



michael hill

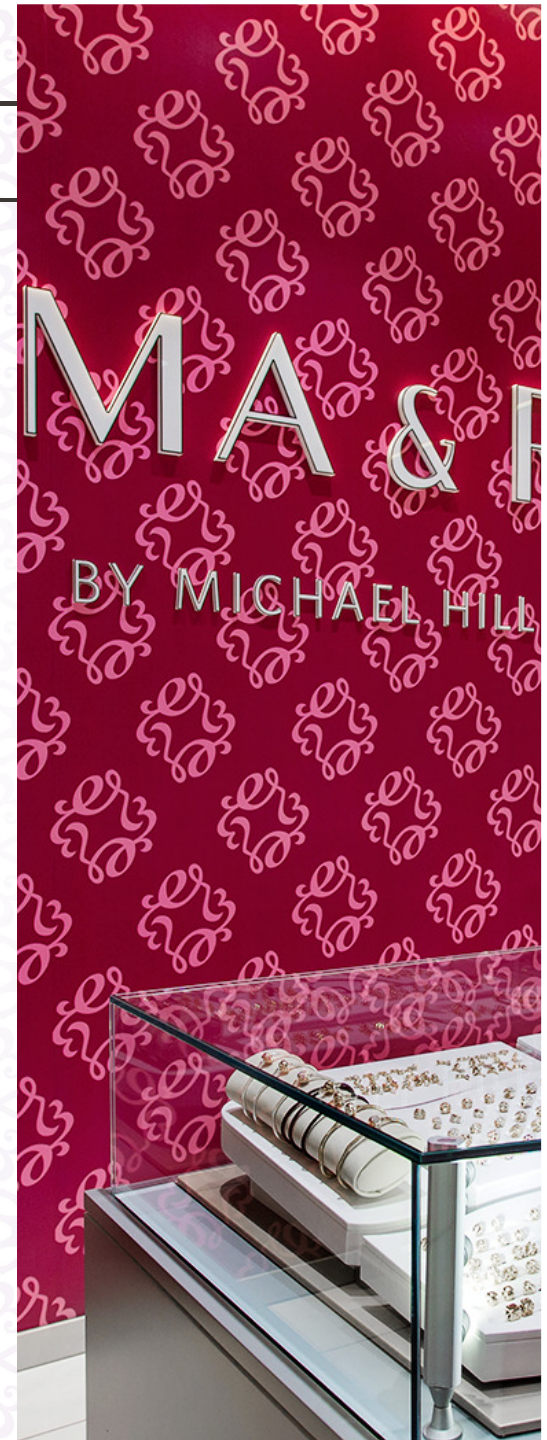
INTERNATIONAL LIMITED

**FULL YEAR
RESULTS
30 JUNE 2014**

ANNUAL HIGHLIGHTS

- Revenue increased 9.9% to \$483.935m.
- Same store sales up 5%
- EBIT of \$42.151m up 4.7%
- Revenue collected from PCPs of \$31.719m
- Canadian segment achieved 10.1% same store sales increase and EBIT of CA \$3.794m, up 238.5%
- First Emma & Roe concept store opened in Mackay in April. There are now six stores trading
- Michael Hill website re-launched in November

AU \$000's



ANNUAL HIGHLIGHTS

- **New diamond bridal range tested in the US and selected Canadian stores**
- **19 new Michael Hill stores opened costing \$6.6m**
- **15 Michael Hill stores refurbished costing \$4.2m**
- **278 Michael Hill stores open at 30 June 2014**
- **Dividend steady at NZ 6.5 cents per share**
- **Equity ratio at 53.3%**
- **Dispute with Australian Taxation Office resolved**

AU \$000's



FINANCIAL REVIEW

	12 months Ended 30/6/14	12 months Ended 30/6/13	% Move
Group revenue	483,935	440,225	+9.9%
Gross profit	309,260	280,357	+10.3%
EBITDA	55,221	50,711	+8.9%
Depreciation	13,070	10,452	+25.0%
EBIT	42,151	40,259	+4.7%
EBIT % of sales	8.7%	9.1%	
NPBT	36,775	37,737	-2.5%
NPAT	25,041	32,099	-22.0%

* Depreciation has increased primarily from investment in inventory management systems and new store openings / refits / relocations.

AU \$000's

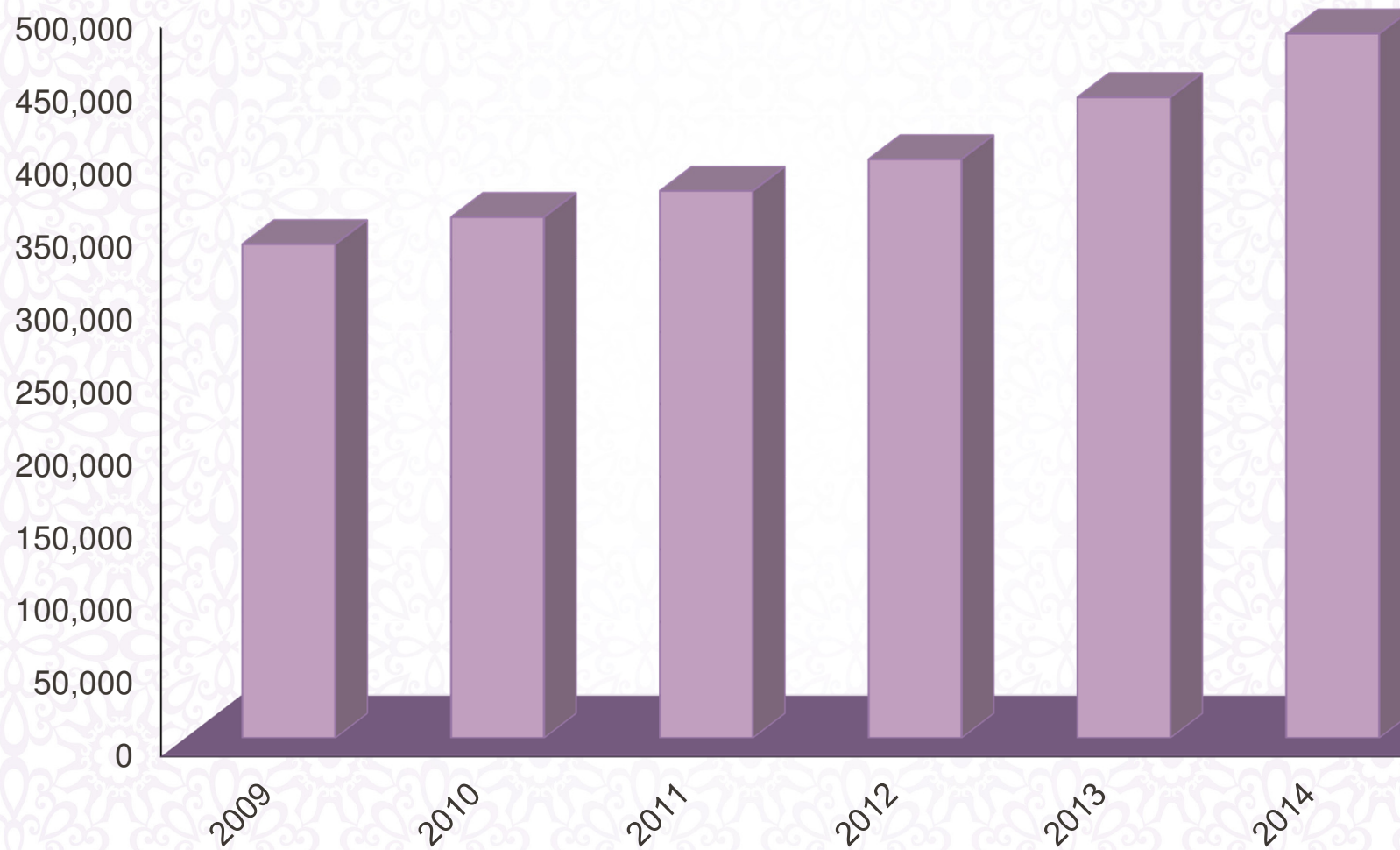
FINANCIAL REVIEW

	12 months ended 30/6/14	12 months ended 30/6/13	% Move
Net operating cash flows	14,689	41,686	-64.8%
Working capital	141,588	119,430	+18.6%
Net debt	47,891	17,539	+173.1%
Equity ratio	53.3%	59.4%	
Return on shareholders' funds	14.1%	19.7%	
Total dividend per share	NZ 6.5c	NZ 6.5c	0%

* Net operating cash flow and net debt has been impacted by the increase in inventory from the North American bridal trial and new stores, ATO tax settlement and funds paid into the tax pool in NZ.

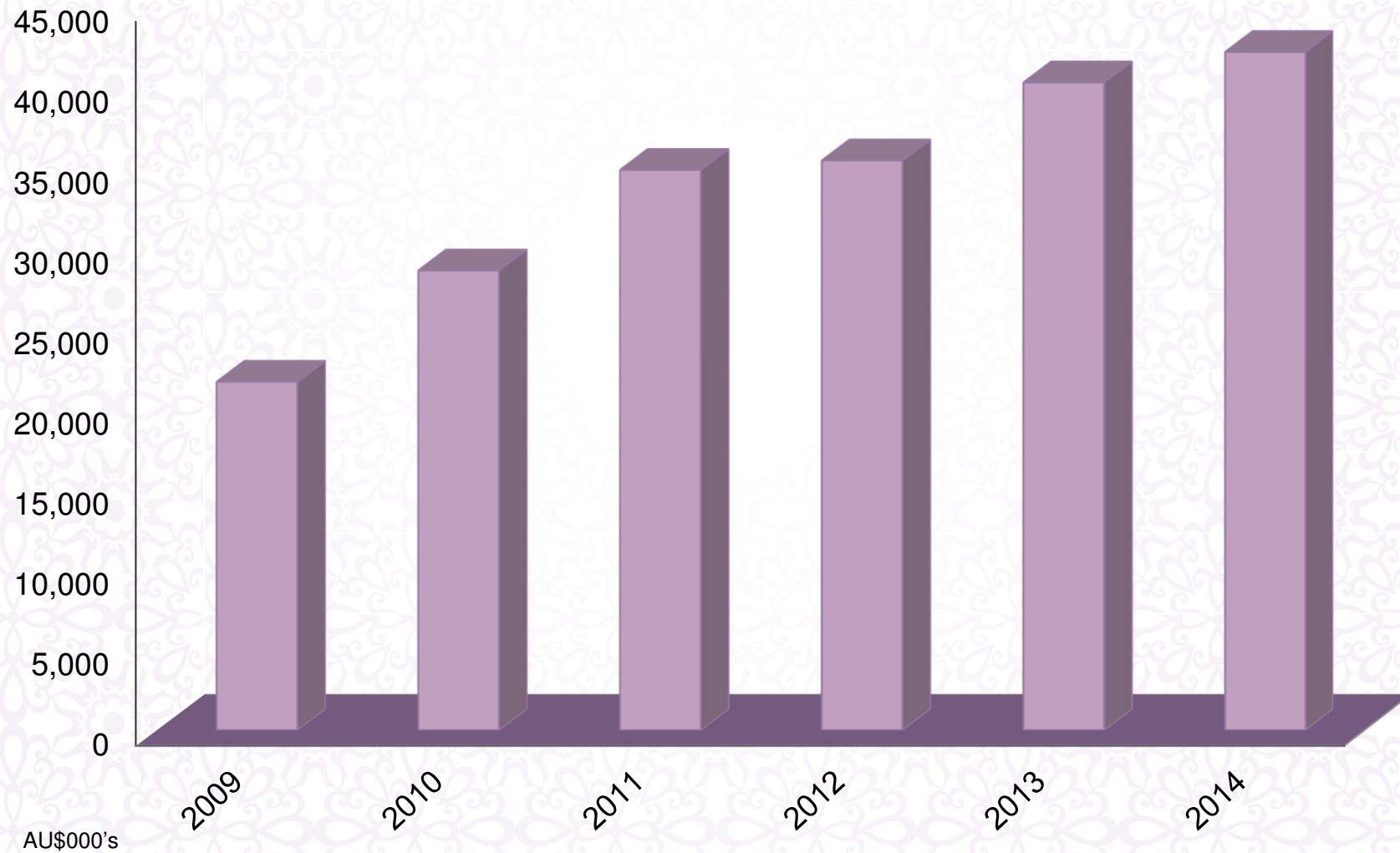
AU \$000's

GROUP REVENUE TO 30 JUNE

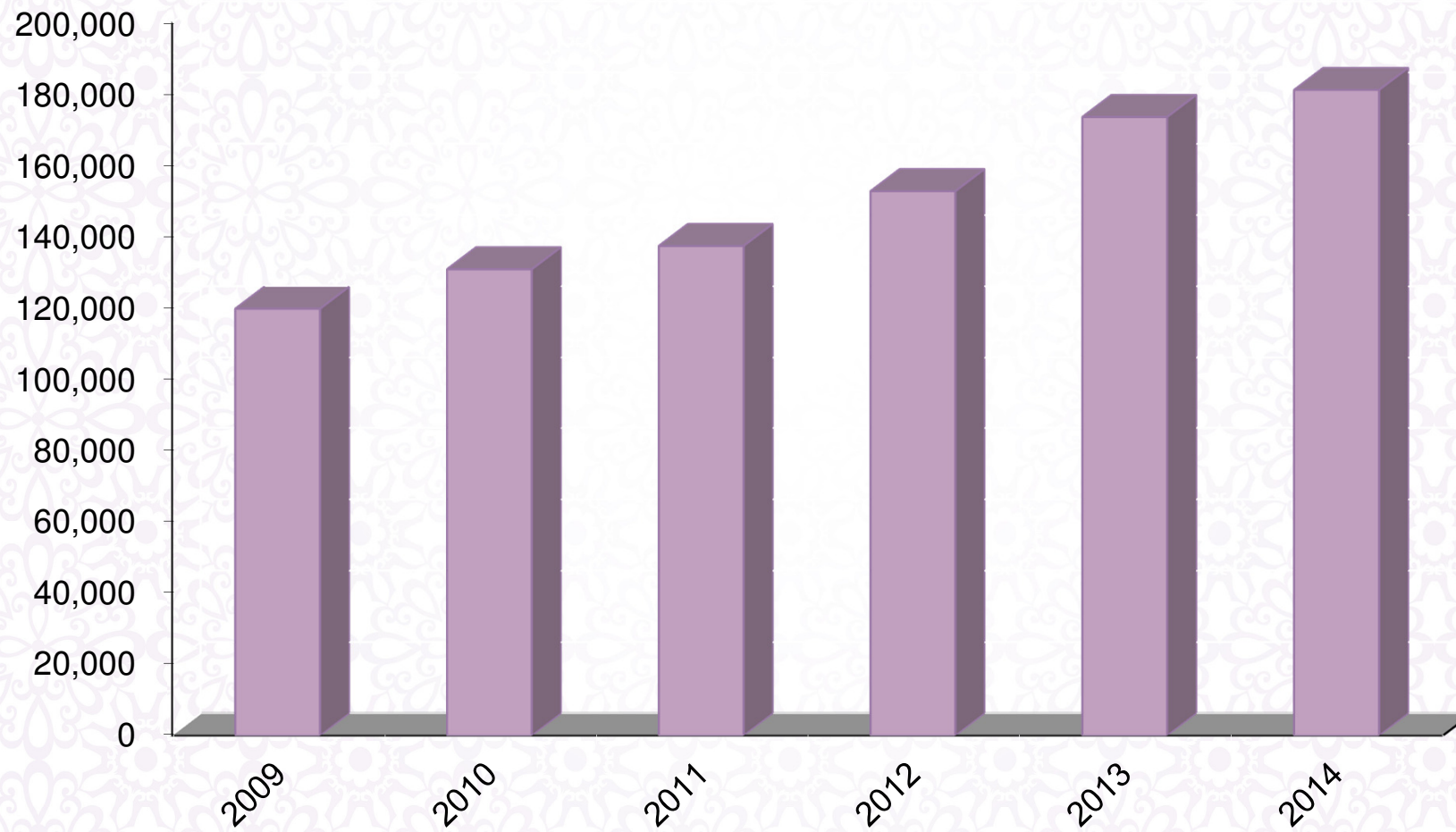


AU\$000's

EARNINGS BEFORE INTEREST & TAX TO 30 JUNE



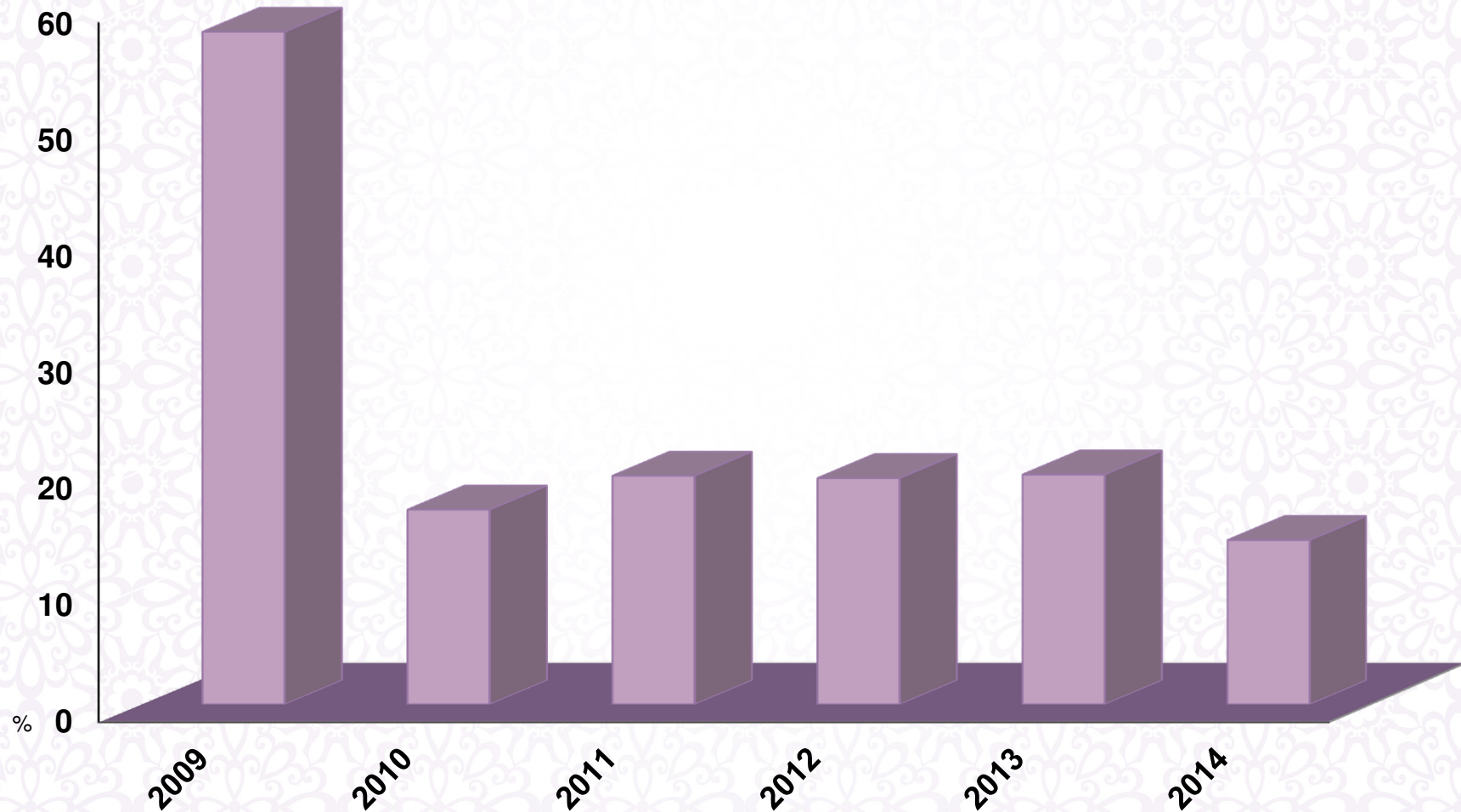
SHAREHOLDERS' FUNDS



AU\$000's

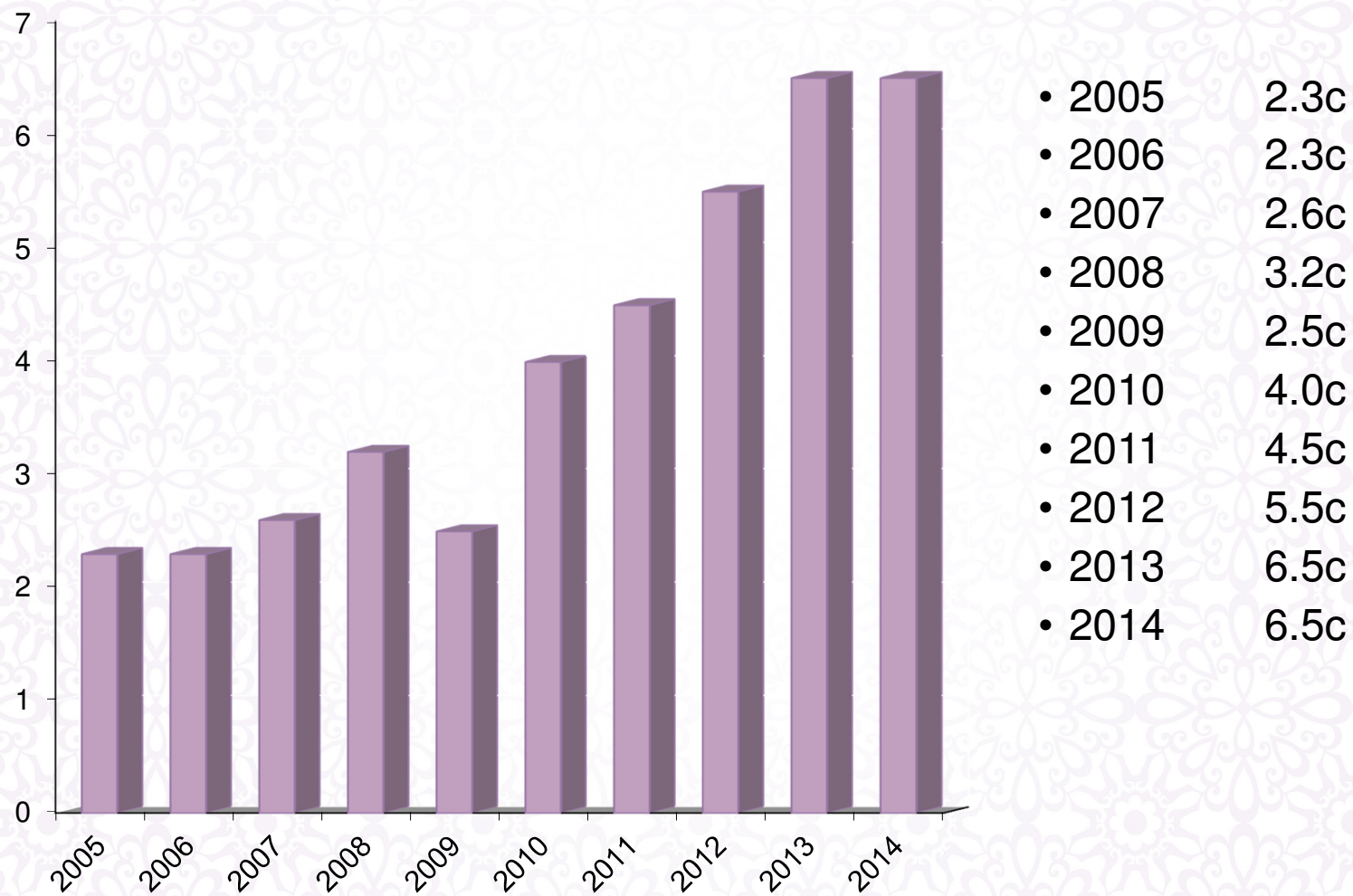
RETURN ON AVERAGE SHAREHOLDERS' FUNDS

2009 to 2014 returns impacted by deferred tax credit of NZ\$50.1m booked in 08/09



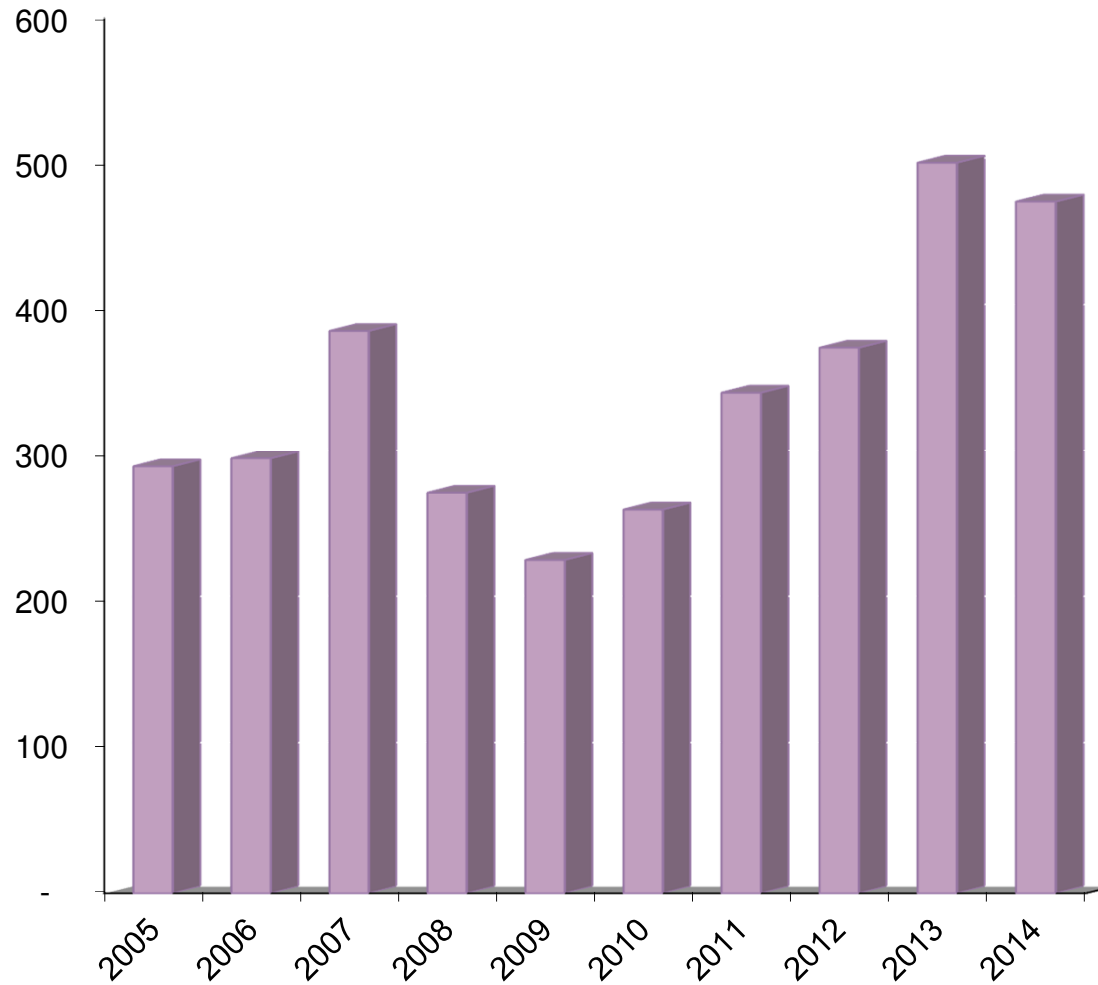
DIVIDENDS PAID

NZ cents per share



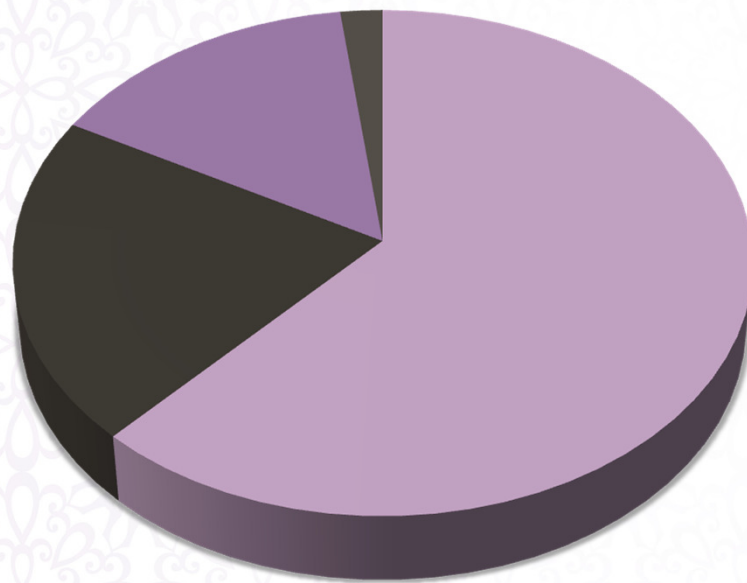
Note: due to the share split in 2007, prior years have been divided by 10 for comparative purposes

MARKET CAPITALISATION NZ Dollar



- 2005 293m
- 2006 299m
- 2007 387m
- 2008 275m
- 2009 229m
- 2010 264m
- 2011 344m
- 2012 375m
- 2013 502m
- 2014 475m

SALES BY COUNTRY



- Australia 62%
- New Zealand 21%
- Canada 15 %
- USA 2%

SEGMENT RESULTS

AUSTRALASIA

AUSTRALIA (AU \$000's)

	2014	2013	% move
Revenue	302,024	289,333	+4.4%
EBIT	46,703	42,225	+10.6%
As a % of revenue	15.5%	14.6%	

NEW ZEALAND (NZ \$000's)

	2014	2013	% move
Revenue	109,693	111,357	-1.5%
EBIT	22,062	22,128	-0.3%
As a % of revenue	20.1%	19.9%	



SEGMENT RESULTS

NORTH AMERICA

CANADA (CA \$000's)

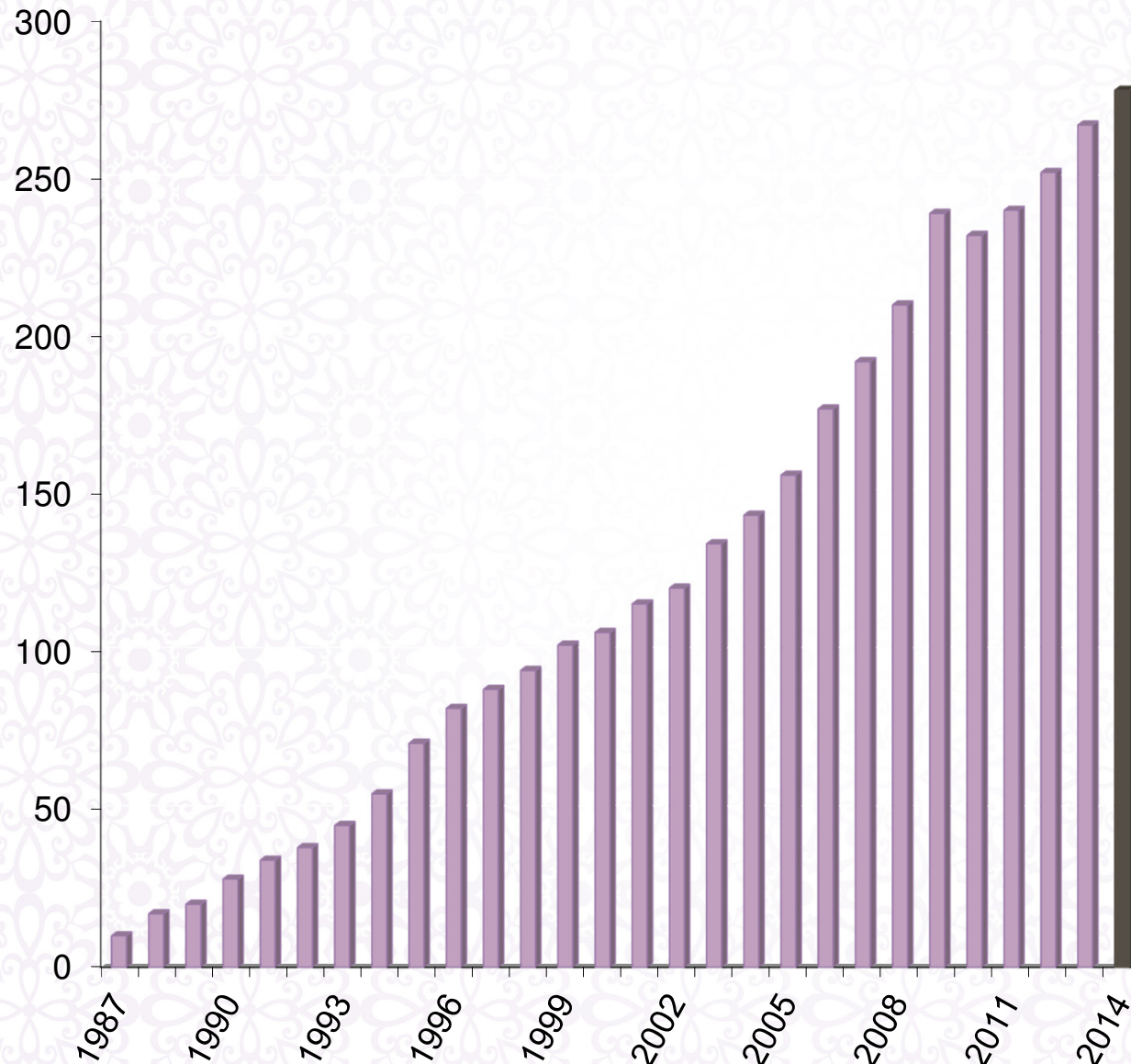
	2014	2013	% move
Revenue	69,025	52,950	+30.4%
EBIT	3,794	1,121	+238.5%
As a % of revenue	5.5%	2.1%	

USA (US \$000's)

	2014	2013	% move
Revenue	9,994	10,265	-2.6%
EBIT	(1,679)	(2,359)	+28.8%
As a % of revenue	(16.8%)	(23.0%)	



TOTAL MICHAEL HILL STORES OPERATING



Stores Numbers

- 1998 – 94 +6
- 1999 – 102 +8
- 2000 – 106 +4
- 2001 – 115 +9
- 2002 – 120 +5
- 2003 – 134 +14
- 2004 – 143 +9
- 2005 – 156 +13
- 2006 – 177 +21
- 2007 – 192 +15
- 2008 – 210 +18
- 2009 – 239 +29
- 2010 – 232 -7
- 2011 – 240 +8
- 2012 – 252 +12
- 2013 – 267 +15
- 2014 – 278 +11

TOTAL STORES OPERATING

	12 months ended 30/6/14	12 months ended 30/6/13
Australia	164	162
New Zealand	52	52
Canada	54	45
USA	8	8
Total Michael Hill	278	267
Emma & Roe	6	5

NEW STORES OPENED

	12 months ended 30/6/14	12 months ended 30/6/13
Australia	6	10
New Zealand	1	0
Canada	10	8
USA	2	0
Michael Hill stores opened	19	18
Michael Hill stores closed	8	3
Emma & Roe stores opened	1	5

AUSTRALIAN EXPANSION

Stores Open 30/6/14		164
Planned for 14/15	5 stores	169
Planned for 15/16	4 stores	173
Planned for 16/17	4 stores	177

185 store locations have been identified as suitable locations

NEW ZEALAND EXPANSION

Stores Open 30/6/14		52
Planned for 14/15	0 stores	52
Planned for 15/16	0 stores	52
Planned for 16/17	1 store	53

CANADIAN EXPANSION

Stores Open 30/6/14		54
Planned for 14/15	10 stores	64
Planned for 15/16	10 stores	74
Planned for 16/17	10 stores	84

110 store locations have been identified as suitable locations

USA EXPANSION

Stores Open 30/6/14		8
Planned for 14/15	1 store	9
Planned for 15/16	1 store	10
Planned for 16/17	4 stores	14

EMMA & ROE EXPANSION

Stores Open 30/6/14		6
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Planned for 14/15	4 stores	10
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3 new store locations planned for Australia and 1 for New Zealand





PRIORITIES FOR 2014/15

- **To drive same store sales and EBIT performance across the Group**
- **To deliver 20% return on shareholders' funds**
- **To open 20 new stores across the Group**
- **To open four Emma & Roe stores across Australasia while continuing to test and refine the Emma & Roe model**
- **To increase sales from our e-commerce platforms across both brands while integrating the online and instore experience**
- **To open ten new stores in Canada while maintaining strong EBIT growth**
- **To continue the test of the US market and bring all eight stores to a cash positive position**
- **To improve the performance of our investment in inventory through deployment of our recent investment in inventory management systems**
- **To continue to fine tune our in-house credit model in North America to**





michael hill

INTERNATIONAL LIMITED