

MARKET RELEASE - TRADING UPDATE TO 30 JUNE 2016

MICHAEL HILL SHINES BRIGHT IN RETAIL SECTOR

- The Group achieved same store sales growth of +5.1% and total store sales +8.9% for the 12 months to 30 June 2016
- Emma & Roe brand delivered same store sales +34.3% and total store sales +91.1% for the 12 months
- Michael Hill brand delivered same store sales +4.8% and total store sales +8.1% for the 12 months
- 313 stores trading at 30 June 2016
- Seven new Emma & Roe and nine new Michael Hill stores to open prior to Christmas 2016
- FY16 guidance: The Group expects earnings before interest and tax¹ to be in the range of \$46m to \$48m for the 12 months (\$42.1m in 14 -15)

GROUP SALES

Revenue from the sale of goods and services for the 12 months to 30 June 2016 including PCP income:

The following figures are in Australian dollars

	Last Year	This Year	% Var
Michael Hill same stores	483,089,599	506,443,919	4.8%
Emma & Roe same stores	4,168,475	5,596,256	34.3%
Total same stores	\$487,258,074	\$512,040,175	5.1%

Michael Hill all stores	495,580,156	535,796,464	8.1%
Emma & Roe all stores	4,879,307	9,326,475	91.1%
Total all stores	\$500,459,463	\$545,122,939	8.9%

Exchange rates used for the 12 months:

New Zealand	1.07	1.09
Canada	0.97	0.97
United States	0.83	0.73

MICHAEL HILL BRAND

Our New Zealand business has continued to trade strongly and reported same store sales growth of 7.1% in local currency while Canada also performed well to finish 5.1% up on last year. The Australian market achieved growth of 3.7% for the 12 months after a solid fourth quarter of trade. US again performed well with same store sales growth of 4.8% for the June quarter and 3.5% for the full 12 months. Total store sales in the US were up 24.3% for all stores and 18.7% in Canada.

In Australian dollars, the Michael Hill brand reported same store sales growth of 4.8% for the 12 months which was a pleasing result. Eleven new Michael Hill stores opened and two closed during the period, with 297 Michael Hill branded stores trading at the end of June.

Michael Hill same store figures in local currency

		Last Year	This Year	% Var
Australia same stores	AUD	288,714,218	299,265,254	3.7%
New Zealand same stores	NZD	113,933,412	122,006,742	7.1%
Canada same stores	CAD	73,589,623	77,348,286	5.1%
United States same stores	USD	10,359,463	10,719,973	3.5%

Michael Hill all stores figures in local currency

Australia all stores	AUD	294,441,817	306,952,093	4.2%
New Zealand all stores	NZD	113,982,694	122,014,058	7.0%
Canada all stores	CAD	79,096,535	93,876,951	18.7%
United States all stores	USD	11,290,424	14,035,664	24.3%

¹ Earnings before interest and tax, a non-GAAP measure, is calculated as revenue minus expenses excluding company tax and interest.

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INTERNATIONAL LIMITED

EMMA & ROE BRAND

Emma & Roe achieved same store sales growth of 34.3% for the 12 months and eight new stores were opened during the period giving 16 stores at the end of June. As announced on the 10th of June, the Emma & Roe brand is now expanding and a further five leases have been signed for new stores to be opened in NSW prior to Christmas, with two new stores also opening in Queensland over the same period. An expansion program is now being planned that will see at least 12 new stores opened in Australia in the 16/17 year and also further new stores are planned for New Zealand in the second half of 16/17.

Emma & Roe same store figures in local currency

		Last Year	This Year	% Var
Australia same stores	AUD	4,168,475	5,596,256	34.3%

Emma & Roe all stores figures in local currency

Australia all stores	AUD	4,561,793	8,653,081	89.7%
New Zealand all stores	NZD	337,828	731,078	116.4%

The above figures represent 11 months accounting adjusted sales results plus June preliminary sales figures prior to final accounting adjustments, and are unaudited. Revenue figures stated above include the Professional Care Plan (PCP) revenue brought to income during the period. The PCP income recognition pattern is based on existing estimates and is subject to ongoing management review, and accordingly is adjusted at each year end.

Media & Investors:

Phil Taylor

Chief Financial Officer

+61 413 709066

phil.taylor@michaelhill.com.au

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 297 Michael Hill branded stores in Australia, New Zealand, Canada and the US and 16 Emma & Roe branded stores in Australia and New Zealand. The Group's global headquarters including its wholesale and manufacturing divisions is 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

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