

ersonal use only



**FY24H1
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.

Should one or more of these risks or uncertainties materialise, or should any underlying assumptions prove to be incorrect, the Company’s actual financial condition, cash flows or results of operations could differ materially from that described herein as anticipated, believed, estimated or expected. Accordingly, you are cautioned not to place undue reliance on any forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the COVID-19 pandemic.

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 FY24H1 Update

- FY24H1 Performance Overview
- FY24H1 Financial Results
 - Group Results
 - Segment Results
- Current Trading Update
- Group Strategy – Emphasis on Growth
- Appendices



FY24H1 Performance Overview

- Challenging period for the business cycling record performance in FY23, yet still taking market share
- Margin under pressure due to input costs and market conditions
- Digital sales continued its return to growth
- Supporting the evolution of the Michael Hill brand and strategic lift in ATV, an extensive range review in time for the all-important peak Christmas trading period
- Solid progress on Group Multi-brand Strategy:
 - Successfully embedded the recently acquired **Bevilles** and opened four new stores
 - Soft launch of **TenSevenSeven** pilot
 - First ever **Medley** pop-up kiosk



FY24H1 Group Results

- Group revenue (including Bevilles) was up 4%, on a 26-week basis
- Gross profit (including Bevilles) was down 2%, on a 26-week basis
- Gross margin contraction, due to higher COGS & increased promotional activity
- Compressed comparable EBIT, with inflationary pressures impacting cost of doing business
- Interim dividend of AU1.75 cents per share (within dividend policy range)
- Inventory well managed

	FY24H1 ¹	FY23H1 ²	Change
Revenue	\$363m	\$349m	+4%
Statutory Revenue (FY23H1: 27-week basis)		\$363m	Flat
Gross Profit	\$223m	\$228m	-2%
Statutory Revenue (FY23H1: 27-week basis)		\$237m	-6%
Gross Margin	61.5%	65.2%	-370bps
Comparable EBIT	\$31.3m	\$54.5m	-43%
Inventory	\$220m	\$198m	+\$22m
Net Cash/(Debt)	(\$12m)	\$79m	-\$91m
Interim Dividend	AU1.75	AU4.0c	-AU2.25c
Store Network	272	282	-10
	302 with Bevilles		

¹ FY24H1: Includes Bevilles results for the reporting period

² FY23H1: Revenue and gross profit are restated on 26-week basis

FY24H1 Segment Results

	Australia (AUD)			New Zealand (NZD)			Canada (CAD)		
	FY24H1 ¹	FY23H1 ²	Change	FY24H1	FY23H1 ²	Change	FY24H1	FY23H1 ²	Change
Revenue	202m	184m	+10.2%	65m	73m	-10.3%	89m	88m	+0.5%
Statutory Revenue (FY23H1: 27-week basis)		191m	+6.1%		76m	-14.2%		92m	-3.8%
Gross profit	123m	118m	+3.7%	39m	46m	-14.1%	54m	57m	-4.7%
Statutory Revenue (FY23H1: 27-week basis)		123m	Flat		48m	-18.0%		59m	-8.8%
Gross margin	60.6%	64.4%	-380 bps	59.9%	62.6%	-270 bps	61.0%	64.3%	-330 bps
Segment Comparable EBIT	25.6m	38.4m	-33.3%	10.1m	17.1m	-40.7%	13.9m	18.5m	-25.0%
Comparable EBIT as a % of statutory revenue	12.7%	20.2%	-750 bps	15.5%	22.4%	-690 bps	15.7%	20.1%	-440 bps
Store network	141	148	-7	46	48	-2	85	86	-1
	171 with Bevilles								

- Australia revenue growth attributable to Bevilles acquisition
- Ongoing security measures experienced in New Zealand had a direct impact on earnings
- Canada delivered solid revenue results as it cycled record performance in FY23

¹ FY24H1: Includes Bevilles results for the reporting period

² FY23H1: Revenue and gross profit are restated on 26-week basis

Current Trading Update

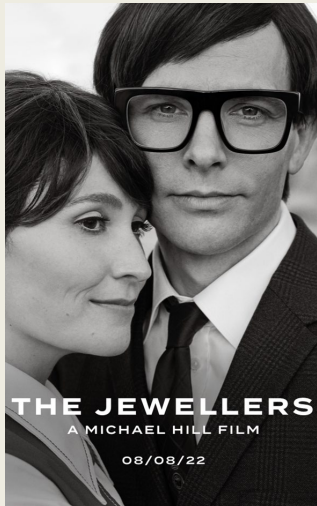


- For the first seven weeks of FY24H2, Group sales (including Bevilles) are up 9.5% on prior year, with the Michael Hill Australia retail business driving the improvement in performance against FY24H1:
 - Australian segment sales (including Bevilles) +19.6%
 - New Zealand segment sales -9.2%
 - Canadian segment sales -0.9%
- External transactional sales data demonstrates that both the Group and the Michael Hill brand continue to take market share

Group Strategy – Emphasis on Growth

2020 – 2023

**Reposition
Michael Hill
Brand**



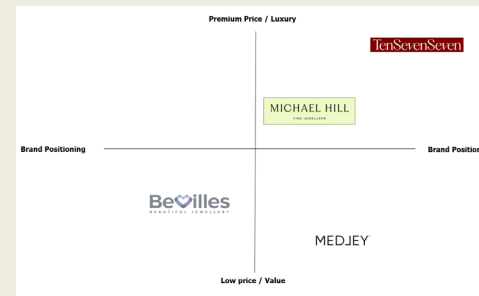
2023 – 2024

**Establish
Portfolio of
Brands**



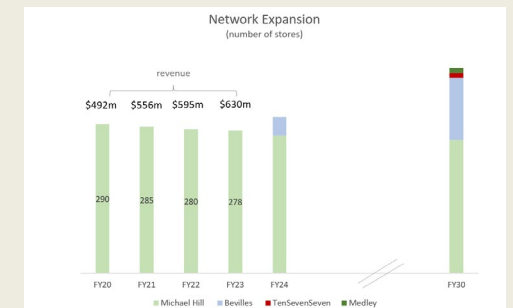
2024 – 2025

**Product &
Brand
Proposition**



2025 – 2030

**Network
Expansion &
Productivity**



Reposition Michael Hill Brand, 2020 - 2023

Brand & Loyalty

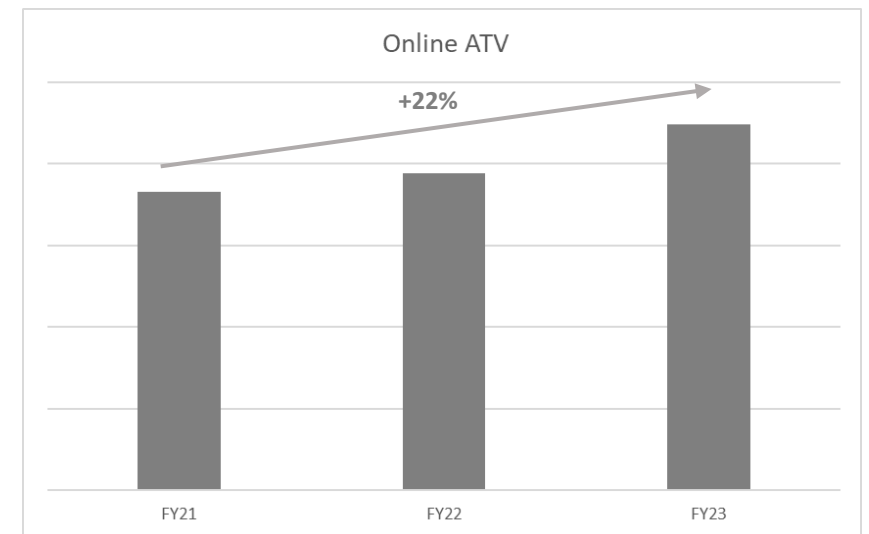
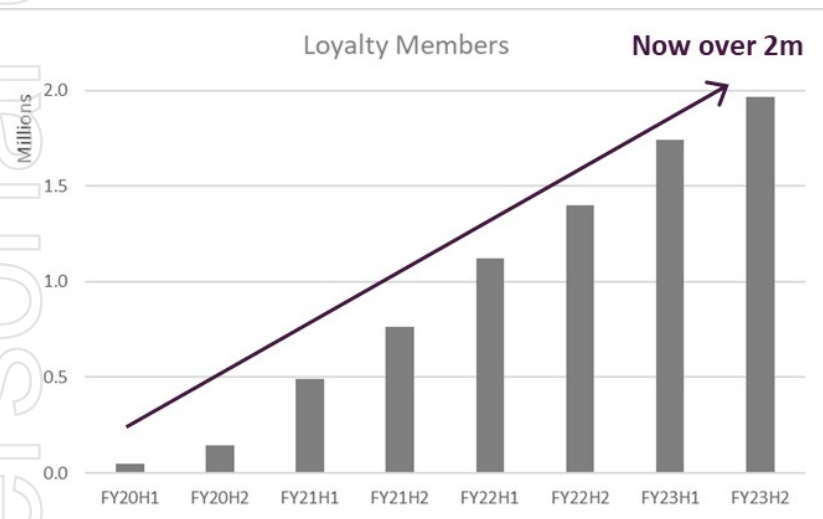
Contemporary premium jewellery brand, leveraging best-in-class loyalty program



Digital & Omni-channel

Omni-first, channel agnostic, digitally-led new markets

- Omni now represents 60% of digital sales
- Marketplaces – growth in existing & new geographies
- Highest margin channel
- Lift in ATV outpacing stores
- Virtual selling now available in all stores globally

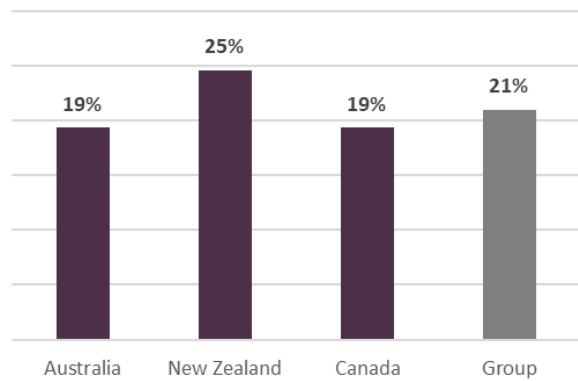


Reposition Michael Hill Brand, 2020 - 2023

Retail Fundamentals

*Elevated customer experience,
unwavering focus on productivity*

Productivity improvement since FY19



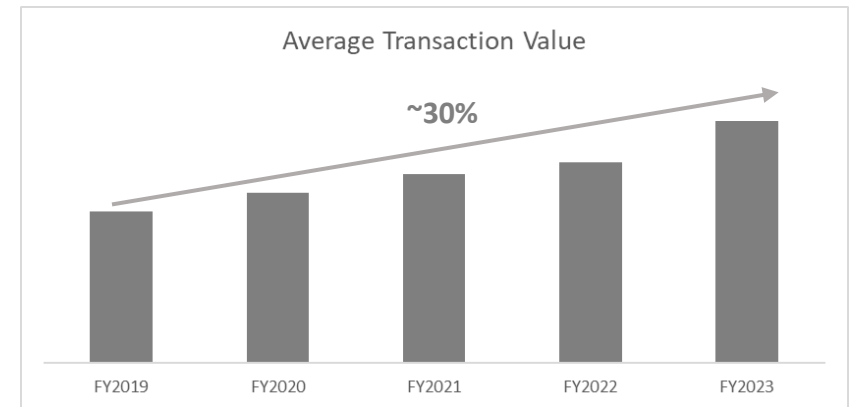
Product Evolution

*Premium yet accessible,
with diamonds at our core*

"The Jeweller that cares"

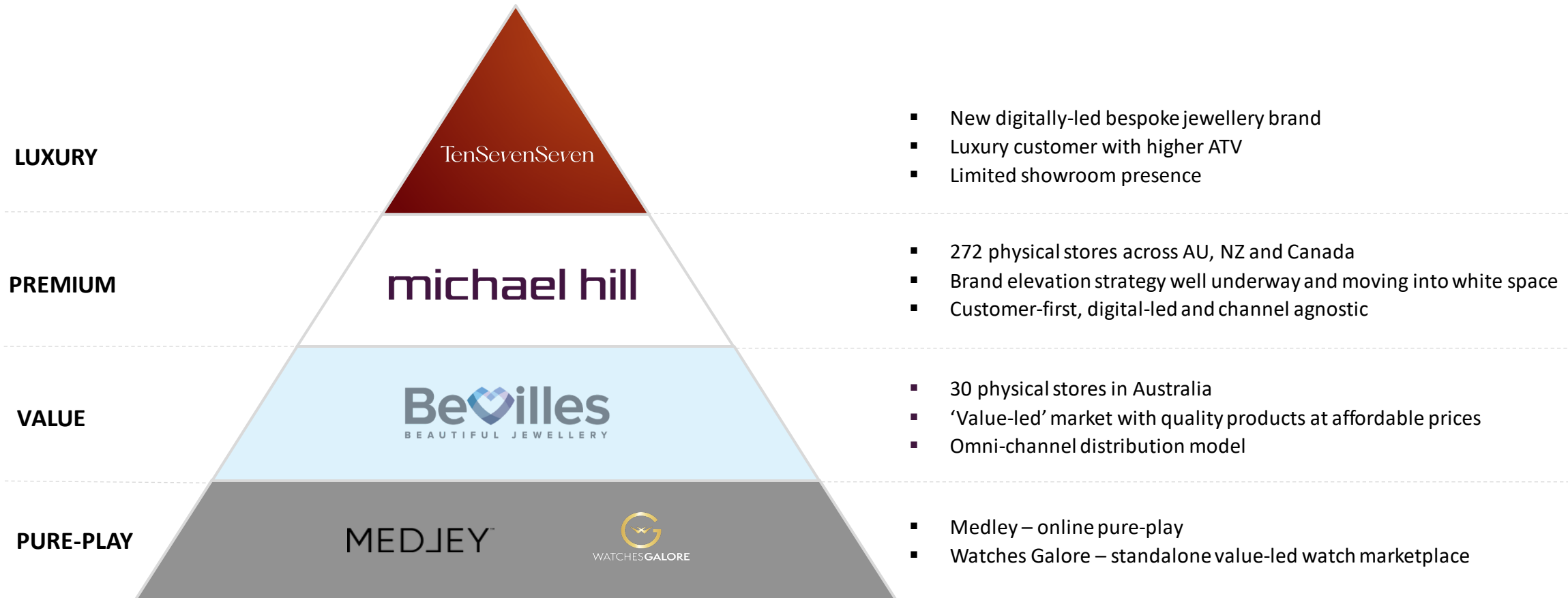


Average Transaction Value



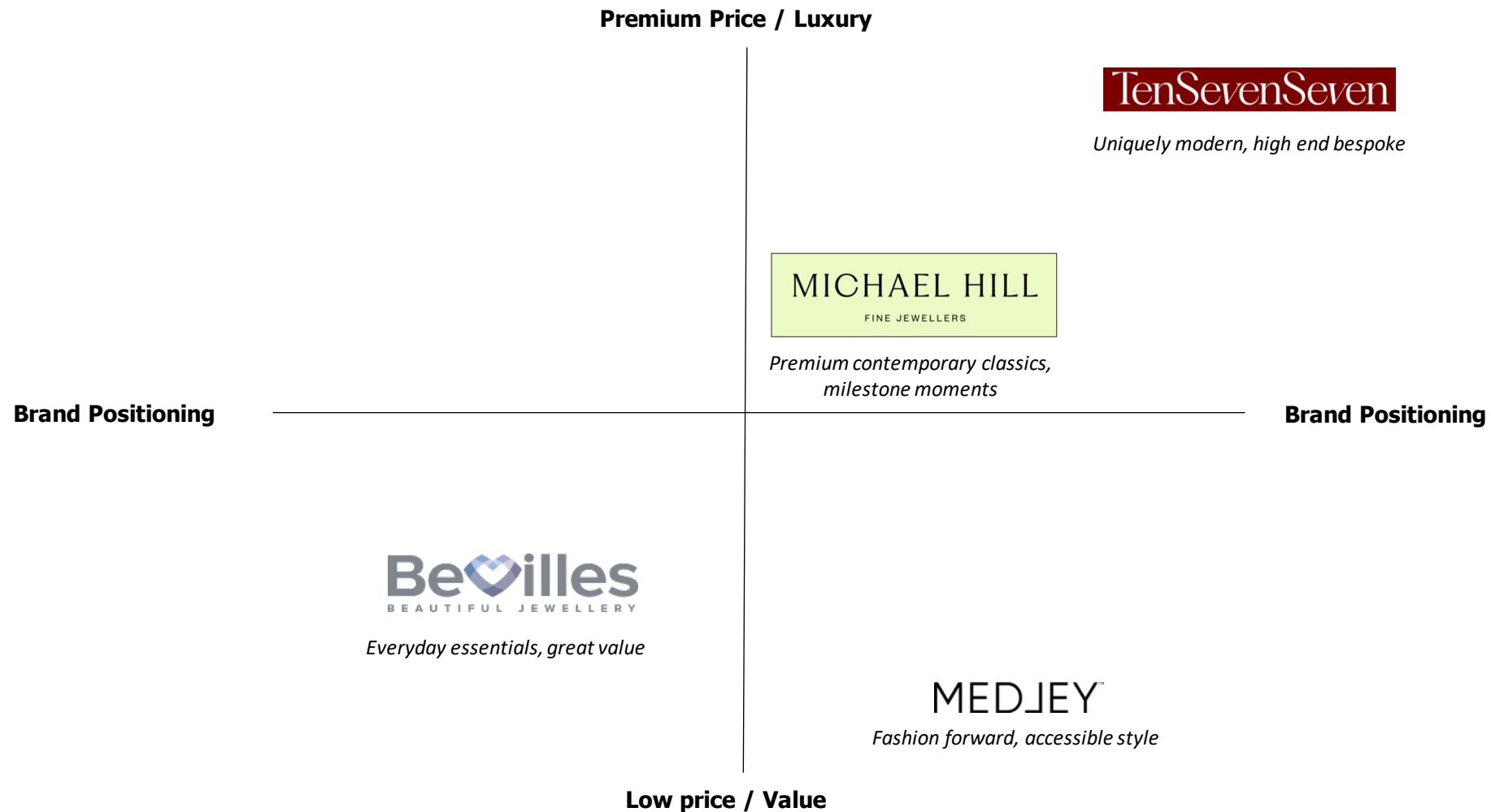
Establish Portfolio of Brands, 2023 - 2024

Michael Hill Group now services all significant customer segments of the fine jewellery category, and delivers multiple new growth pipelines.



Product & Brand Proposition, 2024 - 2025

With the Michael Hill Group multi-brand strategy now in place, each brand is uniquely positioned for different segments and price propositions, and its own strategic priorities:



ersonal use only

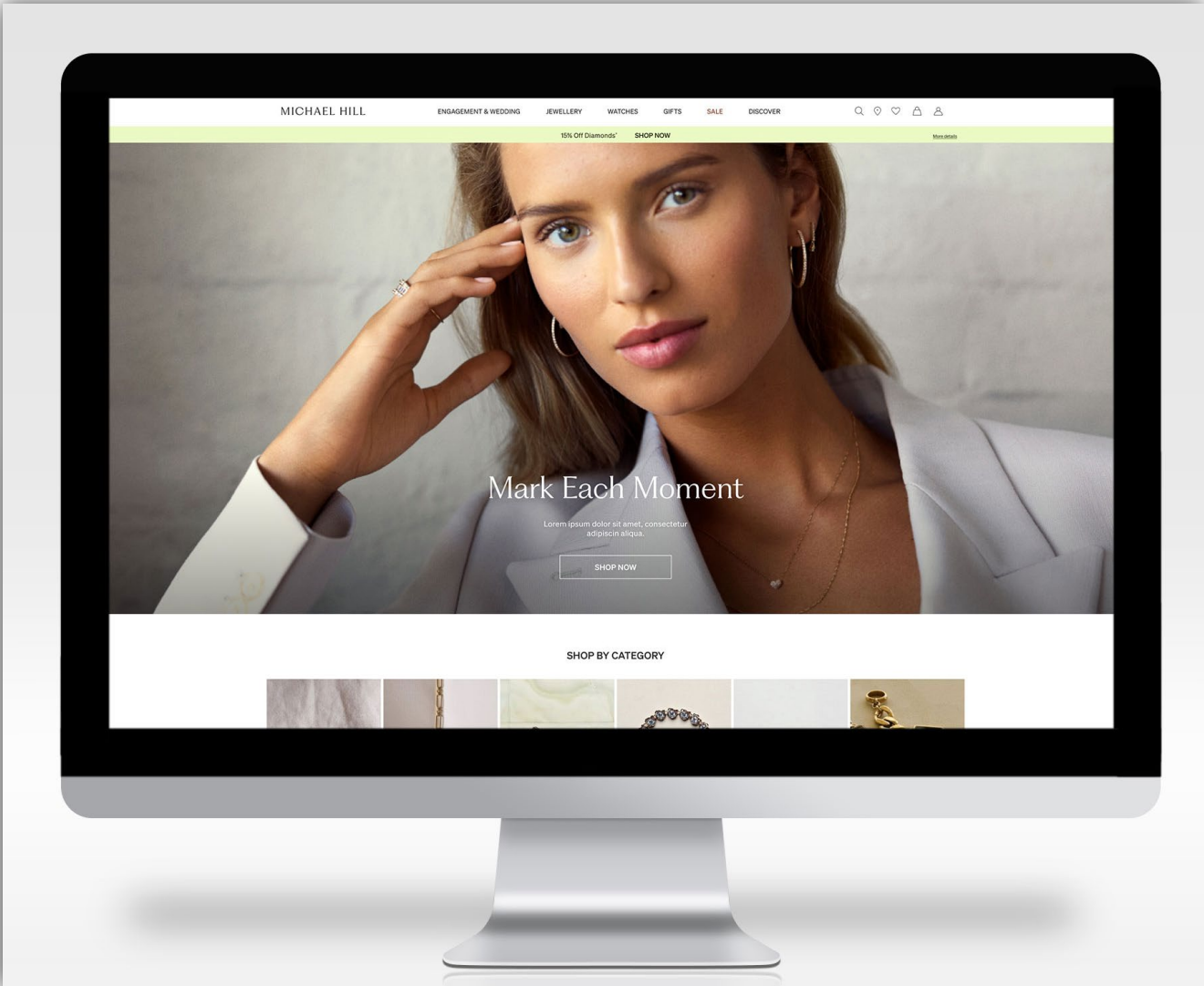
ersonal use only

MICHAEL HILL

FINE JEWELLERS



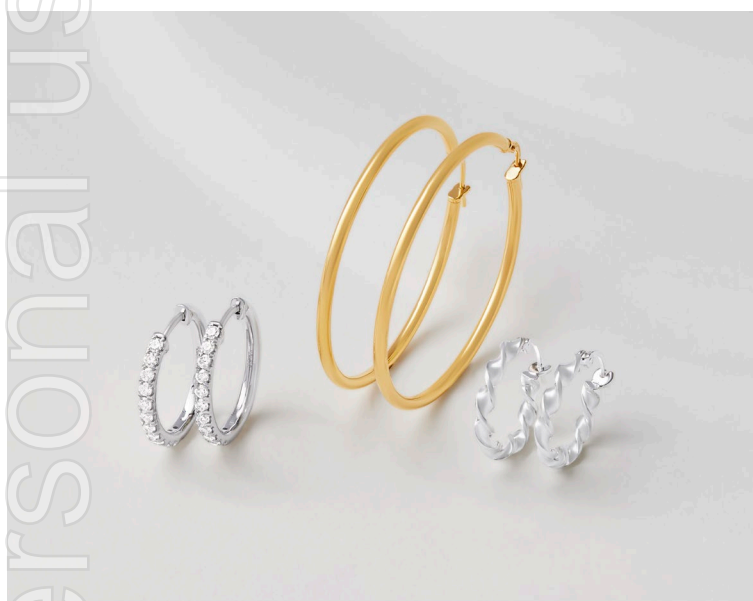
Product & Brand Proposition, 2024 - 2025



use only

ersonal

Product & Brand Proposition, 2024 - 2025



Bevilles
BEAUTIFUL JEWELLERY

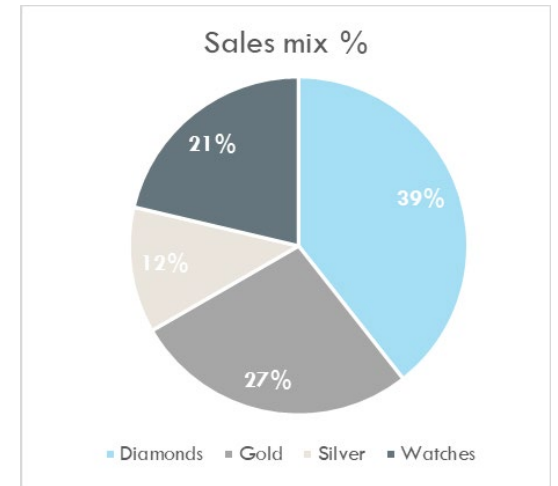
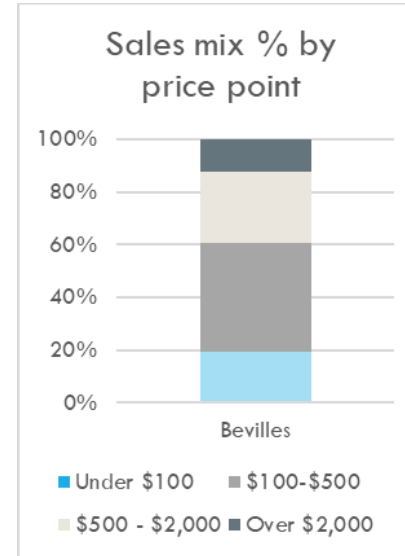
Stop Wishing

Writing letters to **Santa** isn't the only way

UP TO **50% OFF** JEWELLERY

StopWishingForBevilles

*Excludes Red Bows, Bonus Offers, Super Bows, Made to Order, My Mirror Me Design, Children's Jewellery, LOVE by Michelle Beville, Tinseltown of Love, Monie, Phony and selected Brands.

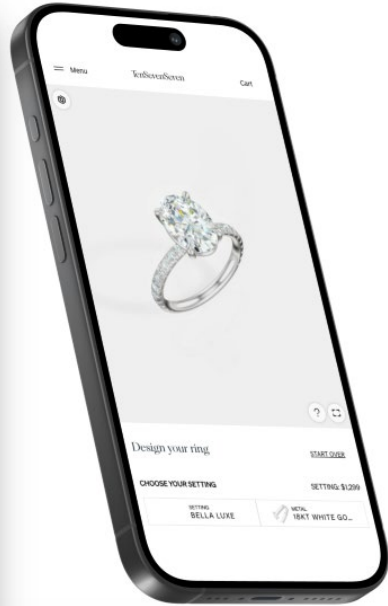


Data on this slide relates to the period March 2022 to February 2023

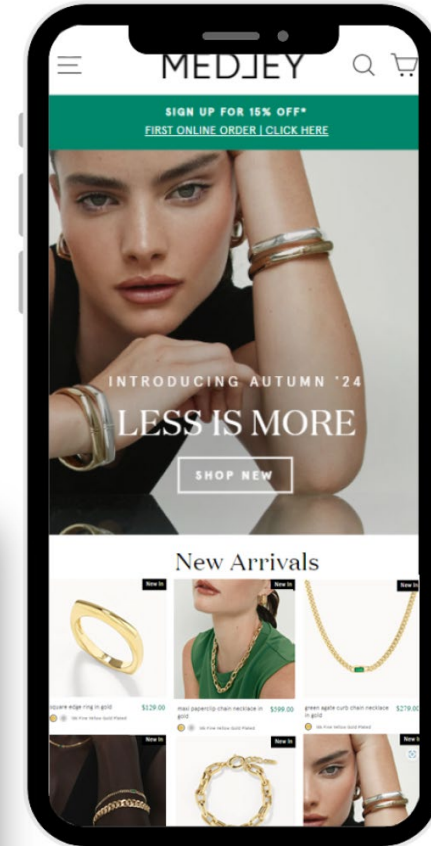


Product & Brand Proposition, 2024 - 2025

TenSevenSeven



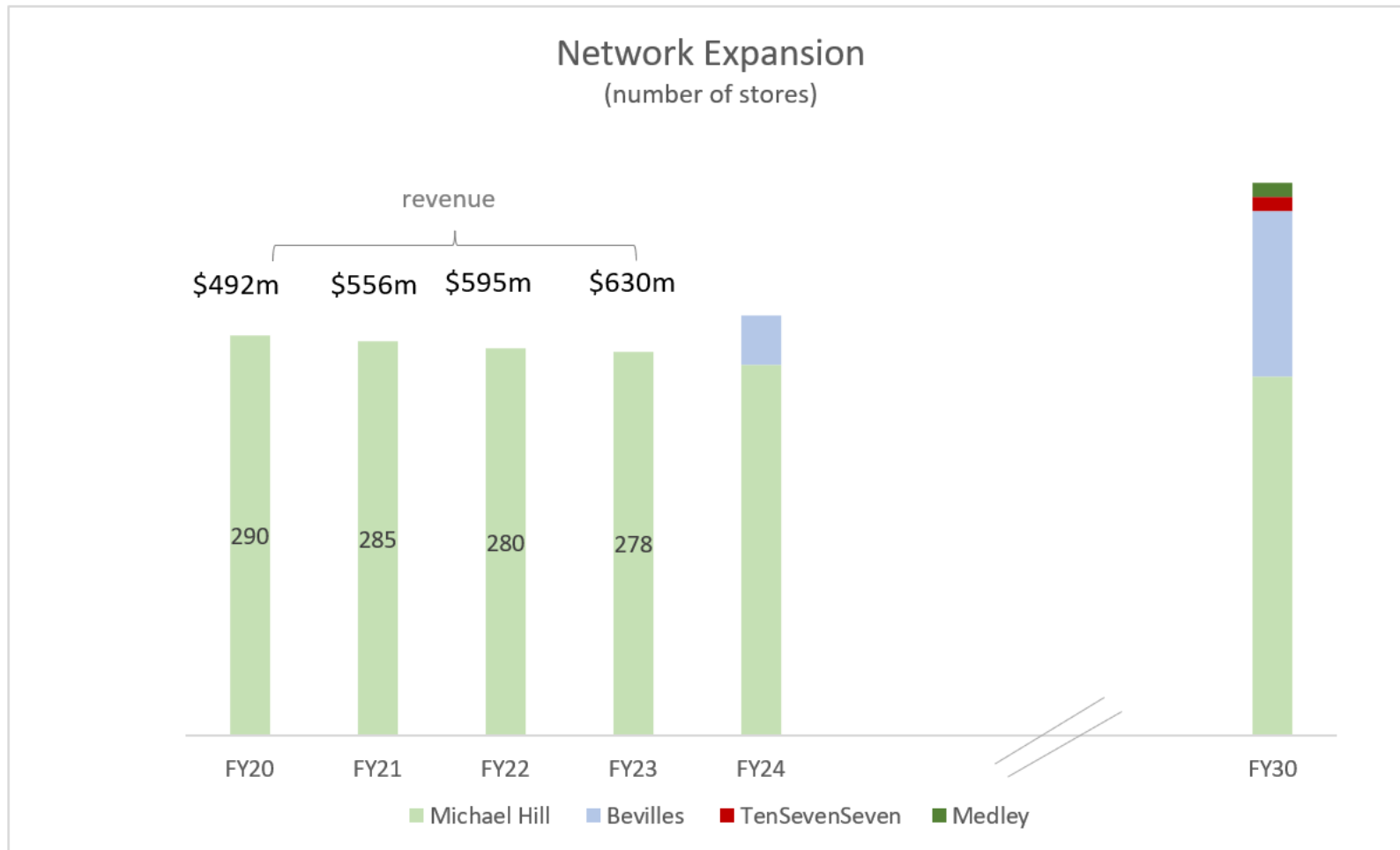
MEDJEY



Network Expansion & Productivity, 2025 - 2030



With each brand uniquely positioned, the group will be well-placed to grow revenue and profits through a more productive and expanded distribution network.



ersonal use only

Network Expansion & Productivity, 2025 - 2030

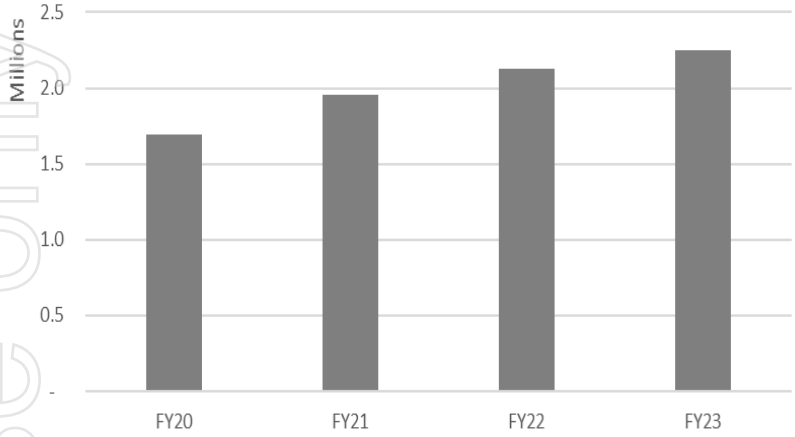
“Store of the future” becomes a reality

Personal use only



Network Expansion & Productivity, 2025 - 2030

Average revenue per store



Network Expansion & Productivity, 2025 - 2030

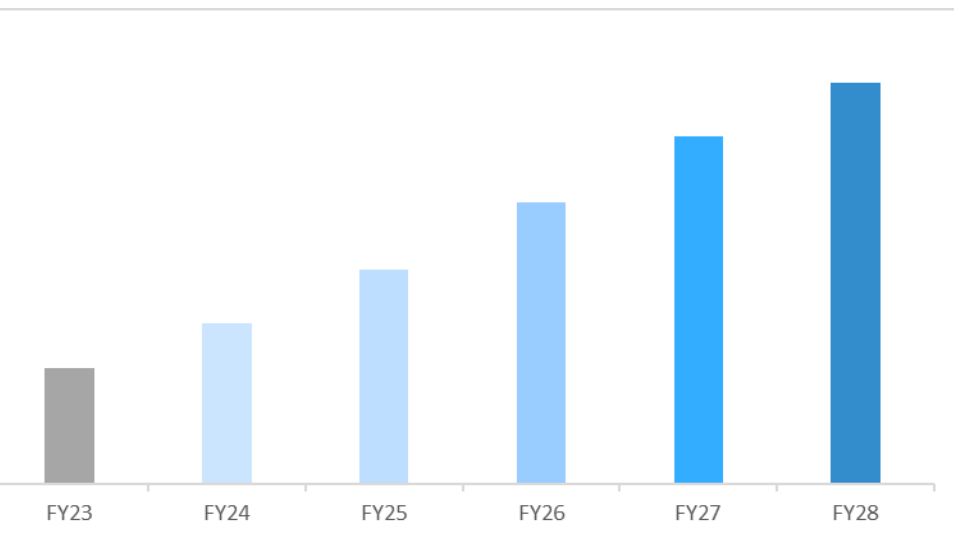
New Stores



Conversion Stores



Network Expansion



Network Expansion & Productivity, 2025 - 2030

TenSevenSeven



MEDJEY

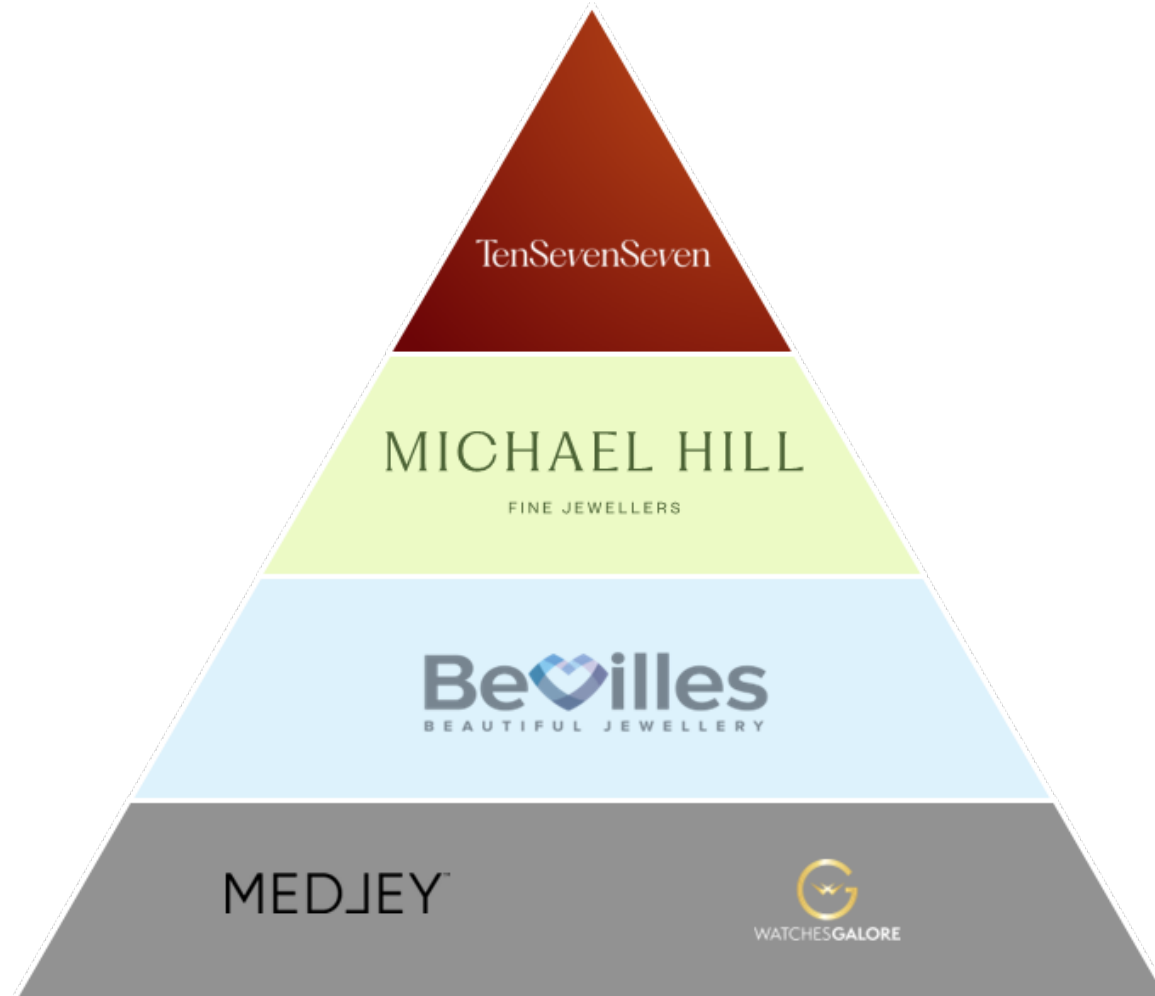


ersonal use only



Network Expansion & Productivity, 2025 - 2030

The multi-brand strategy is underpinned by a philosophy of leveraging group capabilities to drive productivity across all brands



ersonal use only

THE MICHAEL HILL

FOUNDATION

The Michael Hill Foundation represents our ongoing commitment to meaningful change, and our dedication to a better world.

The Foundation encompasses two key areas of focus:
Empowering Women and Nature Restoration.

Through continual initiatives and key charity partnerships, we are dedicated to empowering the lives of women and conserving and restoring nature in our localities, working towards our sustainability targets for 2030.

Q & A

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

If you would like to ask a question, please click on **'Request to Speak'** button at the bottom of the broadcast window. If you are in full screen broadcast mode you will need to minimise to see this button.



Appendices

ersonal use only



Appendix A: Bridge from Comparable EBIT to Reported EBIT

Calculated as follows:

(AUD million)	FY24H1	FY23H1
Comparable EBIT	31.3	54.5
Impact of AASB16 <i>Leases</i>	5.5	4.8
Impact of IFRIC SaaS-related guidance	-2.7	-0.5
Litigation judgement	-4.0	-
Bevilles acquisition transaction costs	-1.1	-
Employee restructure costs	-0.2	-
Reported EBIT	28.8	58.8



Appendix B: AASB16 Leases & SaaS Impact

(AUD million)	FY24H1 Stat	Impact of AASB16 & SaaS	FY24H1 pre-adjustments	FY23H1 pre-adjustments	Change pre-adjustments
Revenue	362.7	-	362.7	363.4	-0.2%
Cost of sales	-139.7	-	-139.7	-126.5	+10.4%
Gross profit	223.0	-	223.0	236.9	-5.9%
Employee benefits expense	-93.8	-2.8	-91.0	-87.5	+4.0%
Occupancy costs	-7.9	27.2	-35.1	-30.7	+14.3%
Marketing expenses	-22.5	-	-22.5	-28.5	-21.1%
Selling expenses	-13.1	-	-13.1	-11.7	+12.0%
Other income/(expenses)	-24.9	-2.6	-22.3	-13.2	+68.9%
EBITDA	60.8	21.8	39.0	65.3	-40.3%
Depreciation and amortisation expenses	-32.0	-19.0	-13.0	-10.7	+21.5%
EBIT	28.8	2.8	26.0	54.5	-52.3%
Interest income	0.1	-	0.1	0.2	-50.0%
Finance expenses	-7.1	-5.2	-1.9	-0.5	+280.0%
Profit before tax	21.8	-2.4	24.2	54.2	-55.4%



ersonal use only

michael hill®

INTERNATIONAL LIMITED