

ASX AND NZX ANNOUNCEMENT COVID-19 UPDATE

19 March 2020

Michael Hill International Limited (ASX/NZX: MHJ) today announces that following public health guidance in Canada, it will close its Canada store network for a period of two weeks. This decision will be revisited and lifted or extended as necessary. During the close down period, the Company will stand down the majority of its Canadian workforce and will allow leave without pay or leave entitlements to be taken up.

Michael Hill is actively managing the trading and operational impact of public health measures related to the management of COVID-19 in each of its trading markets of Australia, New Zealand and Canada. The business has enacted a crisis plan to address emerging operational and trading issues expeditiously.

In the last two weeks there has been a significant drop off in foot traffic in each of our trading markets and we are seeing a corresponding impact on sales. The Company will provide further details when they are available as part of our regular FY20Q3 trading update in early April. The Company has not provided guidance on its earnings for the current financial year and is not in a position to provide a reliable forecast. Existing analyst forecasts of earnings are also unreliable as they were prepared on the basis of a more predictable trading environment.

The Company has taken decisive action to reduce forecast and non-essential capital expenditure, reducing non-essential spend and implementing a hiring and travel freeze. Additionally, all labour costs across all facets of the business are under review to optimise our cost of doing business. The Company has also acted to defer payment obligations where possible and is actively engaging with landlords in all our markets to seek temporary rent relief whilst trading has been interrupted. All aspects of working capital and cashflow are being scrutinised including inventory levels where the company is confident it has sufficient levels to meet likely demand.

Commenting on today's announcement CEO Daniel Bracken said:

"During these challenging times the health and safety of our people and customers are foremost in our minds. The Board and management team are confident that the business will be able to continue to work constructively with all of its stakeholders to navigate the uncertainties presented by the COVID-19 public health crisis. Whilst there remain many uncertainties about the potential impact and duration of the crisis, we are focused on taking all necessary actions to reduce our costs and cash outflows so that they better match the very subdued consumer demand in all our markets."

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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.