

MARKET RELEASE TRADING UPDATE TO 31 DECEMBER 2017

HIGHLIGHTS

- Group revenue increased 4.7% for the six months to 31 December 2017, with same store sales growing by 0.5%.
- The Michael Hill brand delivered total store sales growth of 4.3% and same store sales growth of 0.7%.
- Michael Hill same store sales improved 3.4% in New Zealand and by 4.8% in Canada, while Australian same store sales were flat and the US segment sales declined by 10% for the half.
- Emma & Roe achieved total store sales growth of 20.1%, with same store sales down by 5.4%.
- The Canadian store roll out continued strongly with seven new store openings during the period, bringing total store numbers to 83.
- 14 Michael Hill stores and one Emma & Roe store were opened during the period, giving a total of 347 stores trading at 31 December 2017 made up of 317 Michael Hill stores and 30 Emma & Roe stores.
- eCommerce sales (included in the segment numbers below) increased by 71% to \$5.6m for the period.

GROUP SALES

Revenue from the sale of goods and services for the 6 months to 31 December 2017:

The following figures are in Australian dollars	Last Year	This Year	% Var
Michael Hill same stores	308,077,755	310,117,731	0.7%
Emma & Roe same stores	7,638,226	7,228,393	(5.4%)
Total same stores	\$315,715,981	\$317,346,124	0.5%
Michael Hill all stores	317,301,022	331,009,092	4.3%
Emma & Roe all stores	8,748,730	10,505,592	20.1%
Total all stores	\$326,049,752	\$341,514,684	4.7%

Exchange rates used for the 6 months:

New Zealand	1.05	1.09
Canada	0.99	0.98
United States	0.75	0.77

MICHAEL HILL

- Australian same store sales were flat for the half year. Six new stores opened in Australia, giving a total of 172 stores trading at 31 December.
- The New Zealand segment performed solidly with same store sales lifting 3.4% for the half. One store was opened during the period, giving a total of 53 stores trading at 31 December.
- Canada continues to perform well with same store sales growth of 4.8% for the half and total store sales growth of 18.1%. Seven stores were opened during the period, giving a total of 83 trading at the end of December. The pace of further openings will be dictated to a large extent by the availability of suitable locations and satisfactory lease terms.
- Our US business continued to struggle and finished 10.0% down for the half year. As previously indicated, the Company continues to closely monitor the performance of the US segment given its ongoing poor performance.

In Australian dollars, the Michael Hill brand reported same store sales growth of 0.7% for the half year. 14 new Michael Hill stores opened during the period, with 317 Michael Hill stores trading at 31 December.

Michael Hill same store figures in local currency		Last Year	This Year	% Var
Australia same stores	AUD	175,829,332	175,726,318	(0.1%)
New Zealand same stores	NZD	66,460,086	68,748,752	3.4%
Canada same stores	CAD	59,767,198	62,644,600	4.8%
United States same stores	USD	6,504,977	5,854,178	(10.0%)

Michael Hill all stores figures in local currency		Last Year	This Year	% Var
Australia all stores	AUD	181,993,523	185,023,920	1.7%
New Zealand all stores	NZD	66,904,017	69,678,661	4.1%
Canada all stores	CAD	61,934,462	73,174,789	18.1%
United States all stores	USD	6,848,711	5,850,007	(14.6%)

EMMA & ROE

Emma & Roe had total sales growth of 20.1% with same store sales declining 5.4% for the period, an improvement on the position reported at the end of the first quarter. One new store was opened, bringing total stores to 30. The Company is now in the final stages of its comprehensive brand review. Management are in the process of reviewing the findings and will communicate any outcomes to the market once this process is complete.

Emma & Roe same store figures in local currency		Last Year	This Year	% Var
Australia same stores	AUD	7,264,068	6,920,884	(4.7%)
New Zealand same stores	NZD	392,285	336,008	(14.3%)

Emma & Roe all stores figures in local currency		Last Year	This Year	% Var
Australia all stores	AUD	8,374,572	10,198,083	21.8%
New Zealand all stores	NZD	392,285	336,008	(14.3%)

The above figures for Michael Hill and Emma & Roe represent five months accounting adjusted sales results plus December 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 and sales through our store and online channels. The PCP income recognition pattern is based on existing estimates and is subject to ongoing management review and adjusted at half year/year end as required.

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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 347 stores globally with 317 Michael Hill stores in Australia, New Zealand, Canada and the US, and 30 Emma & Roe stores in Australia and New Zealand. 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:

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