

ASX AND NZX ANNOUNCEMENT
COVID-19 FURTHER UPDATE
AUSTRALIAN AND NEW ZEALAND OPERATIONS

23 March 2020

Michael Hill International Limited (ASX/NZX: MHJ) continues to actively monitor and manage the trading and operational impact of public health measures related to the management of COVID-19 in each of its trading markets.

In Australia, the current “social distancing” guidelines are not consistent with the day to day conduct of our business. The drop off in trade the Company has experienced in Australia also reflects a customer base that is of course focused on more immediate issues.

In the interests of the health and safety of our people and our customers, Michael Hill today announces that it will suspend operations of its Australian store network for an indefinite period with immediate effect.

Following the announcement in New Zealand today that the country will be moving to an essential services-only footing, the Company’s New Zealand store network will also be suspended indefinitely with immediate effect.

The Company’s Canadian store network was suspended on 20 March – this will now be for an indefinite period.

The Company’s e-commerce business will continue.

The Company is also taking a range of urgent measures to ensure that its costs are reduced to better match its expected revenue. In all markets where store operations are being suspended, team members are being stood down with access to leave entitlements while government support schemes are assessed. The Company is undertaking a review of its corporate support centre with a view to reducing costs and ensuring we have the right mix of roles to support the business in the coming months.

On 25 February, the Company announced an interim dividend of 1.5c per share, with an ex-dividend date of 12 March 2020. In light of expected interruptions to trade in all our markets, the Board has decided to defer payment of that dividend for a period of six months – this decision will be reviewed again prior to 30 September.

Commenting on today’s announcement Chair Emma Hill said:

“The Board and management team have acted swiftly today following the extraordinary circumstances that are impacting the Australian and New Zealand retail markets. Whilst it is clear that the suspension of our store networks is necessary for the safety and wellbeing of our people and our customers – we know also that this will be a time of great uncertainty for them too, and we are doing our best to provide them with the support that they need through this difficult time.”

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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 304 stores globally across Australia, New Zealand and Canada. The Group’s global headquarters, including its wholesale and manufacturing divisions, are 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

www.michaelhill.com.au

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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.

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 announcement.