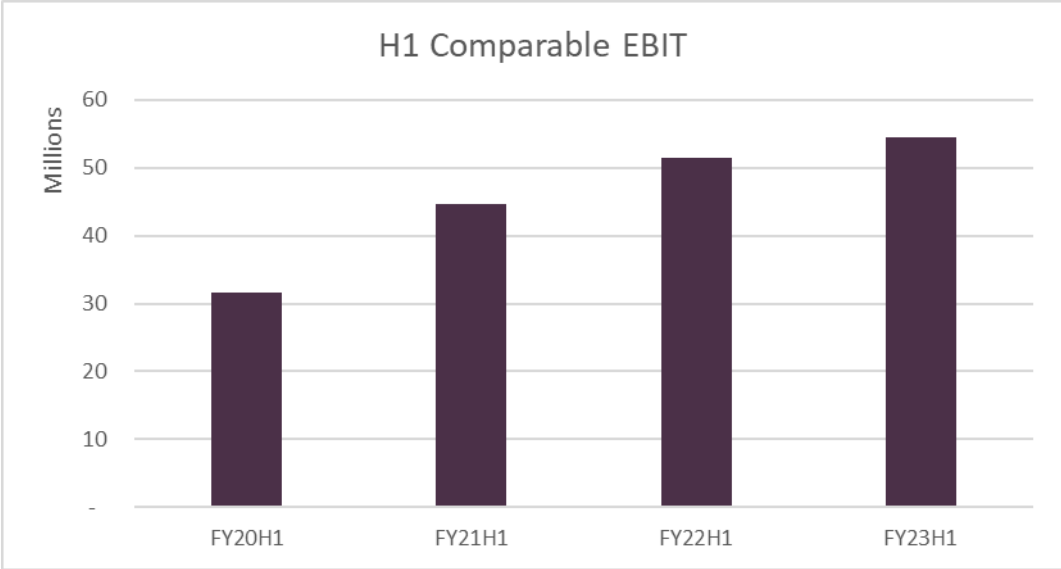
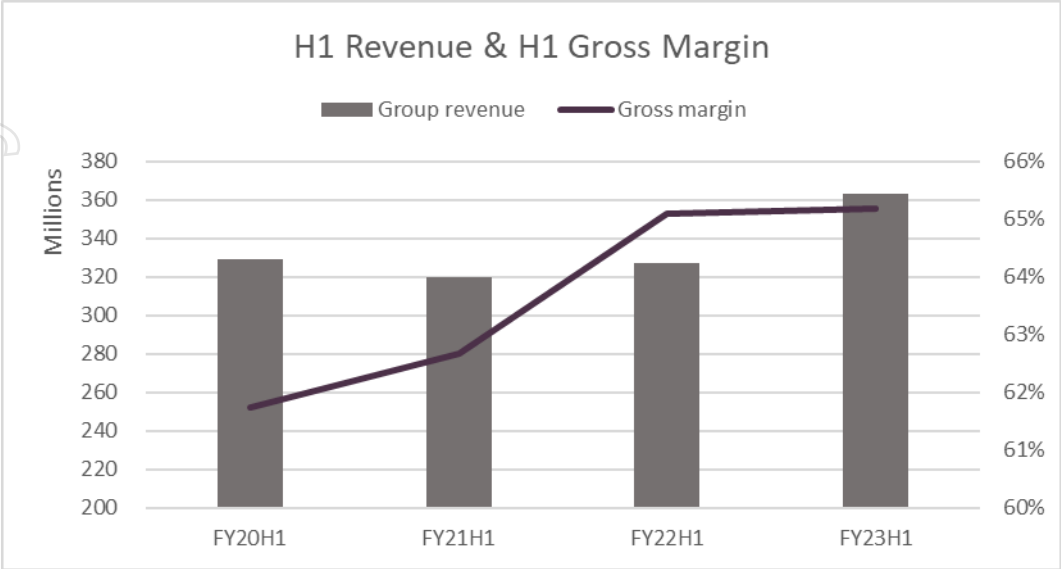


FY23H1 Group Results

- Record H1 revenue with growth of \$36m
- Record H1 gross profit up \$24m
- Elevated gross margin maintained
- Record H1 comparable EBIT up 6%
- Healthy cash position, having deployed cash to support higher dividends and share buy-back
- Strategic investment in inventory to support elevated sales
- Record interim dividend of AU4.0 cents per share

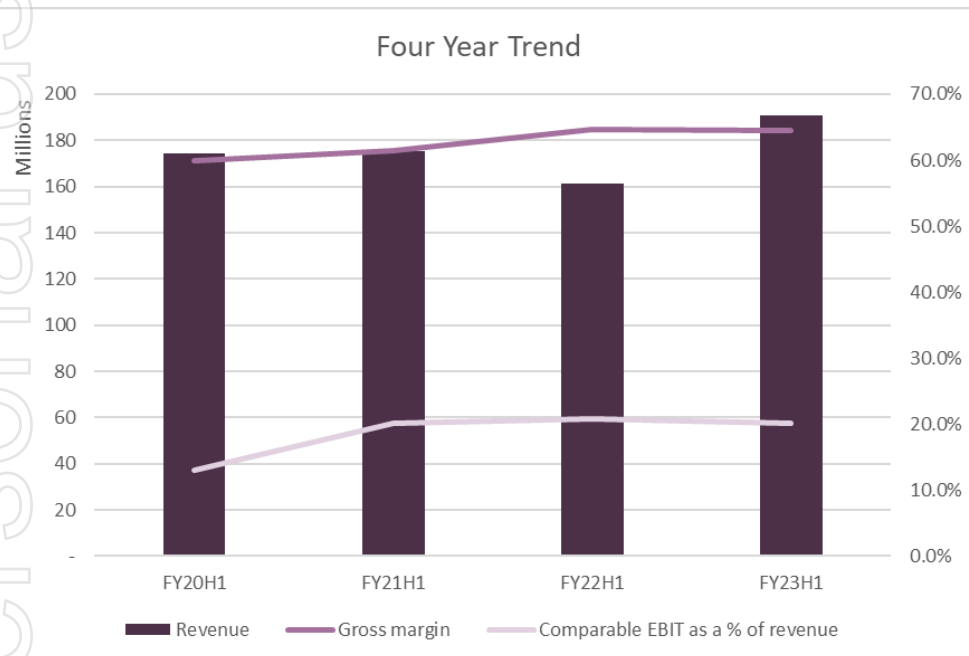
	FY23H1	FY22H1	Change
Revenue	\$363m	\$327m	+11%
Gross Profit	\$237m	\$213m	+11%
Gross Margin	65.2%	65.1%	+10bps
Comparable EBIT	\$54.5m	\$51.6m	+6%
Inventory	\$198m	\$176m	+\$22m
Cash	\$79m	\$99m	-\$20m
Interim Dividend	AU4.0c	AU3.5c	+14%
EPS	9.77c	9.56c	+2%
Store Network	282	285	-3

FY23H1 Key Performance Insights



FY23H1 Australia Segment Results

	Australia (AUD)					
	FY23H1	FY22H1	FY21H1	FY20H1	Change to FY22H1	Change to FY20H1
Revenue	191m	162m	175m	174m	+18%	+9%
Gross profit	123m	105m	108m	104m	+18%	+18%
Gross margin	64.4%	64.7%	61.4%	59.9%	-30bps	+450bps
Segment Comparable EBIT	38.4m	33.5m	35.3m	22.7m	+14.7%	+69.5%
Comparable EBIT as a % of revenue	20.2%	20.7%	20.2%	13.0%	-2%	+55%
Store network	148	150	154	164	-2	-16



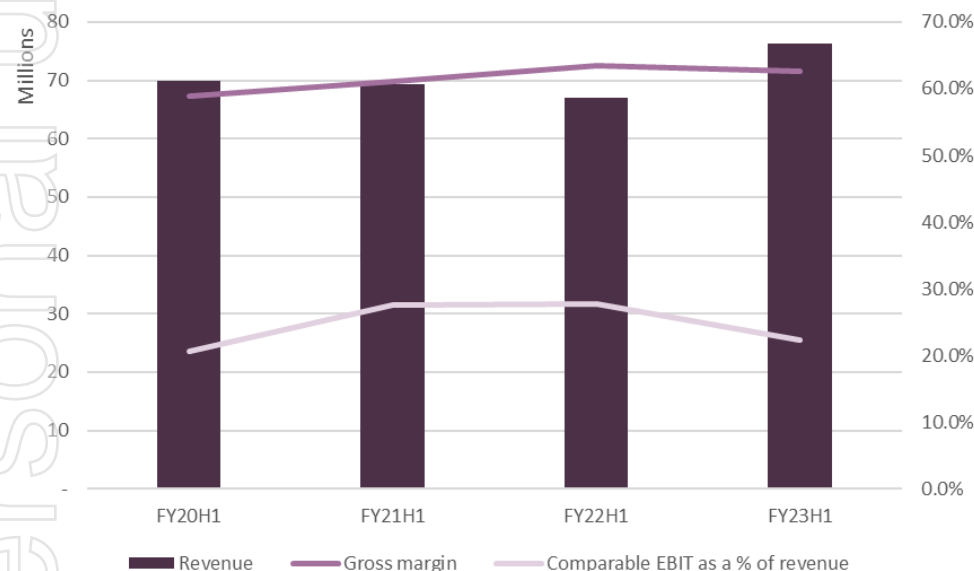
- Record H1 revenue and comparable EBIT result
- Elevated margin maintained, up 450 bps on pre-pandemic levels
- ATV continues to lift, validating the aspirational brand journey
- Productivity lifted by 21% since FY20H1



FY23H1 New Zealand Segment Results

	New Zealand (NZD)					
	FY23H1	FY22H1	FY21H1	FY20H1	Change to FY22H1	Change to FY20H1
Revenue	76m	67m	69m	70m	+14%	+9%
Gross profit	48m	43m	42m	41m	+12%	+16%
Gross margin	62.6%	63.5%	61.1%	58.8%	-90bps	+380bps
Segment Comparable EBIT	17.0m	18.6m	19.1m	14.5m	-8.2%	+18.0%
Comparable EBIT as a % of revenue	22.4%	27.7%	27.6%	20.7%	-19%	+8%
Store network	48	49	49	52	-1	-4

Four Year Trend

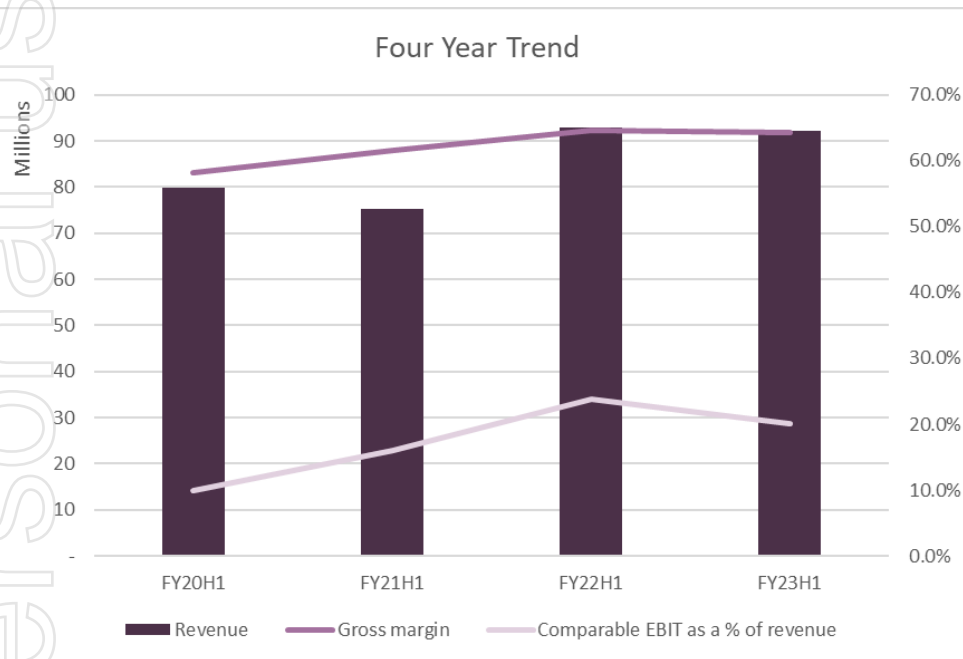


- Record H1 revenue
- Elevated margins maintained, up 380bps on pre-pandemic levels
- Highest average transaction value of all segments
- Incremental security cost impact on EBIT
- Productivity lifted by 18% since FY20H1



FY23H1 Canada Segment Results

	Canada (CAD)					
	FY23H1	FY22H1	FY21H1	FY20H1	Change to FY22H1	Change to FY20H1
Revenue	92m	93m	75m	80m	-1%	+15%
Gross profit	59m	60m	46m	47m	-2%	+27%
Gross margin	64.3%	64.6%	61.5%	58.2%	-30bps	+610bps
Segment Comparable EBIT	18.5m	22.2m	12.0m	7.9m	-16.5%	+133.5%
Comparable EBIT as a % of revenue	20.1%	23.9%	16.0%	9.9%	-16%	+103%
Store network	86	86	86	87	-	-1



- Strong sales performance, comping record prior year.
- Elevated margins maintained, up 610bps on pre-pandemic levels
- ATV continues to lift, validating the aspirational brand journey
- Normalised costs return following pent-up demand in prior year
- Productivity has lifted by 17% since FY20H1



Outlook

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- Putting the significant and sustained NZ weather events to one side, sales for the first eight weeks of FY23H1 are in-line with expectations
- On the basis that retail trading conditions do not materially deteriorate, the Company anticipates full year comparable EBIT will be ahead of prior year.

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>

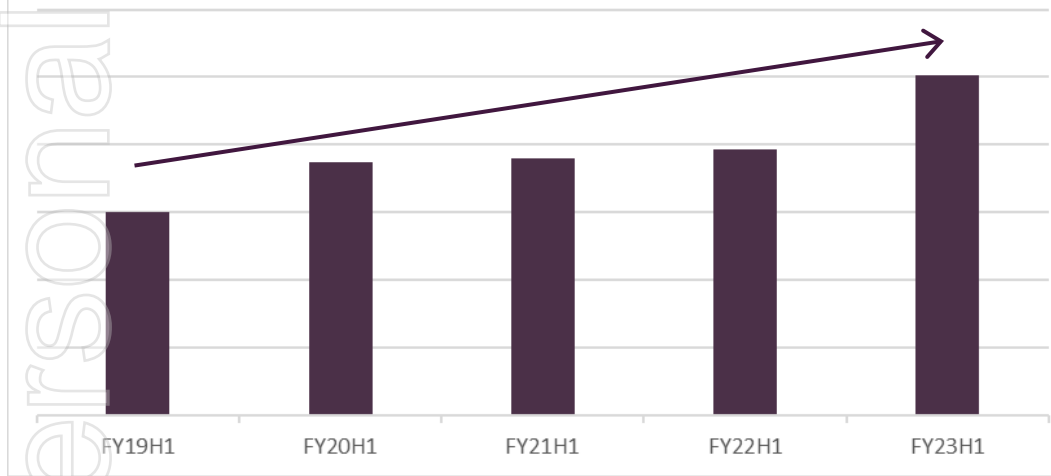
Brand and Product Elevation

*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
- ◆ Elevated, modern & accessible product
- ◆ Diamonds at our core
- ◆ Increasing ATV demonstrates brand elevation, up 28% over four years



Average Transaction Value



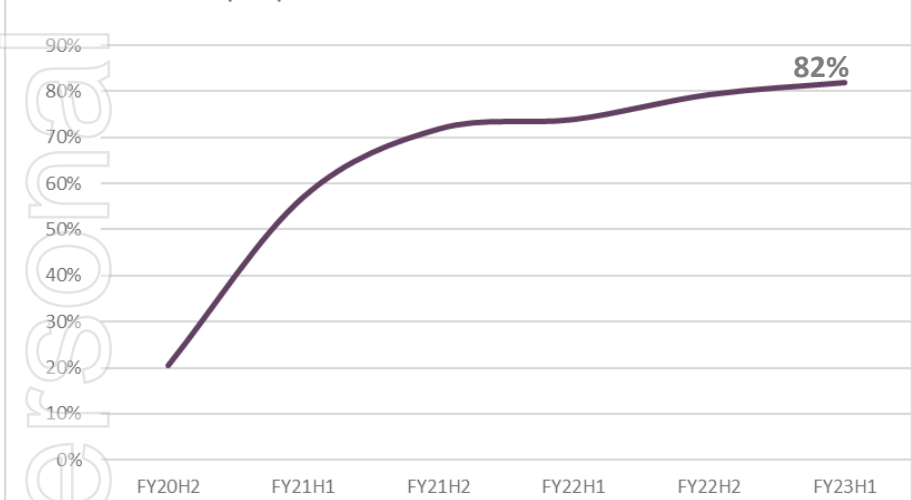
Leveraging of Loyalty Program

Your love for jewellery rewarded

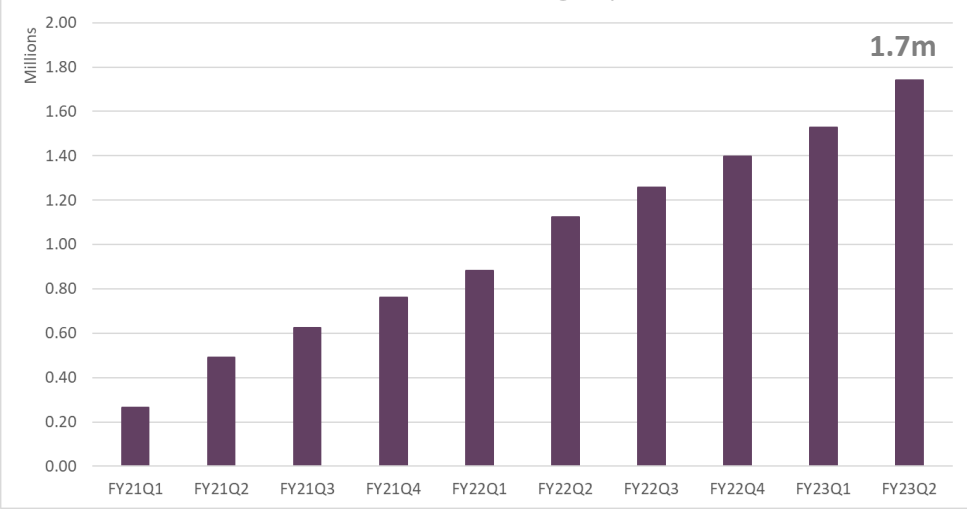
- Over 1.7 million loyalty members
- Increased focus on customer segmentation and personalisation
- Targeted AI and data insights
- Loyalty members are significantly more valuable
- Loyalty members represent ~82% of sales
- New programs and events for members launched in FY23H1

Member ATV
VS
non-member ATV
+122%

Loyalty Members % of Michael Hill Sales



Brilliance Member Sign-Ups



Brilliance
michael hill

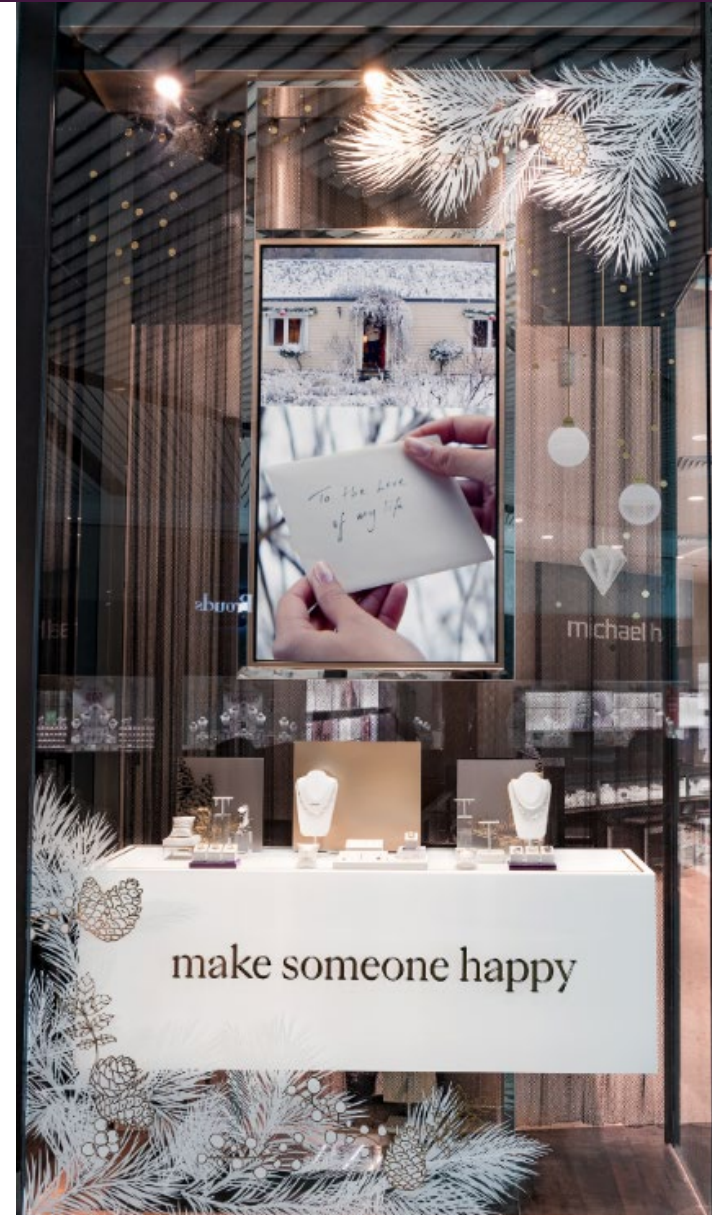
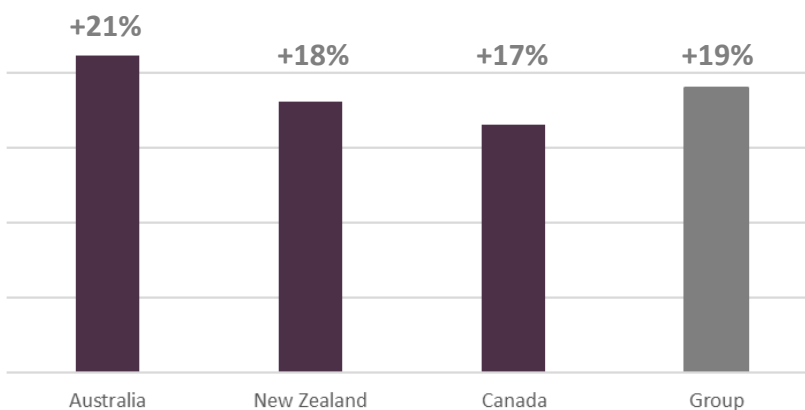
Retail Productivity & Store Investment

Elevating productivity & retail execution

- ◆ Productivity up 19% since FY20 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 40 stores refreshed



Productivity improvement over three years



Digital Growth Initiatives

Omni-first, digital-led & channel agnostic

- Expansion of core DTC channels, omni now embedded into stores, with customers embracing the aspirational brand journey
- Marketplaces – growth in existing & new geographies
- Early insights from THE BAY validate Quebec opportunity
- Ramping up virtual selling capabilities across all stores globally
- International shipping, with SEM now being tested in 2 markets
- Pure-play Medley delivers 53% year-on-year sales growth

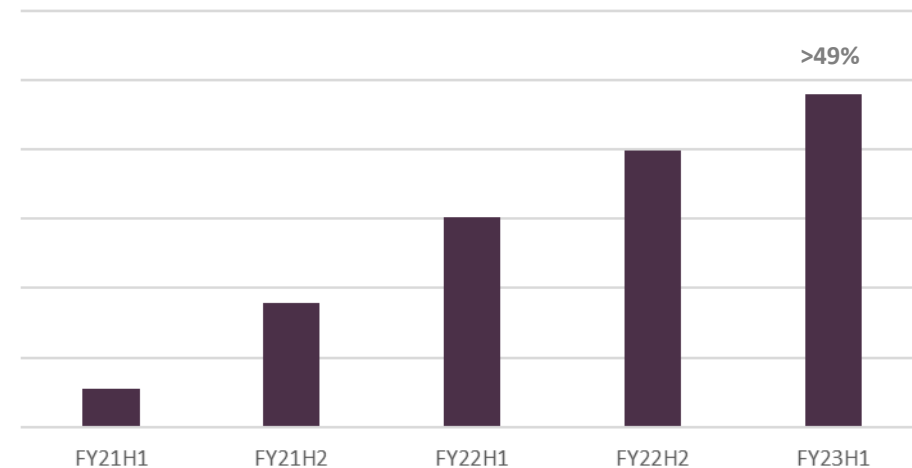


MEDLEY™

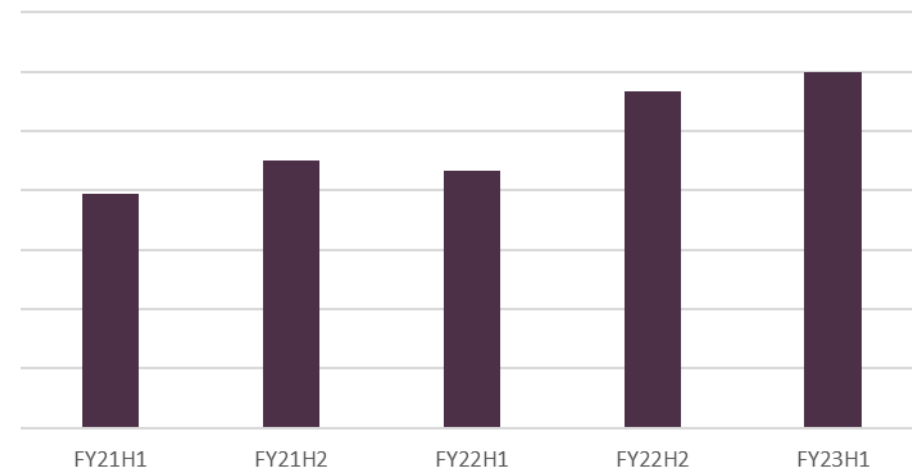
THE BAY

THE ICONIC

Omni Sales as % Total Digital Sales



Online ATV



New Revenue Streams

- 💎 Launching circular economy offering *re:new*, encompassing:
 - Digitally-enabled gold recycling platform, driving incremental sales in-store
 - Launching a diamond upgrade program
 - Reimagining and expansion of jewellery repair business
- 💎 Development of a new digitally-led bespoke diamond jewellery brand
- 💎 Introducing third-party jewellery insurance and replacement solutions for customers

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).

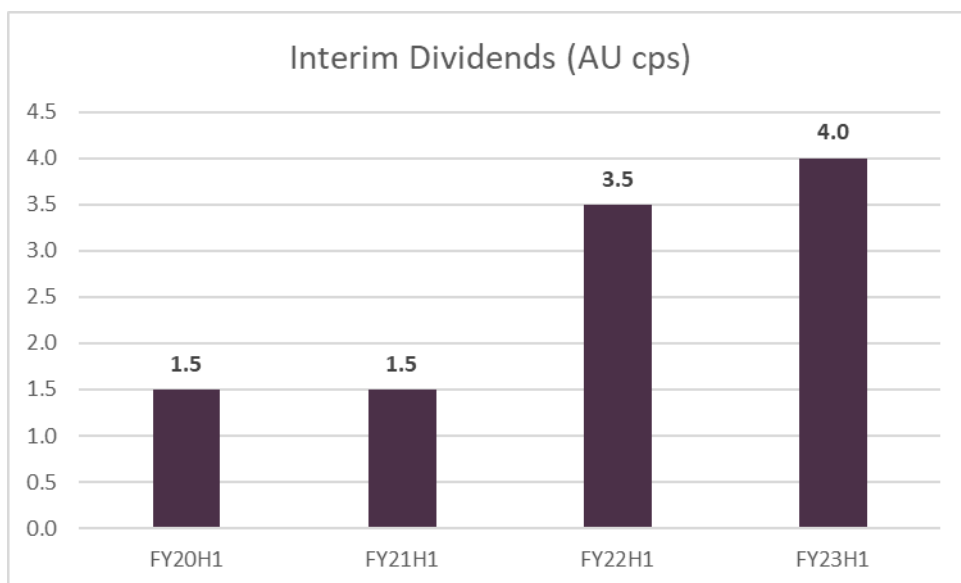
re:imagine

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



Capital Management Framework

- ◆ Record interim dividend of AU4.0 cps
- ◆ On-market share buy-back resulting in 8.63m shares acquired at a cost of \$10.2m, representing 2.2% of share capital
- ◆ Cash reserves retained for deployment into new organic growth and acquisition opportunities



Q & A

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Appendices



Appendix A: Bridge from Comparable EBIT to Statutory EBIT

Calculated as follows:

(AUD million)	FY23H1	FY22H1
Comparable EBIT	54.5	51.6
Impact of AASB16 <i>Leases</i>	4.8	3.7
Impact of IFRIC SaaS-related guidance	-0.5	-2.3
Government grants received (AU, NZ, CA)	-	2.8
Statutory EBIT	58.8	55.8



Appendix B: AASB16 *Leases* & SaaS Impact

(AUD million)	FY23H1 Stat	Impact of AASB16 & SaaS	FY23H1 pre-adjustments	FY22H1 pre-adjustments	Change pre-adjustments
Revenue	363.4	-	363.4	327.1	+11.1%
Cost of sales	-126.5	-	-126.5	-114.2	+10.8%
Gross profit	236.9	-	236.9	212.9	+11.3%
Employee benefits expense	-88.5	-1.0	-87.5	-75.3	+16.1%
Occupancy costs	-5.3	25.4	-30.7	-27.5	+11.7%
Marketing expenses	-28.5	-	-28.5	-23.4	+21.6%
Selling expenses	-11.7	-	-11.7	-9.3	+25.8%
Other income/(expenses)	-15.6	-2.4	-13.2	-14.1	-6.1%
EBITDA	87.3	22.1	65.3	63.3	+3.2%
Depreciation and amortisation expenses	-28.6	-17.8	-10.7	-8.9	+21.6%
EBIT	58.8	4.3	54.5	54.4	+0.2%
Interest income	0.2	-	0.2	-	-
Finance expenses	-4.7	-4.2	-0.5	-0.4	+29.1%
Profit before tax	54.3	0.1	54.2	54.0	+0.3%



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