

# TREND STATEMENT

<b>FINANCIAL PERFORMANCE</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Group revenue</b>	<b>582,975</b>	551,127	503,370	483,935	440,225	397,633
Earnings before interest, tax, depreciation and amortisation (EBITDA)	<b>68,133</b>	65,818	57,799	55,221	50,711	45,023
Depreciation and amortisation	<b>20,016</b>	18,760	15,738	13,070	10,452	9,611
<b>Earnings before interest and tax (EBIT)</b>	<b>48,117</b>	47,058	42,061	42,151	40,259	35,412
Net interest paid	<b>3,159</b>	5,524	4,659	5,376	2,522	3,002
<b>Net profit before tax (NPBT)</b>	<b>44,958</b>	41,534	37,402	36,775	37,737	32,410
Income tax*	<b>12,310</b>	21,957	9,648	11,734	5,638	4,200
<b>Net profit after tax (NPAT)*</b>	<b>32,648</b>	19,577	27,754	25,041	32,099	28,210
Net operating cash flow	<b>39,752</b>	47,794	54,566	14,689	41,686	40,662
Ordinary dividends paid	<b>19,264</b>	17,490	23,176	22,336	18,482	15,021
<b>FINANCIAL POSITION</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
	\$000	\$000	\$000	\$000	\$000	\$000
Cash	<b>5,676</b>	8,853	6,797	8,109	10,461	9,488
Inventories	<b>203,853</b>	199,961	182,232	179,280	154,293	147,089
Other current assets	<b>29,052</b>	31,298	39,378	25,204	15,653	9,319
<b>Total current assets</b>	<b>238,581</b>	240,112	228,407	212,593	180,407	165,896
Other non-current assets	<b>83,864</b>	74,450	67,734	58,488	52,232	36,739
Deferred tax assets	<b>57,893</b>	64,074	48,381	62,324	56,064	50,403
<b>Total tangible assets</b>	<b>380,338</b>	378,636	344,522	333,405	288,703	253,038
Intangible assets	<b>8,784</b>	5,561	6,491	6,413	3,632	1,511
<b>Total assets</b>	<b>389,122</b>	384,197	351,013	339,818	292,335	254,549
<b>Total current liabilities*</b>	<b>79,653</b>	100,986	69,879	71,005	60,977	54,101
Non-current borrowings	<b>45,034</b>	40,887	45,116	56,000	28,000	26,000
Other long term liabilities	<b>62,252</b>	55,923	48,397	31,528	29,673	21,586
<b>Total liabilities*</b>	<b>186,939</b>	197,796	163,392	158,533	118,650	101,687
<b>Net assets*</b>	<b>202,183</b>	186,401	187,621	181,285	173,685	152,862
Reserves and retained profits*	<b>192,168</b>	182,634	183,861	177,634	170,261	149,500
Paid up capital	<b>10,015</b>	3,767	3,767	3,702	3,515	3,482
Treasury stock	-	-	(7)	(51)	(91)	(120)
<b>Total shareholder equity</b>	<b>202,183</b>	186,401	187,621	181,285	173,685	152,862
<b>Per ordinary share</b>						
Basic earnings per share*	<b>8.46¢</b>	5.11¢	7.24¢	6.54¢	8.38¢	7.37¢
Diluted earnings per share*	<b>8.45¢</b>	5.09¢	7.22¢	6.43¢	8.24¢	7.34¢
Dividends declared per share - interim	<b>AU2.5¢</b>	NZ2.5¢	NZ2.5¢	NZ2.5¢	NZ2.5¢	NZ2.0¢
- final	<b>AU2.5¢</b>	AU2.5¢	NZ2.5¢	NZ4.0¢	NZ4.0¢	NZ3.5¢
<b>Net tangible asset backing*</b>	<b>\$0.50</b>	\$0.47	\$0.47	\$0.46	\$0.44	\$0.40

\* Please note that several key measures in the 2015-16 financial year were materially affected by the booking of the IR tax settlement and the income tax consolidation cost base adjustments as a result of the ASX listing.

**ANALYTICAL INFORMATION**

	2017	2016	2015	2014	2013	2012
EBITDA to sales	<b>11.7%</b>	11.9%	11.5%	11.4%	11.5%	11.3%
EBIT to sales	<b>8.3%</b>	8.5%	8.4%	8.7%	9.1%	8.9%
Profit after tax to sales*	<b>5.6%</b>	3.6%	5.5%	5.2%	7.3%	7.1%
EBIT to total assets	<b>12.4%</b>	12.2%	12.0%	12.4%	13.8%	13.9%
Return on average shareholders' funds*	<b>16.8%</b>	10.5%	15.0%	14.1%	19.7%	19.4%
Return on average total assets*	<b>8.4%</b>	5.3%	8.0%	7.9%	11.7%	11.7%
Current ratio*	<b>3.0</b>	2.4	3.3	3.0	3.0	3.1
EBIT interest expense cover	<b>15.2</b>	7.7	8.9	7.8	15.6	11.2
Effective tax rate*	<b>27.4%</b>	52.9%	25.8%	31.9%	14.9%	13.0%
<b>Gearing</b>						
Net borrowings to equity	<b>19.5%</b>	17.2%	20.4%	26.4%	10.1%	10.8%
Equity ratio	<b>52.0%</b>	48.5%	53.5%	53.3%	59.4%	60.1%
<b>Other</b>						
Shares issued at year end excl Treasury	<b>387,438,513</b>	383,138,513	383,138,513	383,041,606	382,849,544	382,775,586
Treasury stock at year end	<b>-</b>	-	14,677	111,584	203,646	277,604
Exchange rate for translating						
New Zealand results	<b>1.06</b>	1.09	1.07	1.10	1.25	1.28
Canadian results	<b>1.00</b>	0.97	0.97	0.98	1.03	1.03
United States results	<b>0.75</b>	0.73	0.83	0.92	1.03	1.03
Number of Michael Hill stores						
Australia	<b>166</b>	168	167	164	162	153
New Zealand	<b>52</b>	52	52	52	52	53
Canada	<b>76</b>	67	60	54	45	37
USA	<b>9</b>	10	9	8	8	9
Total Michael Hill stores	<b>303</b>	297	288	278	267	252
Number of Emma & Roe stores						
Australia	<b>28</b>	15	7	6	5	-
New Zealand	<b>1</b>	1	1	-	-	-
Total Emma & Roe stores	<b>29</b>	16	8	6	5	-
Total stores	<b>332</b>	313	296	284	272	252

\* Please note that several key measures in the 2015-16 financial year were materially affected by the booking of the IR tax settlement and the income tax consolidation cost base adjustments as a result of the ASX listing.