

CHAIRMAN'S ADDRESS

Annual General Meeting, 31 October 2017 9.00am

Welcome

Good morning ladies and gentlemen and welcome to the Michael Hill International Limited 2017 Annual General Meeting.

I am Emma Hill, the Chair of Michael Hill International Limited.

The Company Secretary has confirmed that a quorum is present, so I formally declare the meeting properly constituted and open.

Directors

I would like to introduce you to our Board members and some of Michael Hill's senior executives that are here today.

Seated next to me are our directors, Sir Michael Hill, Gary Smith (Chairman of the Audit & Risk Management Committee), Janine Allis (member of the Audit & Risk Management Committee) and Rob Fyfe (Chair of the People Development and Remuneration Committee and member of the Audit and Risk Committee).

On my left is our Chief Executive Officer Phil Taylor.

Also to my left is our Company Secretary, Mary-Anne Greaves.

In addition, we have seated in the audience some of Michael Hill's Executive's including:

Galina Hirtzel, Group Executive Merchandising

Matt Keays, Chief Information Officer

Stewart Silk, Group Human Resources Executive

Kevin Stock, Retail General Manager, Australia

Tish Mina, Retail General Manager Emma & Roe and

Ms Alison de Groot, a partner of Ernst & Young, the company's auditor, is also present.

Please be advised that recording devices, photographic equipment and mobile phones may not be used during the meeting. The meeting is being professionally recorded and a webcast will be made available on our website.

I am pleased to report a record EBIT result of \$48.1m for the Michael Hill Group for the year ending June 30, 2017. All the details of our results can be found in the Directors' Report which has been made available to all shareholders. Phil will talk to the result and the recent quarter in more detail shortly.

Today I'd like to explain what makes our business different; and why we are positioned to prosper in a rapidly changing retail environment.

Our core strengths; they are as vital to us today, as they were when we opened our first Michael Hill store some 40 years ago.

We have always been a challenger brand. Born from an entrepreneurial mindset we value innovation and growth. We are constantly reinventing ourselves looking for ways to best meet the needs of our changing customers. Our culture is one of continual learning. Individually and collectively we value and seek constant improvement. In this rapidly changing environment that serves us well.

The battle to win in retail takes place when we meet our customers, not in head office. Michael and I, along with my board colleagues, Phil and his team are constantly out and about engaging with staff and managers. Seeing first hand what's working and what's not. From these insights we are always challenging the status quo and refining our offer.

We are a family business, and that does matter. It provides a deeper sense of connection and belonging to our teams across the world; and it underpins our consumer brand story. That we passionately care, shapes culture, behaviour, the customer experience and ultimately performance.

We are incredibly proud of our teams. We have built a world class salesforce. They provide an exceptional customer experience. We know that the quality of our customer interactions drives our results so we invest heavily in sales coaching, training and development. The Michael Hill

sales management system underpins our model and enables us to drive exceptional productivity across all regions.

It's the combination of these strengths that has created our powerhouse businesses in New Zealand and Australia which is the core of our financial performance. Despite a tough retail environment, which has seen many brands struggle and a number fail, Michael Hill continues to excel. Record profits were delivered again, from both Australia and New Zealand last year.

Leveraging our strengths in Australasia we took our business model to North America. It takes time to build scale and become a trusted brand. Canada achieved that scale in the last few years and is now rapidly growing in both top line revenue and profitability. This trajectory will continue as we open remaining key locations, win market share and achieve greater economies.

The US is proving a more challenging market with a new set of dynamics. Achieving success is harder. We are not prepared to expand our foot print in the market until we are confident we have the right operating model, product range and brand positioning to enable us to excel.

Winning in new markets takes perseverance and requires adaptation. We love the learnings that new markets bring to us. They help us strengthen our core and build a more defensible proposition. For example our North American experience has fuelled greater differentiation in our jewellery ranges. Designing unique collections, which are different from any other jewellers, is now a key strategy for the group worldwide.

While our core strengths provide the foundations for our company, I am also conscious the world is rapidly evolving.

The rise of online shopping, the digital era revolutionising customer engagement, and the constantly evolving competitor landscape, means that we must continue to innovate and maintain our challenger ethos. We must incubate new product lines, retail concepts, and engagement strategies to meet changing customer needs.

Our new brand Emma and Roe is an example of that. Fashion jewellery is a rapidly growing category. Women are self purchasing more than ever before. Emma and Roe compliments Michael Hill by targeting this growth market. Emma and Roe is not achieving performance expectations, and we

are working hard to rectify that. However we cannot be deterred from testing new ideas and concepts. We must keep searching for new ways to expand our reach and engage with new emerging consumers.

This challenger spirit; our insatiable appetite to innovate and evolve, is what we believe differentiates Michael Hill, and is what excites us about the future.

Video - Knots

Thank you for the opportunity to share my perspectives with you.

I will now ask our CEO, Phil Taylor to address the meeting on the annual and first quarter results.

We will now move to the business of the meeting.

Voting

When you registered at the attendance desk this morning, you should have received a registration card from Computershare:

- those holding a blue card can vote and speak at the meeting;
- members holding a red card are not eligible to vote but can speak at the meeting; and
- Visitors holding a yellow card are not eligible to vote or speak at the meeting.

If there is anyone present who is eligible to vote, but has not received a blue card, please see a representative of Computershare who can assist.

The blue voting card will be used for the holding of a poll. All resolutions will be voted on by way of a poll which will be conducted at the end of the meeting and results released to the ASX and NZX immediately following the counting of those votes.

Notice of Meeting

The notice of meeting was sent to all shareholders. If there is no objection, I propose that the notice of meeting be taken as read. Extra copies of the notice are available at the registration table, if required

Procedure for the meeting

The first item of ordinary business is the tabling of the financial reports and the directors' and auditors' reports.

As is common practice with most companies, the reports will be tabled, but will not be the subject of a resolution, as it is not required by the *Corporations Act 2001*.

We will go through the formal business of the AGM as per the notice of meeting. Shareholders and proxies will have the opportunity to ask questions or make comments on each resolution.

Financial Reports

Under the *Corporations Act 2001*, the company is obliged to lay before this meeting the last audited financial statements and reports, which were circulated, and dated 18 August 2017.

No resolution is required, but I now invite shareholders and their proxies to comment or ask questions on the reports or the business of the company.

I would ask that questions on any of the other items of business be deferred until we come to that particular item.

Questions may also be asked of the auditors in relation to the conduct of the audit, content of the audit report, accounting policies adopted by the Company and the independence of the auditor in carrying out the audit.

Could you please address all questions to the chair and, if you wish to speak, could you please raise your hand.

When I direct, please state your name before speaking and hold your blue voting card so that I can see that you are a shareholder or a proxy.

Are there any comments or questions?

As there are no further questions we will now move to the second item of business.

Remuneration Report

Under the *Corporations Act 2001*, listed companies are required to include as part of their directors' report a remuneration report, which includes specified information.

The directors have prepared a remuneration report to 30 June 2017 and it is included in the annual report on pages 33 to 43 that has been made available to shareholders.

The Act also requires companies to put to shareholders a non-binding vote to enable shareholders to voice their opinion on matters included in the report.

I now move that the remuneration report for the year ended 30 June 2017 (as set out in the Directors' Report) be adopted by passing an ordinary resolution as set out in the notice of meeting.

Are there any comments or discussion?

I will advise you of the proxy votes received, which are as follows:

For	250,597,077	99.50%
Against	203,898	0.08%
Abstain	4,318,142	
Open proxies	1,063,211 or 0.42% of which 759,537 proxies in favour of the Chair, shall be voted For the resolution	

Changes to the *Corporations Act 2001* also mean that there are consequences for the company should there be a vote of greater than 25 per cent vote by shareholders AGAINST the adoption of the remuneration report.

With this in mind, your Board believes it appropriate that the voting on this item be conducted by poll rather than by a show of hands. I now call for a poll to be held on this resolution which will be held at the end of this meeting, together with any poll on any other resolution.

Election of directors

We will now move to Item 3 on the agenda, the election of director – Mr Rob Fyfe.

As stated in the notice, Rob Fyfe retires in accordance with the Company's Constitution and Listing Rule 14.5 and, being eligible, offers himself for re-election as a Non-Executive Director. Rob's experience and details are set out in the directors' report on page 31 of the annual report and in the explanatory memorandum which accompanied the Notice of Meeting.

Each of the directors, other than Rob Fyfe standing for re-election, recommends the re-election of Mr Fyfe.

I have pleasure in moving that Mr Rob Fyfe, who retires by rotation in accordance with Listing Rule 14.5 and Article 38.4 of the Company's Constitution and, being eligible, is re-elected a director of the company.

Are there any comments or questions?

The proxy votes received are as follows:

For	257,946,947	94.38%
Against	14,282,356	5.23%
Abstain	4,053,472	
Open proxies	1,044,526 or 0.39% of which 752,805 proxies in favour of the Chair, shall be voted For the resolution	

Mr Rob Fyfe will not vote on this matter.

Your Board believes it appropriate that the voting on this item be conducted by poll rather than by a show of hands. I now call for a poll to be held on this resolution which will be held at the end of this meeting, together with any poll on any other resolution.

Poll

As determined earlier in the meeting, a poll would be held on Resolutions 1 and 2 at the conclusion of all other business of the AGM.

We will now hold the poll on those resolutions.

I appoint Chris Buttery, a manager of Computershare Investor Services, assisted by members of his staff, as Returning Officer for this meeting. Mr Buttery is appointed to conduct the Poll.

Chris Buttery will now run through the Poll procedures

Poll Procedures

Shareholders and proxy holders would have received, on registration, a blue voting paper, that provides for the holding of a poll on any of the resolutions put to shareholders.

A poll has been called by myself as Chair of the meeting on Resolutions 1 and 2 and we will now hold the poll on these Resolutions.

Firstly, if there is any person present who believes they are entitled to vote but has not registered to vote, would you please raise your hand for assistance.

The persons entitled to vote on this poll are all shareholders, representatives and attorneys of shareholders, and proxyholders who hold blue admission cards.

On the reverse of your blue admission card is your voting paper and instructions.

I will now go through the procedures for filling in the voting papers.

Proxyholders have attached to their admission card a Summary of Proxy Votes which details the voting instructions, for business items on the appointment documents in your favour. By completing the voting paper, when instructed to vote in a particular manner, you are deemed to have voted in accordance with those instructions.

In respect of any open votes a proxyholder may be entitled to cast, you need to mark a box beside the motion to indicate how you wish to cast your open votes.

Proxyholders should refer to the Summary of Proxy Votes form attached to your voting paper for further information.

Shareholders also need to mark a box beside the motion to indicate how you wish to cast your votes.

Please ensure you print your name where indicated and sign the voting paper. When you have finished filling in your voting paper, please lodge it in a ballot box to ensure your votes are counted.

If you require any assistance, please raise your hand.

Would you please indicate by raising your hand if you require more time to complete and lodge your voting paper (read out again if necessary).

I now declare the poll closed

The results of the Poll will be announced on the ASX and NZX later today and will be displayed on the Company's website.

Closure

That concludes the formal part of the annual general meeting. I now invite shareholders who may have questions or comments not related to the specific business of the meeting to speak.

Thank you all for your attendance and interest and we look forward to your continued support in the coming year.