



AGM Presentation

25 October 2022

michael hill[®]

INTERNATIONAL LIMITED

DISCLAIMER

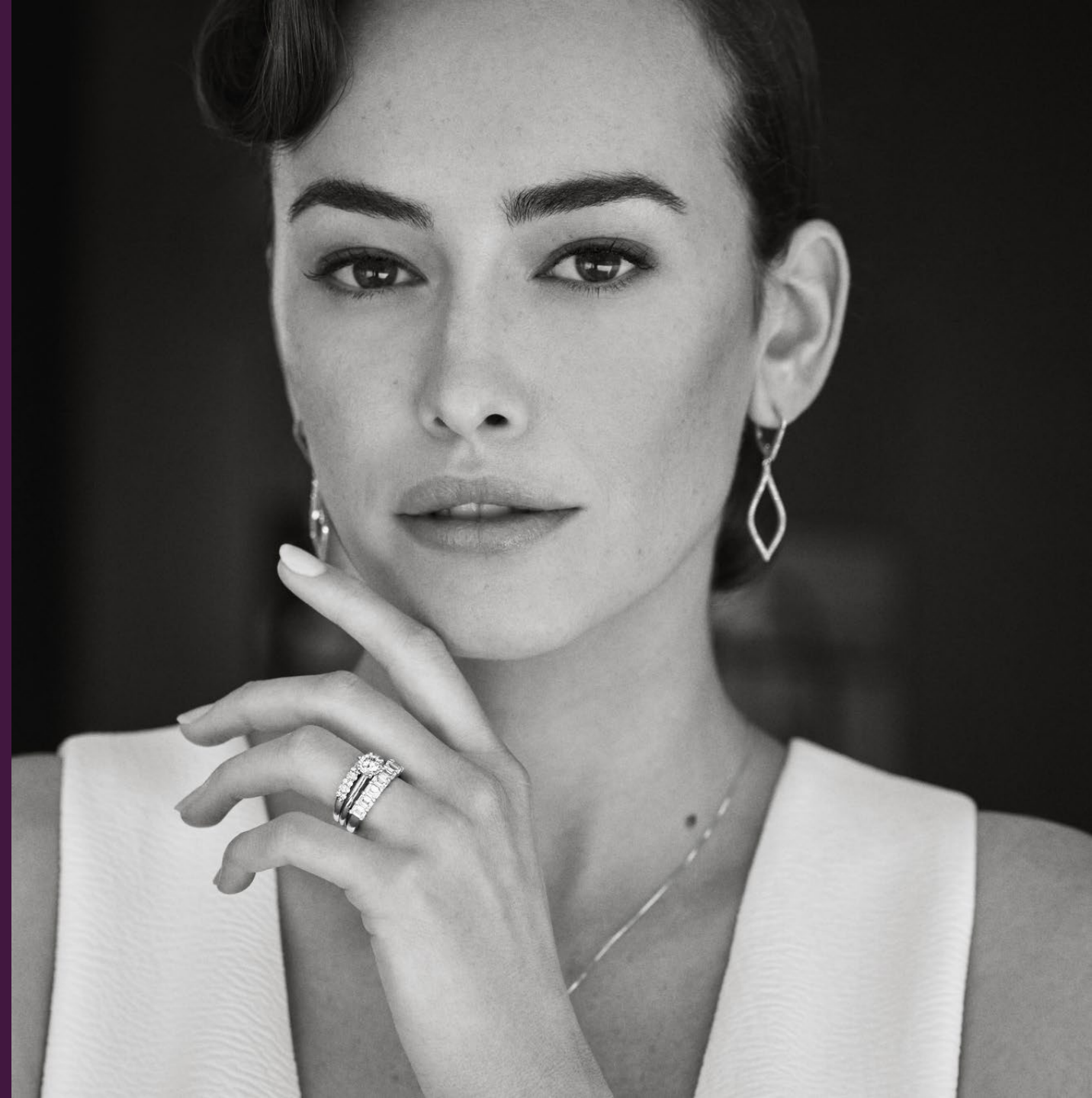
Certain statements in this announcement constitute forward-looking statements. Forward-looking statements are statements (other than statements of historical fact) relating to future events and the anticipated or planned financial and operational performance of Michael Hill International Limited and 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.

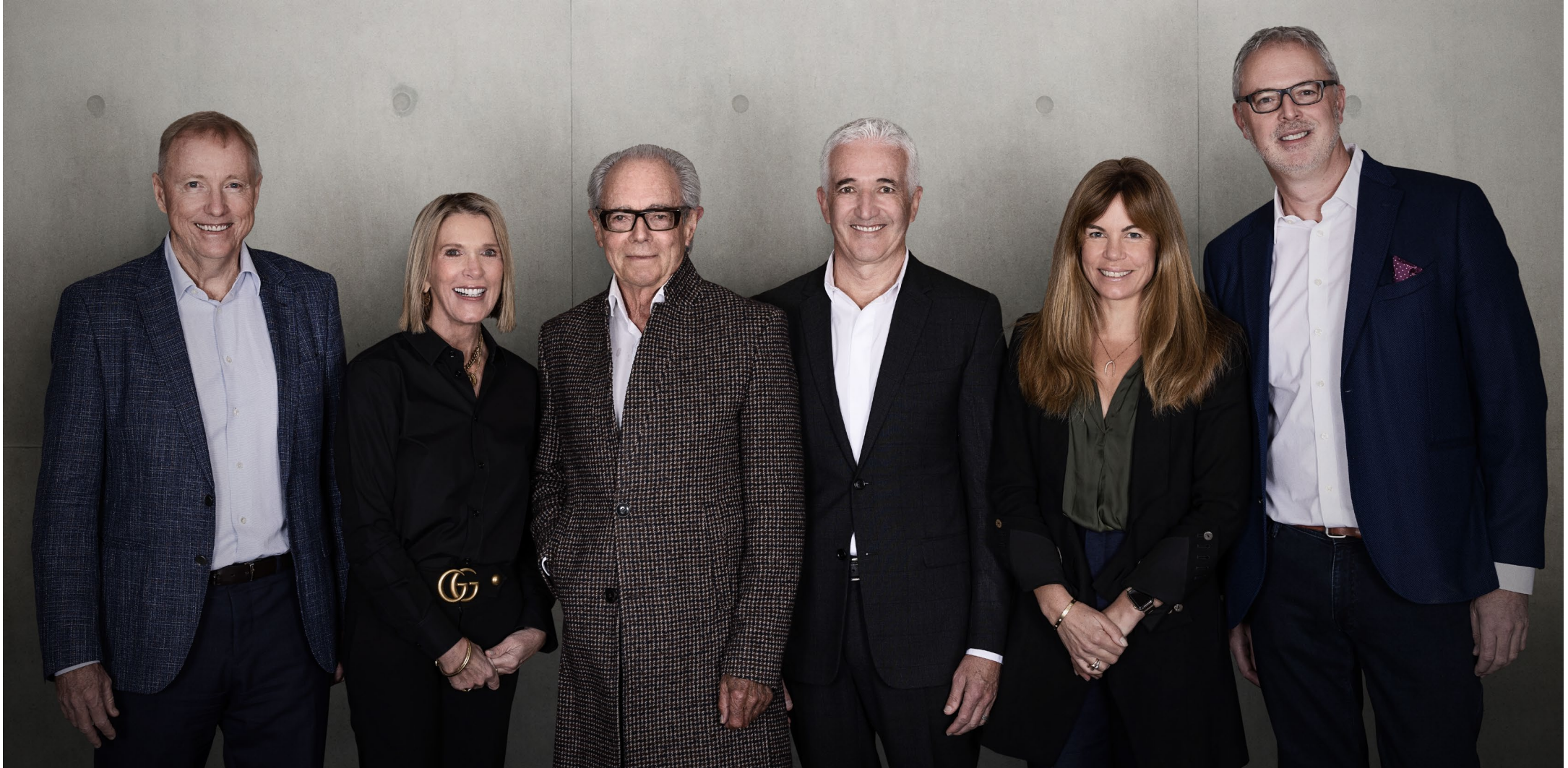
Such risks, uncertainties and other important factors include, among others: global and local economic conditions; changes in market trends and end-consumer preferences; fluctuations in the prices of raw materials, currency exchange rates, and interest rates; the Company’s plans or objectives for future 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, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the COVID-19 pandemic.

The Company does not intend, and does 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 presentation.




Board of Directors



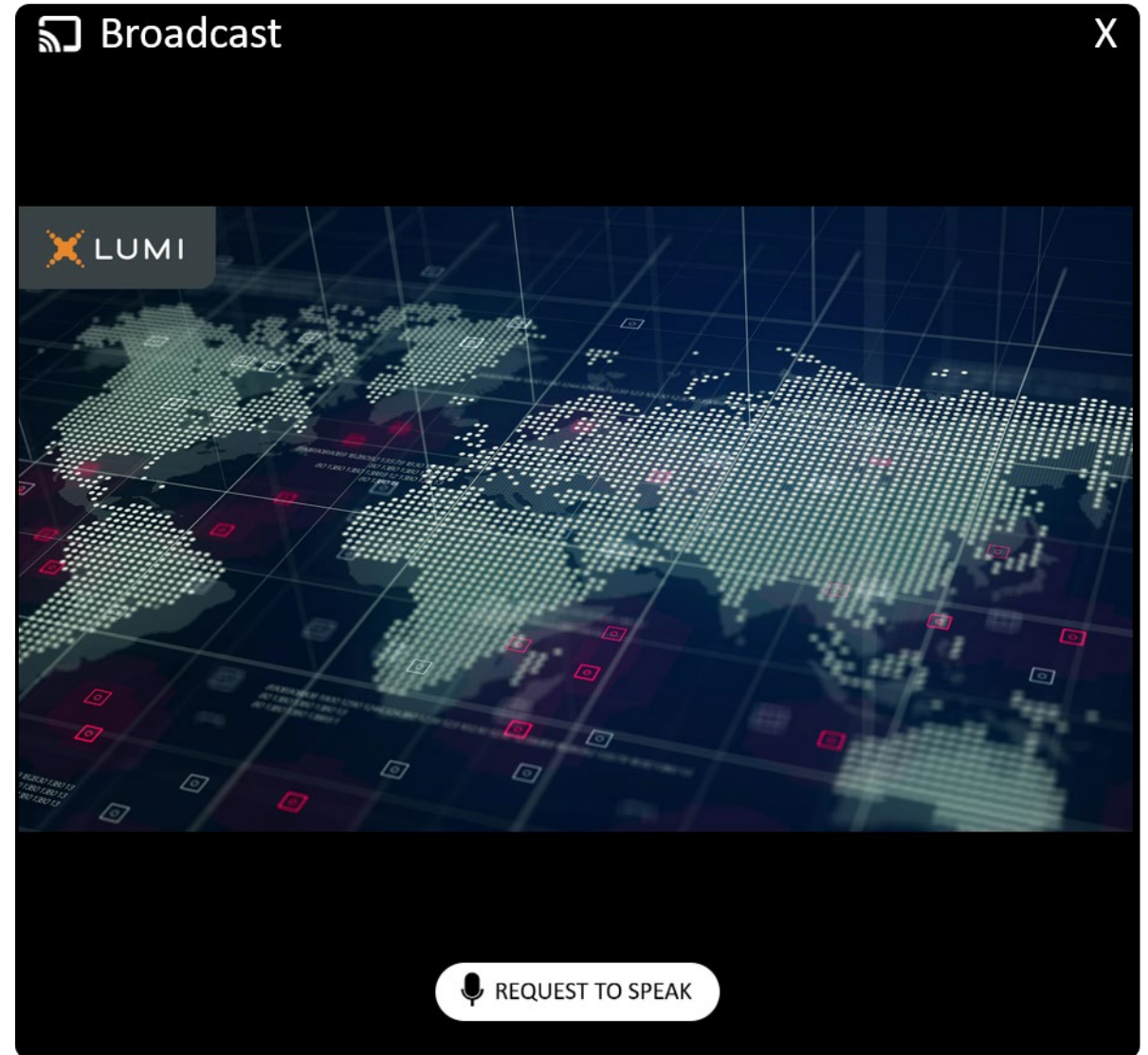
From left to right: Gary Smith (Independent NED, Chair of Audit & Risk Management Committee), Jacquie Naylor (Independent NED), Sir Michael Hill (Founder), Rob Fyfe (Independent NED, Chair), Emma Hill (Chair of People Development & Remuneration Committee), and Daniel Bracken (Managing Director & CEO).

Audio Question Process


Click on the  button at the bottom of the broadcast window. The meeting broadcast will be replaced with the audio questions interface.

Confirm your name, enter the topic of your question and click **Submit Request**.

Follow the instructions to grant access to your microphone and join the queue.




Audio Question Process

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Confirm your name, enter the topic of your question and click **Submit Request**.

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 Broadcast X


AUDIO QUESTIONS

To join the live audio questions queue, fill out the form below and click "Submit Request"

Your Name:

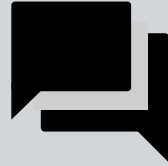
Your Topic or Question:

Submit Request

 RETURN TO BROADCAST

Text question process

Select the messaging tab and type your question in the **Ask a question** box.



Press the send arrow to submit your message for review.



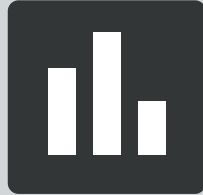
✓ Received

Your submitted questions along with any written responses from the meeting team can be found by selecting **My Messages**.

The screenshot shows a mobile application interface with a top navigation bar containing three tabs: HOME, MESSAGING, and VOTING. The MESSAGING tab is selected and highlighted with a horizontal line underneath it. Below the navigation bar, the word "Messaging" is displayed with a small speech bubble icon to its left. Underneath, there is a text input field with the placeholder text "Ask a question" and a send arrow icon on the right. Below the input field, the text "0 / 1000" indicates the character count. To the right of the input field, there are two buttons: "ALL MESSAGES" and "MY MESSAGES". Below these buttons, a dark grey message card is displayed. The card has a white exclamation mark icon in a circle on the left, followed by the text "Moderator" and "February 8, 2022 10:39 AM". The main body of the message card contains the text: "Welcome to the meeting. If you would like to submit a question, type your question in the box above and then press the send arrow. Please include the number of the resolution at the beginning of your question. Questions may be moderated or amalgamated if there are multiple questions on the same topic."

Voting

When open, the vote will be accessible by selecting the voting tab at the top of the screen.



To vote simply select the direction in which you would like to cast your vote. The selected option will change colour.

For



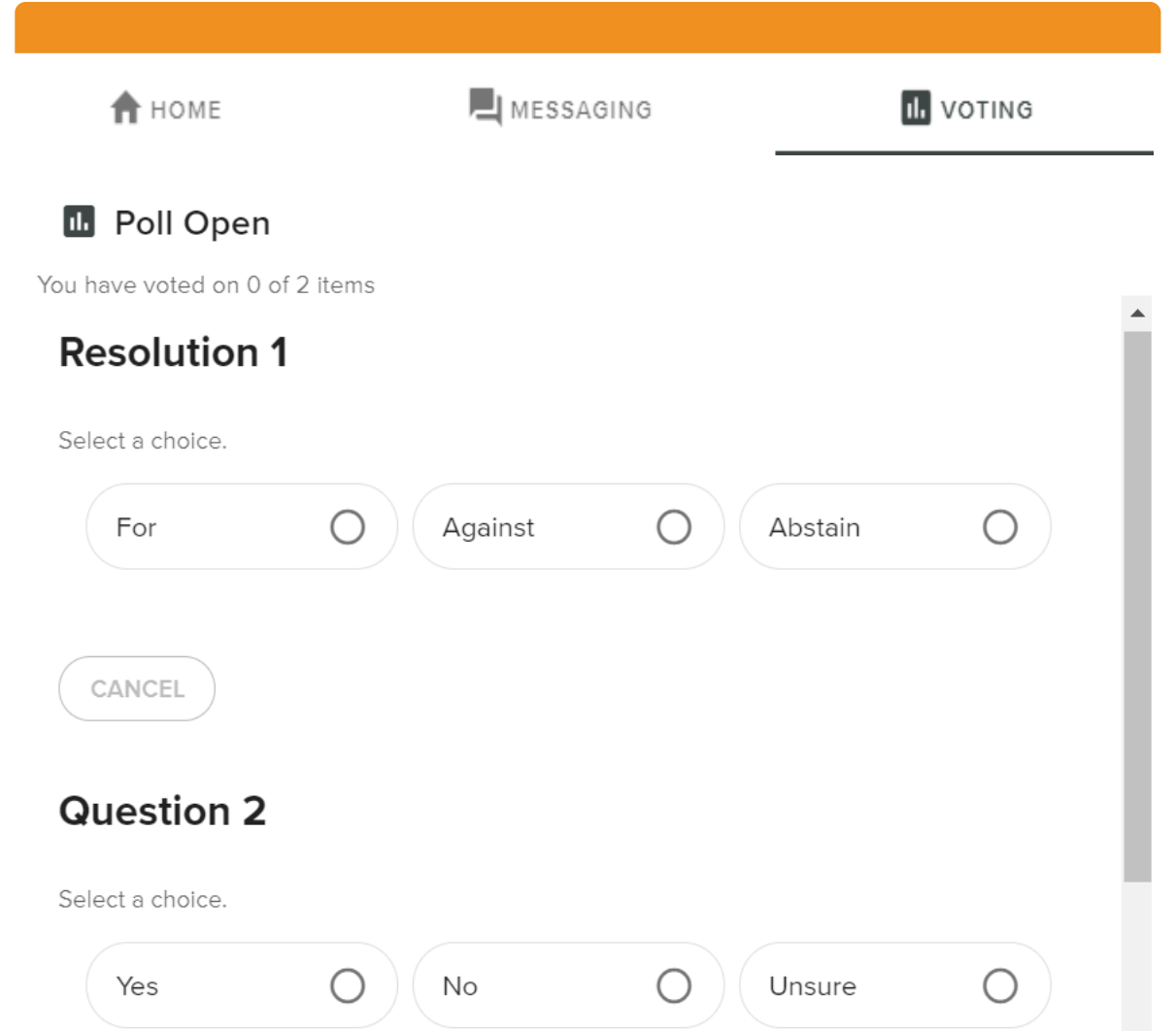
Against



Abstain



There is no submit or send button, your selection is automatically recorded. You can change your mind or cancel your vote any time before the poll is closed.



HOME MESSAGING VOTING

Poll Open

You have voted on 0 of 2 items

Resolution 1

Select a choice.

For Against Abstain

CANCEL

Question 2

Select a choice.

Yes No Unsure

Chair's address

Rob Fyfe



Sustainability: *“the jeweller that cares”*



Michael Hill’s ESG vision is to transform how we source & manufacture our products, impact our planet and improve people’s lives. We aim to move our business and influence the broader jewellery industry toward a more sustainable, innovative & responsible future.

Product

100% of our products will be sustainable, responsible or circular



TRANSPARENCY

By 2030

100% use of certified sustainable or responsibly sourced natural diamonds, coloured gemstones and cultured pearls

METAL STEWARDSHIP

By 2025

100% of Michael Hill’s silver and gold products will be made from certified recycled, responsibly sourced, local or artisanal sources

CHAMPION INNOVATION

By 2024

We will pioneer an innovation hub to champion and integrate jewellery circularity, product innovation and laboratory created diamonds

Planet

We will nurture nature and reduce our negative impacts to net zero



ZERO CARBON OPERATIONS

By 2025

Achieve net zero carbon operations (scopes 1 & 2)

NATURE POSITIVE

From 2025

Contributing to the restoration and conservation of the natural environment in our key markets

ELIMINATE WASTE

By 2027

We will send zero waste to landfill and eliminate single use plastic from our packaging

People

We will improve the lives of people across our value chain



RESPONSIBLE SUPPLIERS

By 2030

100% of all suppliers meet our expectations on their social and environmental impacts

EMPOWERING WOMEN

By 2030

Deliver initiatives and develop partnerships focused on empowering and supporting over 100,000 women

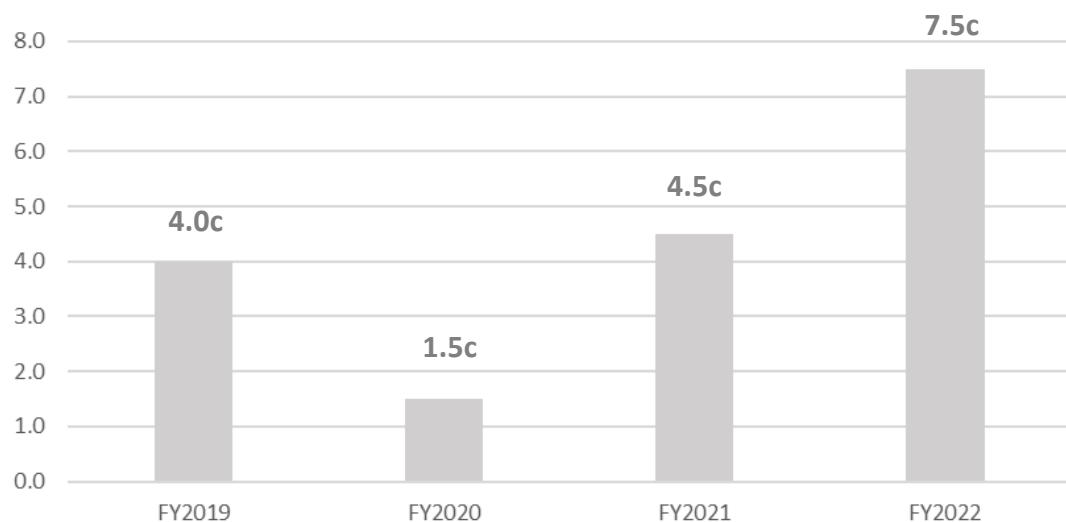
GREAT PLACE TO WORK

Michael Hill will maintain a leading workforce engagement score of greater than 80%

Capital Management Framework

- ◆ FY22 total dividend for the year of AU7.5 cps, representing ~67% of adjusted annual NPAT, and at the higher end of the target range of 50% to 75%
- ◆ Launched an on-market share buy-back of up to 5% of issued capital, funded from existing cash reserves
- ◆ Cash reserves retained for deployment into new organic growth and acquisition opportunities

Total Dividend (cps)



**Managing
Director & CEO
Presentation
Daniel Bracken**



FY22 Performance Overview

- Record sales, gross margin and profit, despite significant disruption during H1, losing ~15% of trading across AU & NZ
 - Revenue up 7%
 - Gross profit up 10%
 - Comparable EBIT up 11%
- Profit growth outpaced sales growth, with continued gross margin expansion driven by strategic initiative across:
 - Product evolution
 - Retail fundamentals
 - Digital acceleration
 - Loyalty penetration, ~80% of sales from members
 - Brand elevation and reduction in promotions
- Successfully shifted from transformation to growth
- High performance team throughout the business, with energy and passion that underpins our growth agenda
- Twelve consecutive quarters of positive same store sales growth (excluding FY20Q4)

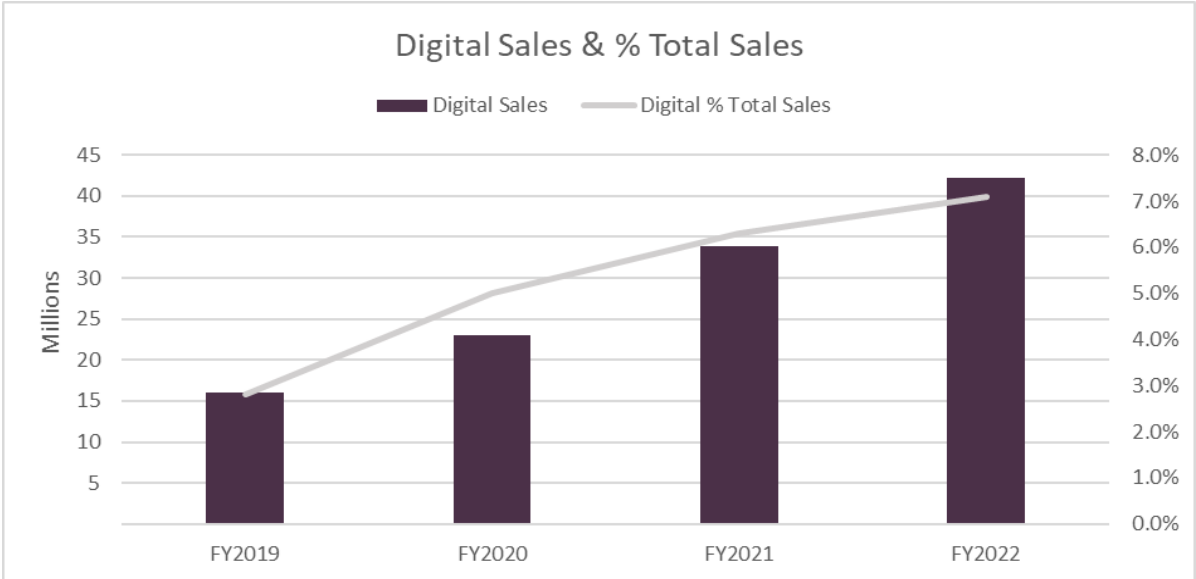
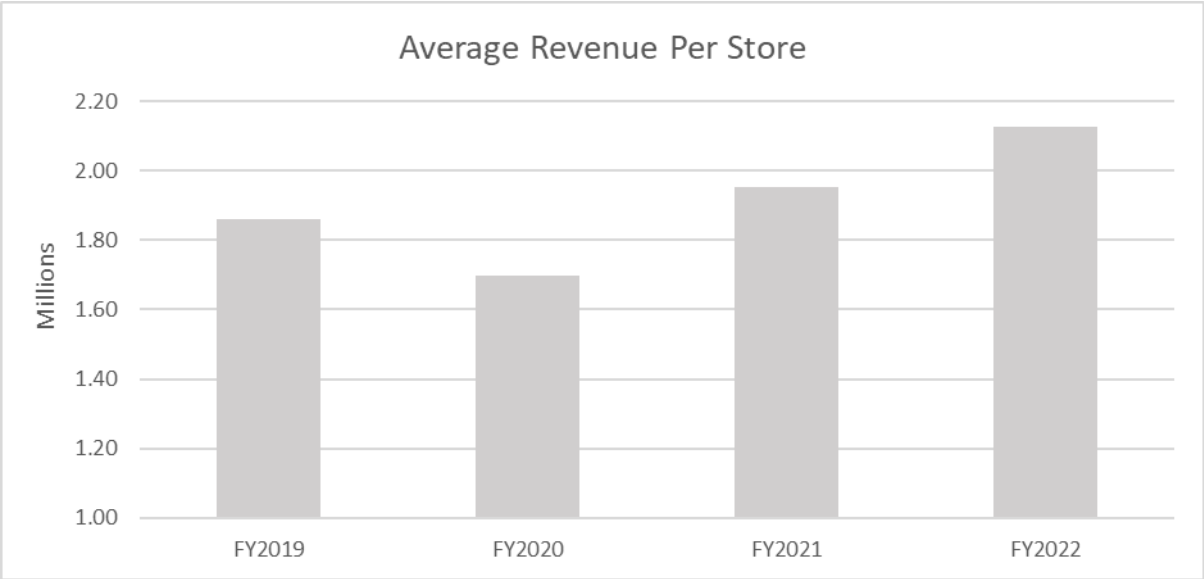
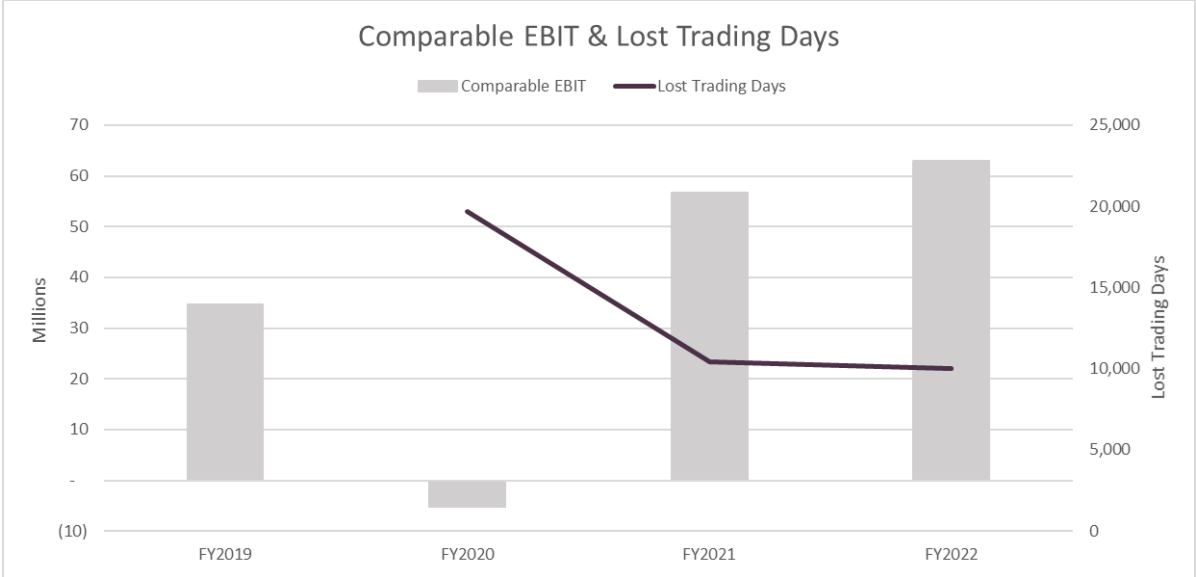
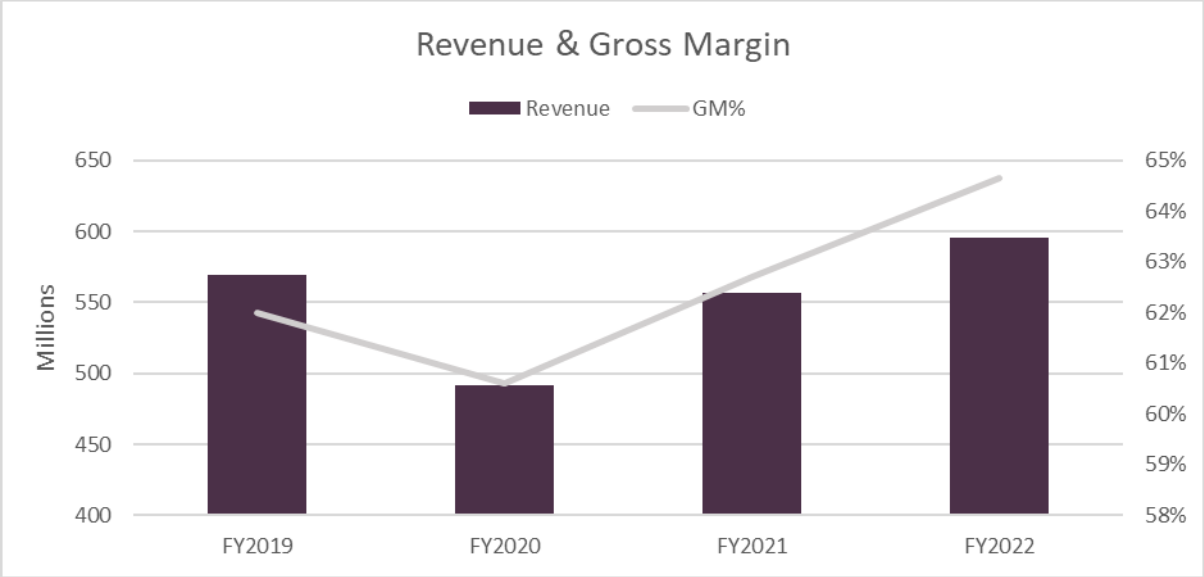


FY22 Group Results

- Revenue and same store sales growth
- Gross profit up \$36m
- Further gross margin expansion
- Comparable EBIT up 11%
- Strong cash position enhanced
- Consistently delivering targeted inventory levels
- Unwavering focus on costs across the business
- Final dividend of AU4.0 cents per share

	FY22	FY21	Change
Revenue	\$595.2m	\$556.5m	+7.0%
Same store sales			+8.0%
Gross Profit	\$384.8m	\$348.9m	+10.3%
Gross Margin	64.7%	62.7%	+200 bps
Comparable EBIT	\$62.9m	\$56.6m	+11.1%
Inventory	\$181.5m	\$171.2m	+\$10.3m
Cash	\$95.8m	\$72.4m	+\$23.4m
Total Dividend	AU7.5c	AU4.5c	+66.7%
EPS	12.03c	10.57c	+13.8%
Store Network	280	285	-5

Key Performance Insights



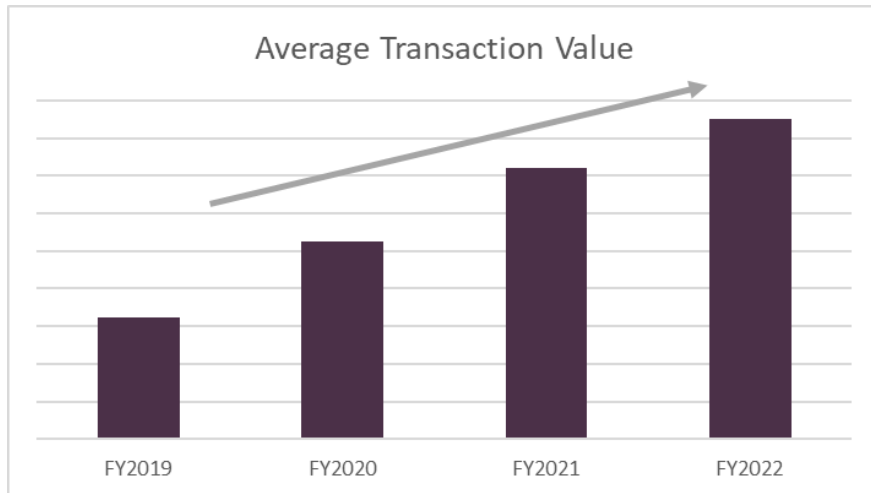
Strategy Update - Emphasis on Growth

Brand & Loyalty	Modern, differentiated, omni-channel jewellery brand with loyal customers
Digital & Omni-channel	Omni-first, digital-led & channel agnostic
Retail Fundamentals	Elevated productivity & customer experience
Product Evolution	House of diamonds
New Territories & Services	New markets, new channels & new service propositions
Cost Conscious Culture	Unwavering focus on costs
Sustainability	<i>"the jeweller that cares"</i>

Elevating Brand

*Marking the moments that create
the story of our lives*

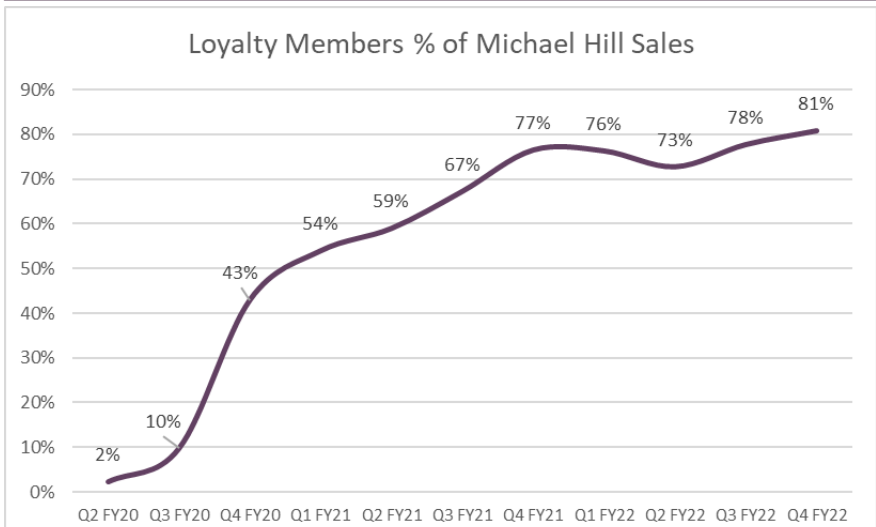
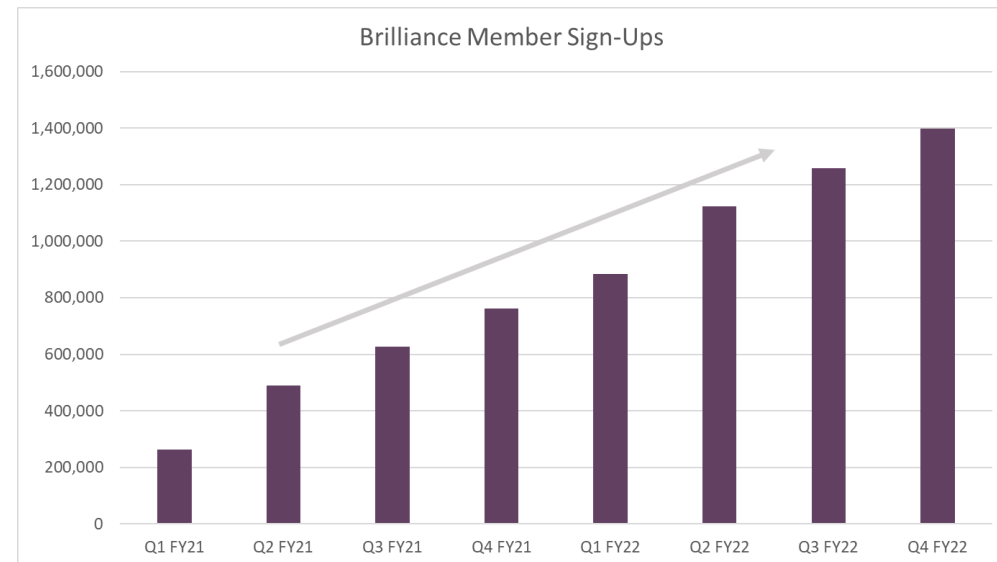
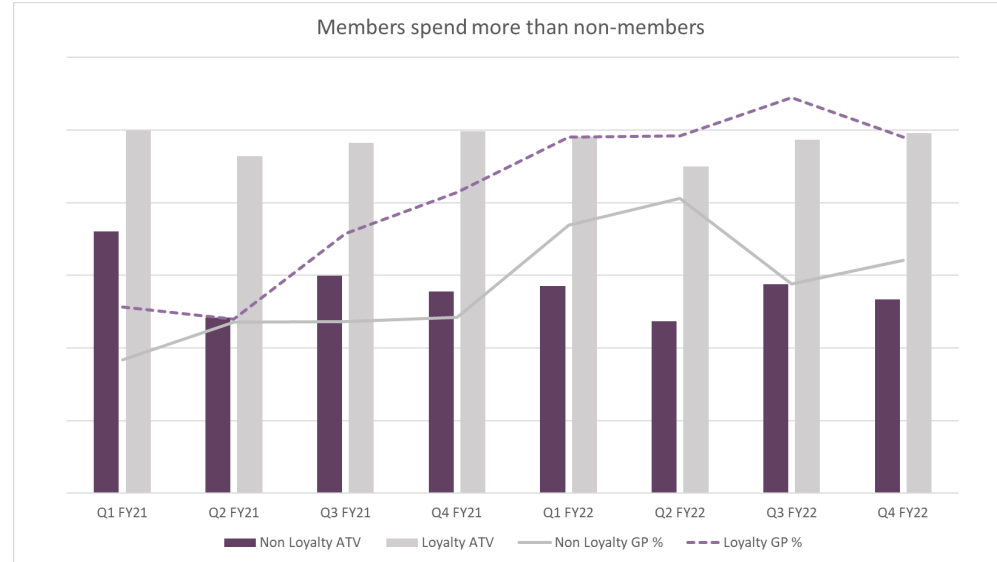
- ◆ Elevated brand messaging
- ◆ Focus on craftsmanship, quality & sustainability
- ◆ Emotive storytelling brand-led campaigns
- ◆ Relentless focus on creative & visual excellence
- ◆ House of diamonds
- ◆ Aspirational media placements
- ◆ Increasing ATV demonstrates brand elevation, up 15% over three years



Brilliance by Michael Hill

Your love for jewellery rewarded

- ◆ Over 1.4 million loyalty members
- ◆ Increased focus on customer segmentation and personalisation
- ◆ Targeted AI and data insights
- ◆ Loyalty members are more valuable
 - ATV 83% higher
 - GP% 192 bps higher
- ◆ Loyalty members now represent ~80% of sales

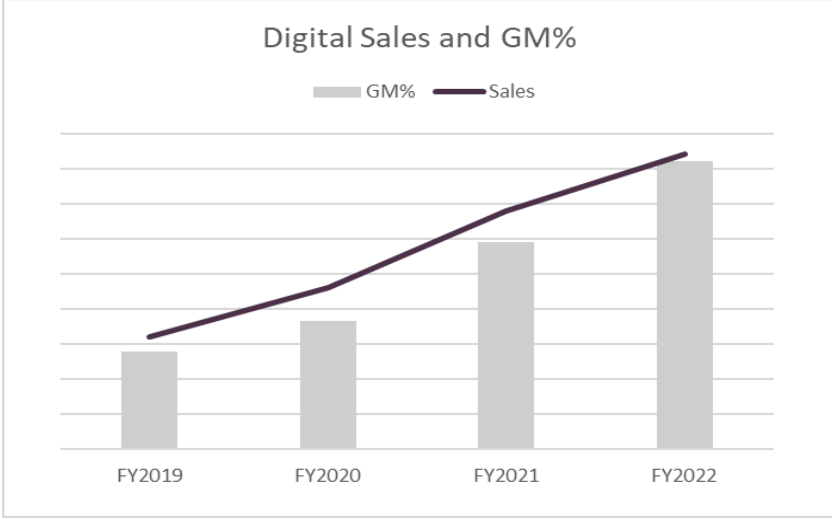
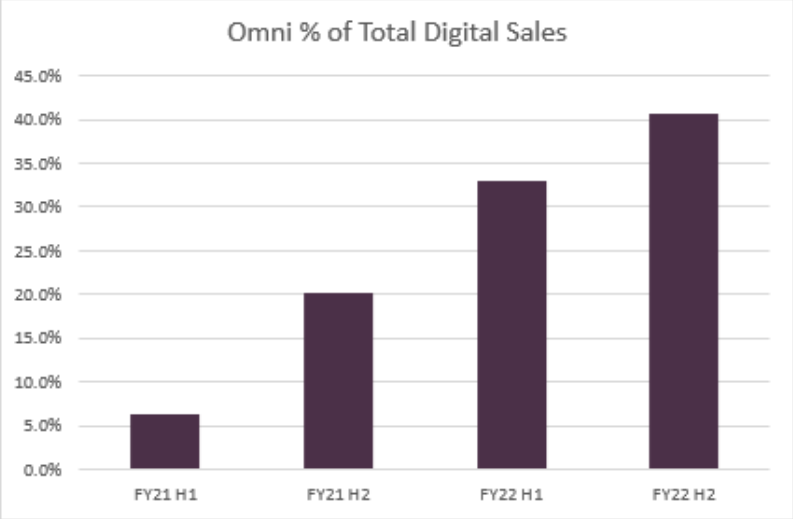


Brilliance[™]
michael hill

Digital & Omni-Channel

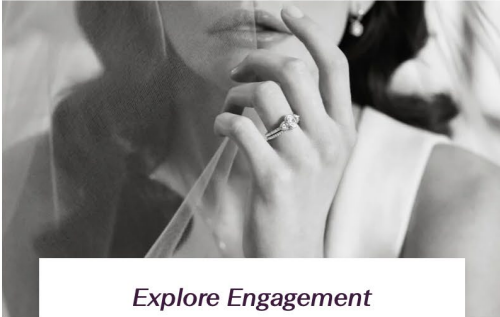
Omni-first, digital-led & channel agnostic

- 💎 Traffic ↑ conversion ↑ sales ↑
- 💎 Successful launch of click & collect and ship-from-store globally
- 💎 Highest margin channel
- 💎 Omni-channel now represents more than 40% of digital sales



michael hill
ENGAGEMENT & WEDDINGS JEWELLERY COLLECTIONS GIFTS **SALE** LEARN
👤 🔍 📍 ❤️ 🛒


Explore our Range



Explore Engagement

Find the perfect ring to symbolise your love.

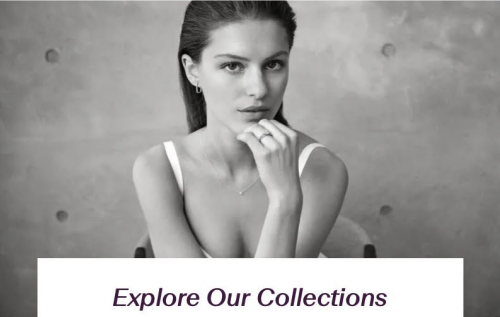
[Discover more >](#)



Explore Wedding

Wedding rings & jewellery, for your moment and always.

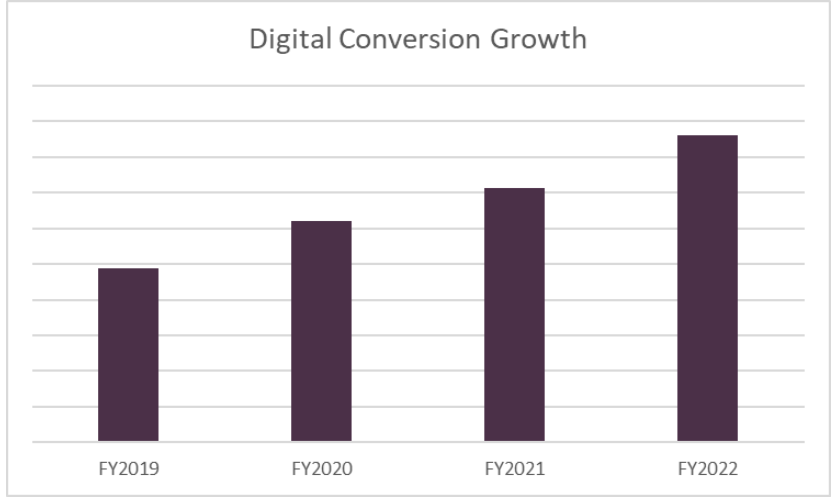
[Discover more >](#)



Explore Our Collections

Unique diamonds and designs, exclusive to Michael Hill.

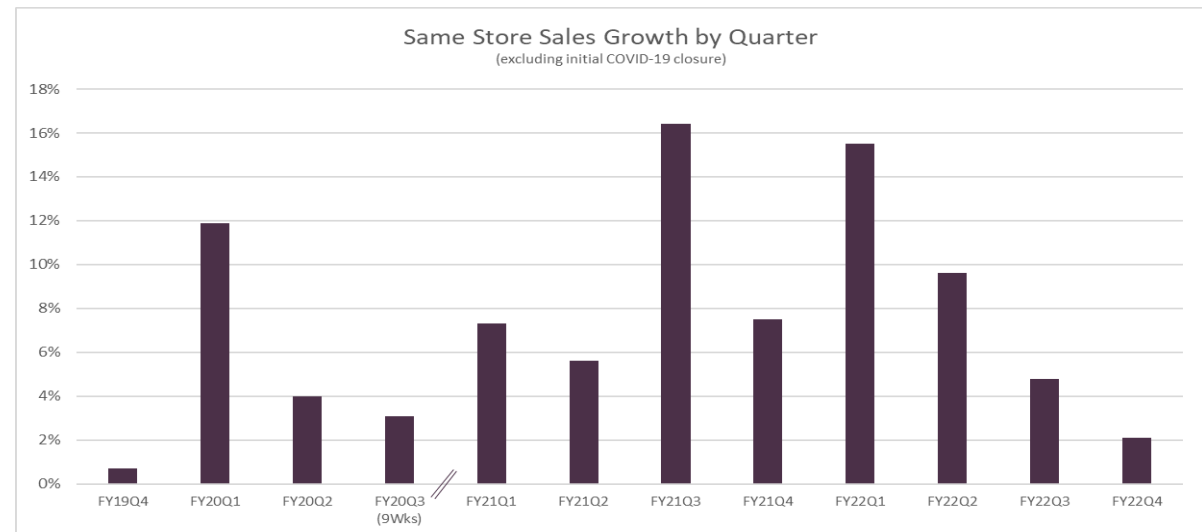
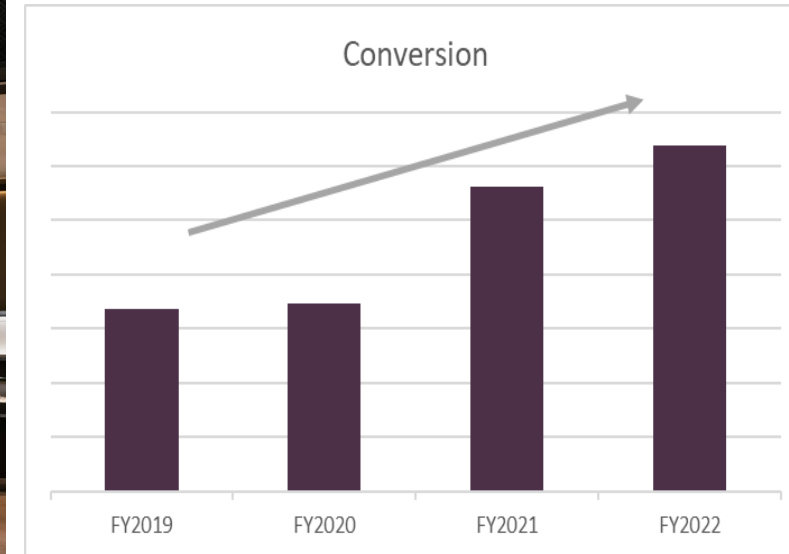
[Discover more >](#)



Stores & Customer Experience

Elevating productivity & retail execution

- ◆ Same store sales up 8%
- ◆ Twelve quarters of SSS growth
- ◆ Significant investment in store network with more than 40 stores updated
- ◆ Rejuvenated global leadership structure
- ◆ Elevated instore customer experience
- ◆ Retail metrics improved across the board
- ◆ Dynamic rostering driving more productive labour

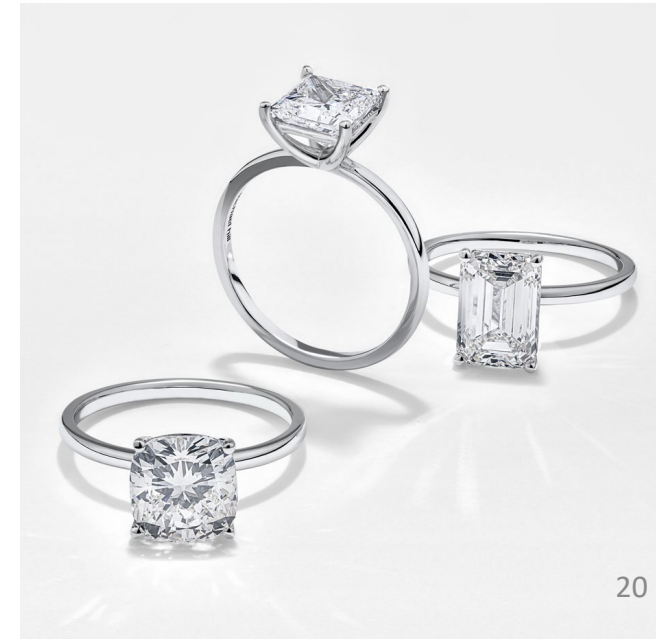
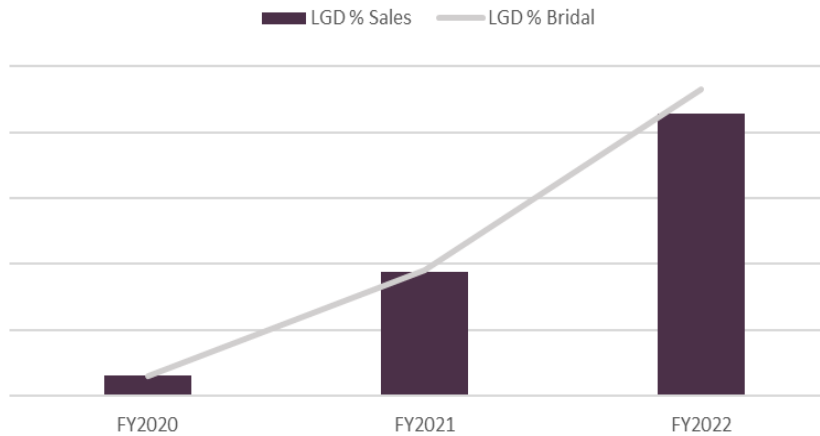


Product Evolution

House of Diamonds

- ◆ Elevated quality & craftsmanship
- ◆ Customer-led ranging
- ◆ Australian artisanal workshop
- ◆ Emphasis on sustainability & LGD
- ◆ Product mix driving margin expansion
- ◆ Product newness critical to brand elevation

LGD % of Sales & % of Bridal



New Territories & Services

- ◆ Digital marketplace strategy progressed with more partners being considered
- ◆ International shipping to all countries, live pre-Christmas
- ◆ Dual language digital expansion into Quebec this year
- ◆ Significant progress of new digital ecosystem to drive incremental revenue streams
- ◆ Pureplay brand Medley delivers \$1m sales in first full year



MEDJEY™

THE ICONIC

THE BAY

W Direct



Current Trading Update



In the first 16 weeks of FY23, the Company has delivered strong early performance across sales and gross margin:

- In comparison to FY22, Group all store sales were up +27.5%
- In comparison to FY21, a more meaningful reflection of FY23 performance, Group all store sales were up +15.8%, with 8 less stores (total stores FY23Q1: 281 vs FY21Q1: 289)
- Gross margin remains strong, in line with FY22 and significantly up on FY21

The above numbers are unaudited and prior to accounting adjustments.

Questions



Business of the Annual General Meeting



Financial Statements and Reports

- Audited financial statements
- Directors' report
- Auditor's report



Resolution 1: Remuneration Report

To consider and, if thought fit, to pass the following advisory resolution:

“That the Remuneration Report for the year ended 26 June 2022 (as set out in the Directors’ Report) is adopted.”

	FOR	AGAINST	OPEN	ABSTAIN	EXCLUDED
NO. OF SHARES	65,735,375	3,736,255	98,127	2,593,906	167,631,166
% OF ELIGIBLE VOTES	94.49%	5.37%	0.14%	N/A	N/A
% OF ALL SECURITIES	17.20%	0.98%	0.03%	0.68%	43.86%

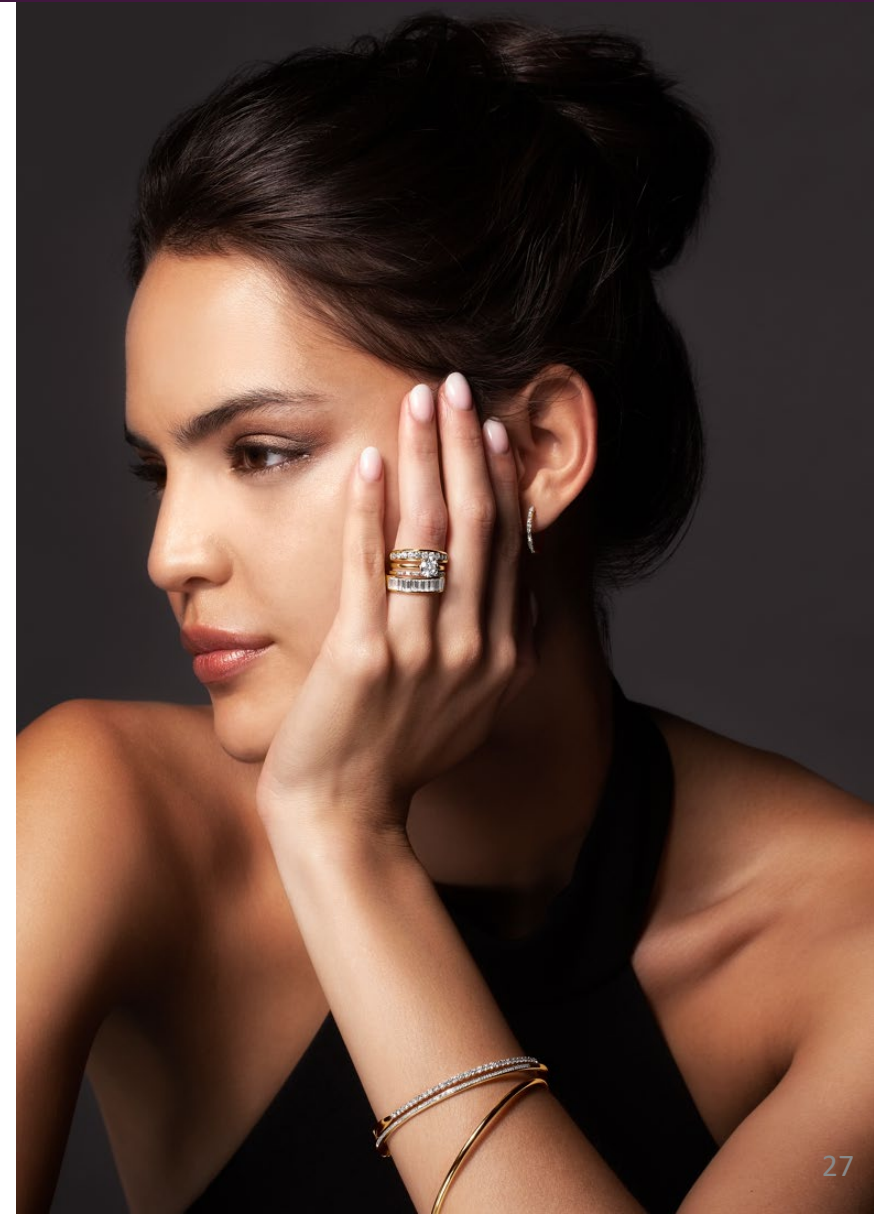


Resolution 2: Re-election of Gary Smith as Director

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That Mr Gary Smith who retires by rotation in accordance with ASX Listing Rule 14.4 and Rule 38.6 of the Company’s Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company.”

	FOR	AGAINST	OPEN	ABSTAIN	EXCLUDED
NO. OF SHARES	239,421,238	149,027	98,127	126,392	0
% OF ELIGIBLE VOTES	99.90%	0.06%	0.04%	N/A	N/A
% OF ALL SECURITIES	62.64%	0.04%	0.03%	0.03%	0.00%



Resolution 3: Company Incentive Plan

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That for the purposes of ASX Listing Rule 7.2 (exception 13(b)) and for all other purposes, the Shareholders approve the Company’s Incentive Plan (as defined in the Explanatory Notes to this Notice), and the issue of securities under the Incentive Plan, as an exception to ASX Listing Rule 7.1”.

	FOR	AGAINST	OPEN	ABSTAIN	EXCLUDED
NO. OF SHARES	66,113,063	3,356,155	98,127	170,227,484	0
% OF ELIGIBLE VOTES	95.03%	4.83%	0.14%	N/A	N/A
% OF ALL SECURITIES	17.30%	0.88%	0.03%	44.54%	0.00%



Resolution 4: Grant of share rights to Mr Daniel Bracken under the Company's long term Incentive Plan

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval be given to grant 906,699 share rights to the Managing Director & Chief Executive Officer of the Company, Mr Daniel Bracken, and to issue ordinary shares in the Company on the vesting of those share rights, under the Incentive Plan (as defined in the Explanatory Notes to this Notice) for FY23 as part of his long term incentive arrangements, as described in the Explanatory Notes.”



	FOR	AGAINST	OPEN	ABSTAIN	EXCLUDED
NO. OF SHARES	238,362,997	1,221,138	98,127	112,567	0
% OF ELIGIBLE VOTES	99.45%	0.51%	0.04%	N/A	N/A
% OF ALL SECURITIES	62.37%	0.32%	0.03%	0.03%	0.00%

Resolution 5: Grant of share rights to Mr Daniel Bracken under the Company's short term Incentive Plan

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval be given to grant 480,051 share rights to the Managing Director & Chief Executive Officer of the Company, Mr Daniel Bracken, and to issue ordinary shares in the Company on the vesting of those share rights, under the Incentive Plan (as defined in the Explanatory Notes to this Notice) for FY22 as part of his short term incentive arrangements, as described in the Explanatory Notes.”

	FOR	AGAINST	OPEN	ABSTAIN	EXCLUDED
NO. OF SHARES	238,472,455	802,259	98,127	421,988	0
% OF ELIGIBLE VOTES	99.63%	0.33%	0.04%	N/A	N/A
% OF ALL SECURITIES	62.39%	0.21%	0.03%	0.11%	0.00%





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