



AGM presentation
27 October 2021

michael hill[®]
INTERNATIONAL LIMITED



Important notice and 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. 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 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 presentation.



Rob Fyfe
Independent NED
Chair



Sir Michael Hill
Founder



Gary Smith
Independent NED
Chair, Audit &
Risk
Management
Committee



Jacquie Naylor
Independent NED



Emma Hill
Chair, People
Development &
Remuneration
Committee



Daniel Bracken
Managing
Director & CEO



Andrew Lowe
CFO & Company Secretary



Kellie McKenzie
Ernst & Young

Questions – audio

When the audio questions line is available, a link will appear on the home tab titled **Asking Audio Questions**

If you would like to ask an audio question, **pause the meeting broadcast** and click on the link

You will be prompted to enter your name and the topic of your question before being placed in the audio questions queue

123-456-789

HOME MESSAGING VOTING

Instructions

Watching the Webcast
Press **play** to begin the broadcast. Ensure your device isn't muted and the volume is turned up. On mobile devices, the broadcast can be minimised and audio will continue to play.

Asking Text Questions
Select the **MESSAGING** tab at the top of this page, then type your question in the box provided and press the send arrow.

Asking Audio Questions
If you would like to ask a question verbally, **pause the broadcast** and then click **HERE**. You will be connected to the audio questions line where you can listen to the meeting while waiting to ask your question. Please return to this page if you have any issues.

Voting
When voting opens, a **VOTING** tab will appear at the top of the screen. Selecting this tab will open a list of resolutions, select **For**, **Against** or **Abstain** to cast your vote. There is no enter or send button. You may however cancel your vote and enter a new selection while voting is open.



Questions – written

When the question function is available, the messaging tab will appear at the top of the screen



To submit a question, type your question in the “Ask a question” box and press the send arrow



Your question will be sent immediately for review

✓ Received

123-456-789

HOME

MESSAGING

VOTING

Messaging

Ask a question



Moderator

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

123-456-789

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

The screenshot shows a mobile application interface for voting. At the top, there's a dark header with the phone number '123-456-789' and three navigation tabs: 'HOME', 'MESSAGING', and 'VOTING'. The 'VOTING' tab is active. Below the header, there's a section titled 'Poll Open' with a sub-header 'You have voted on 0 of 2 items'. The first question is 'Resolution 1' with the instruction 'Select a choice.'. It has three radio button options: 'For', 'Against', and 'Abstain'. The 'For' option is currently selected, indicated by a white dot inside the radio button and a dark purple background behind the text. Below these options is a 'CANCEL' button. The second question is 'Question 2' with the instruction 'Select a choice.'. It has three radio button options: 'Yes', 'No', and 'Unsure'. None of these options are selected.



Chair's address

Rob Fyfe



From left: Grand Arpeggio and Grand Aria from our **Sir Michael Hill Designer Bridal** Collection, and a three stone ring from our **Evermore** Collection

Managing Director & CEO presentation FY21 performance overview



FY21 performance overview








Outstanding year - all metrics up

- Significant disruption from the global pandemic
- Transformative agenda delivering both strong sales growth and margin expansion
 - **Digital sales +53%**
 - **Retail fundamentals (ATV ↑, IPS ↑ and conversion ↑)**
 - **Loyalty – now over 900,000 members**
 - **Omni-channel roll out**
- Demonstrated **strength in team and brand**
- **All four quarters of positive same store sales growth**



Strategy update – Growth and Margin



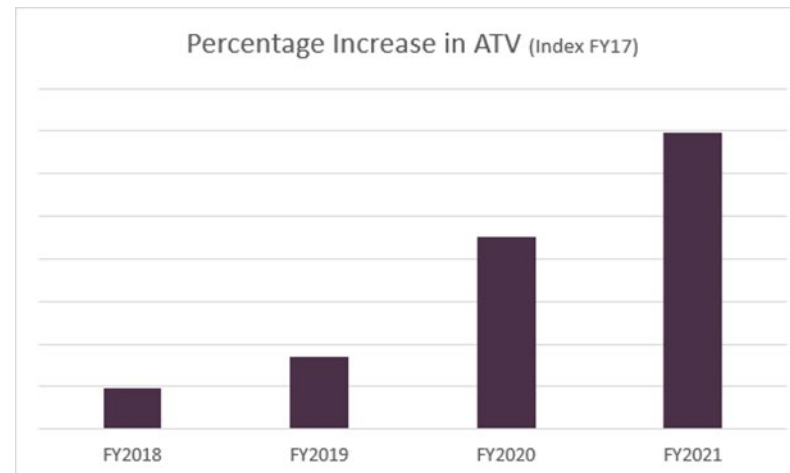
Brand		Modern, differentiated, omni-channel jewellery brand
Digital		Digital-first
Retail Fundamentals		Elevated productivity & customer experience
Omni-channel		Customer-led & channel agnostic
Loyalty		Your love for jewellery rewarded
Product Evolution		Uniquely Michael Hill
Cost Conscious Culture		Unwavering focus on costs

Strategy update – Brand



A modern, differentiated, omni-channel jewellery brand

- ✓ Elevated brand messaging
- ✓ Reducing discount-led campaigns
- ✓ “Made in Australia”
- ✓ Increasing Average Transaction Value
- 💎 Customer segmentation and personalisation



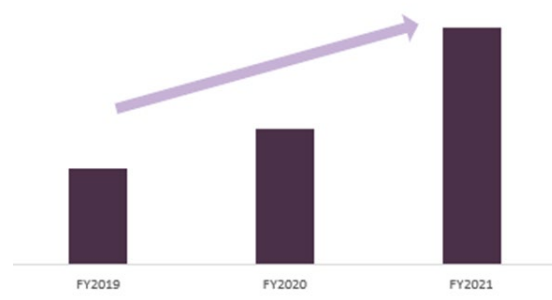
Strategy update – Digital



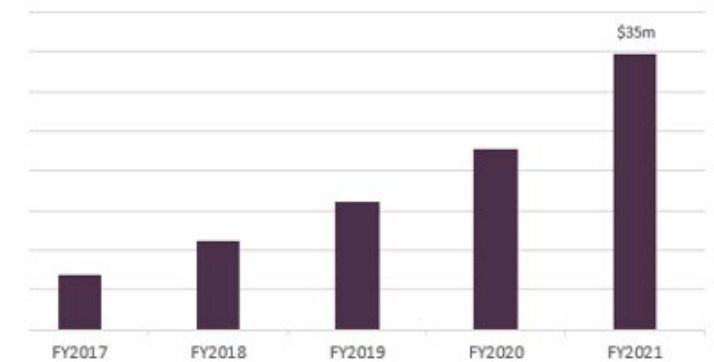
Digital-first

- ✓ Over \$34.8m in sales (+53%)
- ✓ Highest profit margin channel
- ✓ Traffic↑ conversion↑
- ✓ Refreshed navigation and website
- ✓ Website users increased by 35.3%
- ✓ FY21 traffic over 18.5m users
- ✓ Launch of Medley
- 💎 Continual growth underpinned by omni-channel
- 💎 Conversion rate optimisation

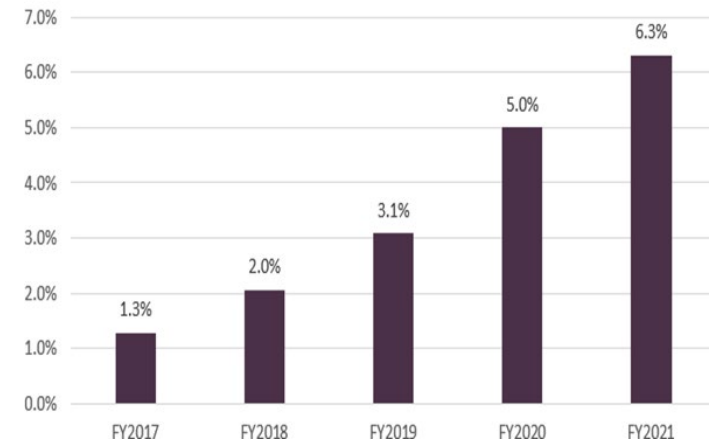
Digital GP%



Digital Sales Growth



Digital Sales % of Total Sales

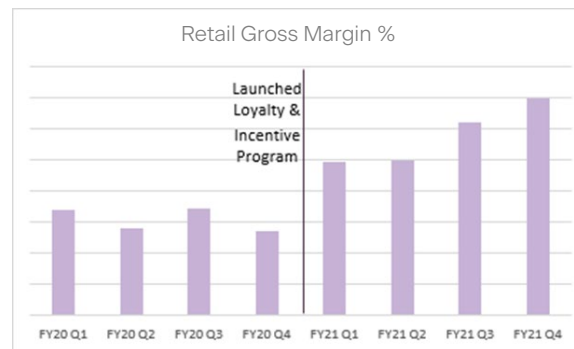
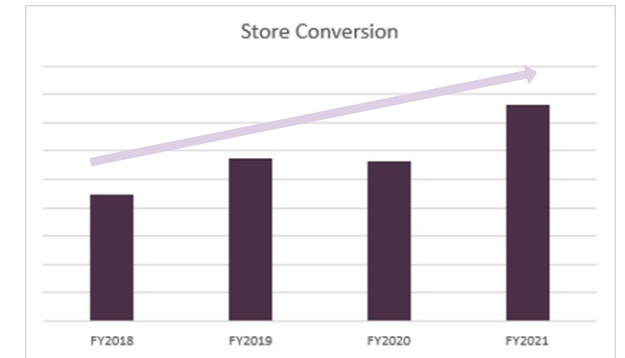


Strategy update – Retail fundamentals



Elevated productivity and customer experience

- ✓ Nine quarters of same store sales growth since FY19Q4
- ✓ Roster optimisation
- ✓ Visual excellence and increased training
- 💎 Store refurbishments with improved layout and design
- 💎 Increased focus on retail metrics

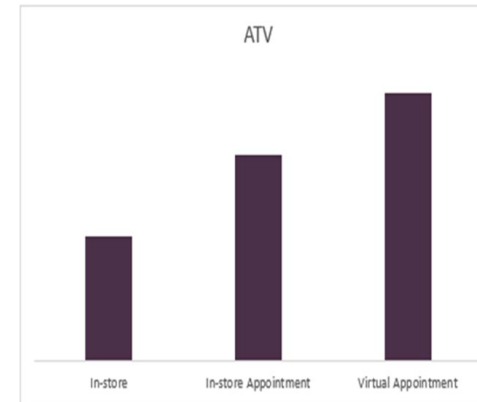
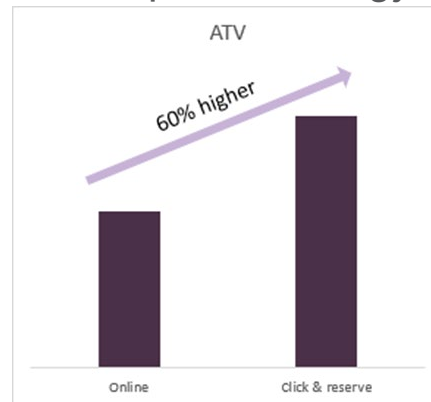
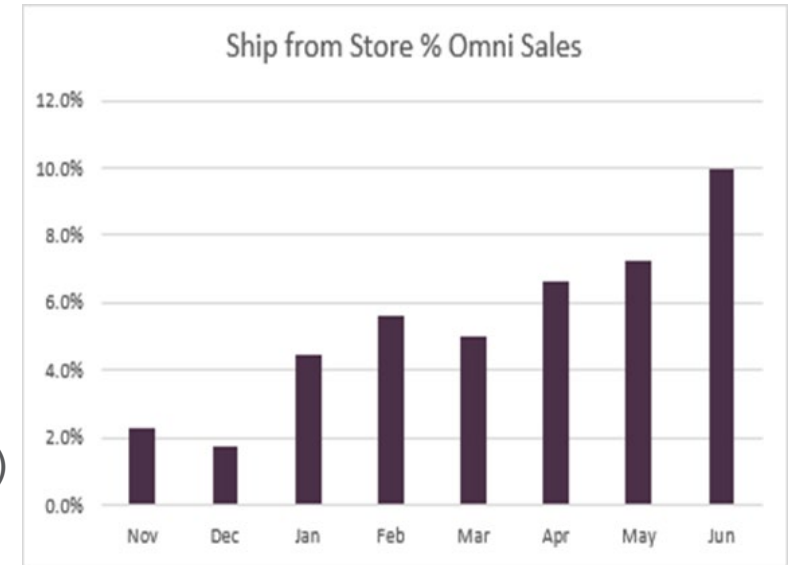


Strategy update – Omni-channel



Customer-led and channel agnostic

- ✓ Ship from store
 - ✓ improved inventory utilisation
 - ✓ reduced costs
 - ✓ more efficient
 - ✓ better customer experience
- ✓ Click and reserve
- ✓ Virtual selling
- ✓ In-store appointments (made via website)
- 💎 Click and collect
- 💎 Marketplace strategy



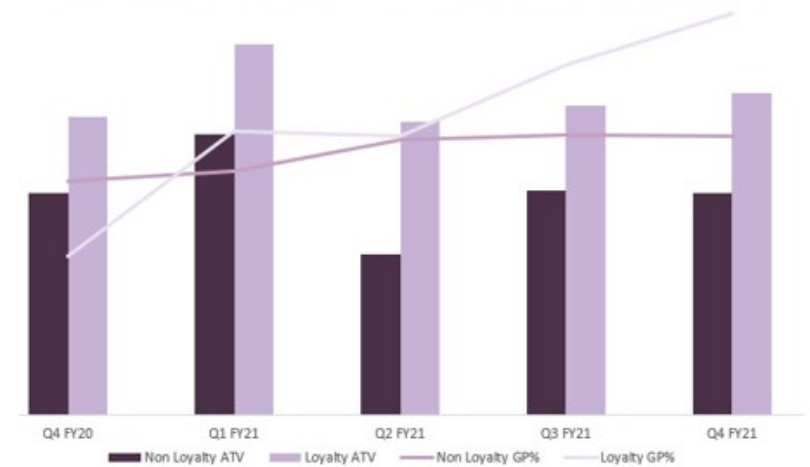
Strategy update – Loyalty



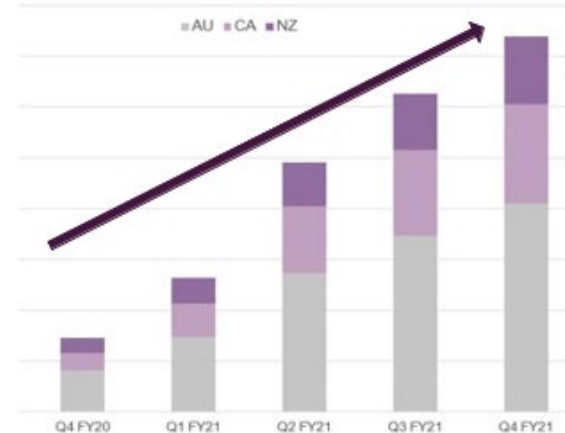
Your love for jewellery rewarded

- ✓ Significantly more profitable customer
 - ✓ more sales, more often
 - ✓ higher margin, higher Average Transaction Value
- ✓ Now over 900,000 members
- 💎 Predictive analytics, powered by artificial intelligence
- 💎 Targeted communication, bias for action

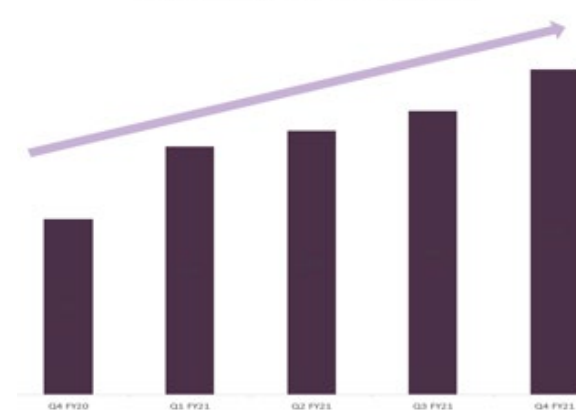
Members spend more than non-members



Brilliance Member Sign-Ups



Loyalty sales % Stores (AU)

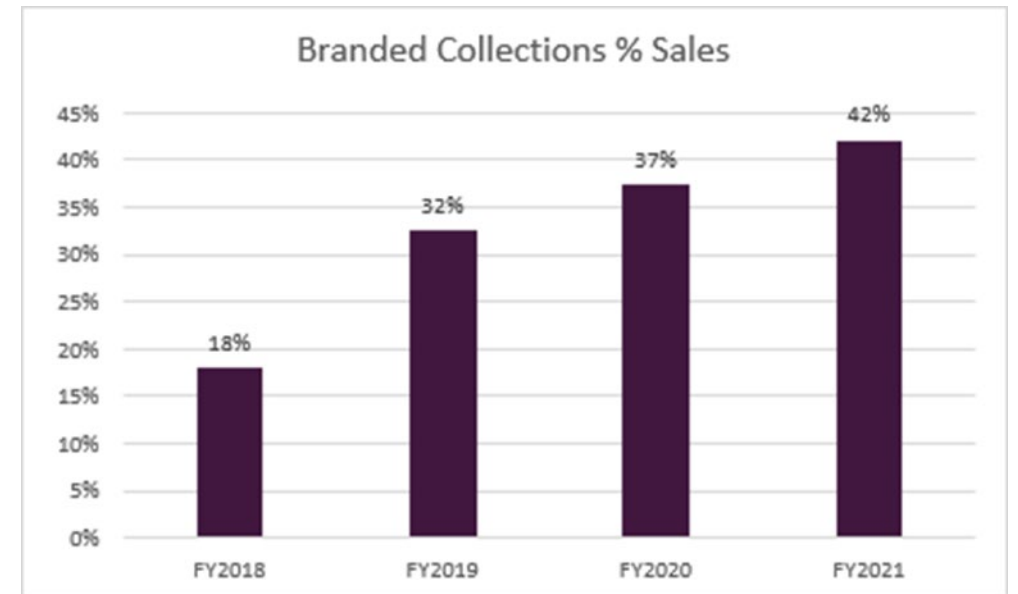


Strategy update – Product evolution



Uniquely Michael Hill

- ✓ Regular product newness
- ✓ Growth in branded collections
- ✓ Lower inventory holdings
- ✓ Focus on craftsmanship
- ◆ Sustainability emphasis

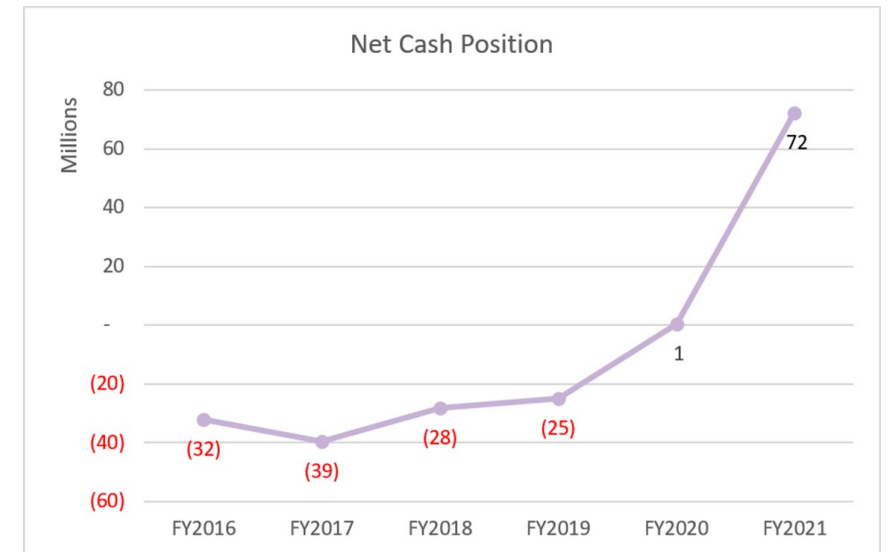


Strategy update – Cost conscious culture



Unwavering focus on costs

- ✓ Controlled working capital
- ✓ Strong net cash position
- ✓ Reduced supply chain costs
- ✓ Optimised inventory holdings
- ◆ 3rd party logistics: Canadian distribution facility



CFO presentation FY21 results





FY21 Group results

- Revenue growth in all markets
- Gross profit up \$50.7m
- Delivered significant increase to net profit after tax (NPAT) and earnings before interest and tax (EBIT)
- Strong balance sheet with a healthy net cash position
- Targeted inventory levels delivered
- Unwavering focus on costs across the business
- Active management of global store network
- Total dividends of AU4.5 cents per share for the year

For the year ended	AUD	FY21	FY20	Change
Revenue		\$556.5m	\$492.1m	+13.1%
Same store sales				+8.6%
Gross profit		\$348.9m	\$298.2m	+17%
Earnings before interest and tax (EBIT)		\$72.4m	\$14.1m	+414%
EBIT as a % of revenue		13%	2.9%	+1,010 bps
Net profit after tax (NPAT)		\$45.3m	\$3.1m	+1,382%
Total dividends		4.5c	1.5c	+3c
Inventory		\$171.2m	\$178.7m	-\$7.5m
Net cash		\$72.4m	\$0.5m	+\$71.9m
Store network		285	290	-5

Same store sales reflect sales through store and online channels on a comparable trading day basis and a proportional allocation of Professional Care Plan (PCP) revenue, and are unaudited. Same store sales do not include permanent or temporary store closures on a same trading day basis.

FY21 Key Performance Results

+35.3%
WEBSITE TRAFFIC
18.6m USERS



\$56.6m
COMPARABLE EBIT
FY20: loss \$5.2m



+8.6%
GROUP
SAME STORE
SALES GROWTH



62.7%
GROUP
GROSS MARGIN
FY20: 60.6%



\$34.8m
DIGITAL SALES
+53.4%



42.1%
BRANDED
COLLECTION SALES
FY20: 37.3%



6
STORES
CLOSED

1
STORE
OPENED

+13.0%
AUSTRALIA
SAME STORE
SALES GROWTH



+7.1%
NEW ZEALAND
SAME STORE
SALES GROWTH



+6.8%
CANADA
SAME STORE
SALES GROWTH



Managing Director & CEO presentation FY22Q1 update





- Earnings impact of COVID-related closures well managed

FY22Q1 update

- Continued strong performance despite impact of ongoing lockdowns
- A combination of **increased margins, focused cost control, digital growth and strong same store sales**, has lessened the negative impact on earnings from the lockdowns

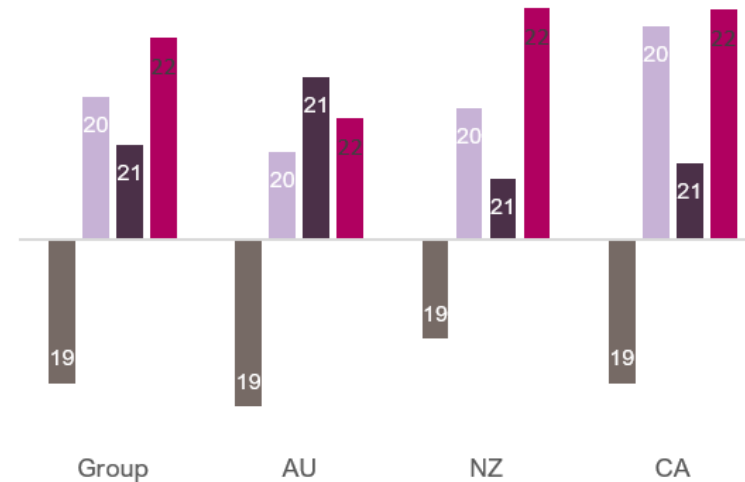


FY22Q1 update

- **Same store sales for the quarter were up an impressive 15.5%, against FY21Q1**
- **The quarter saw 7,396 lost store trading days vs 2,158 in FY21Q1 (a net loss of 20% of Q1 trading days against prior year)**
- **All store sales were only down 10% for the quarter against FY21Q2**

- Earnings impact of COVID-related closures well managed
- **Strong same store sales in all markets**
- **Lost store trading days impact**

Same store sales (stores & websites)



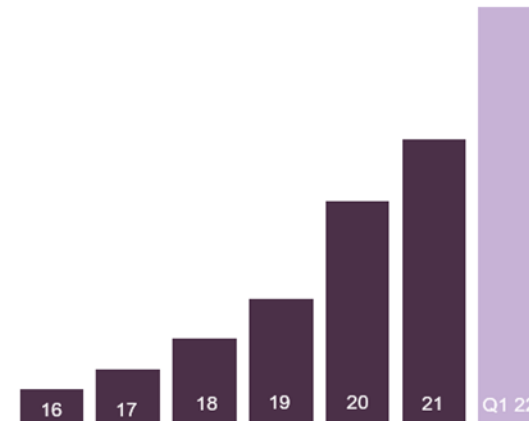


- Earnings impact of COVID-related closures well managed
- Strong same store sales in all markets
- Lost store trading days impact
- **Continued margin expansion**
- **Digital sales surge**

FY22Q1 update

- Strategic initiatives underpinned **margin growth of 100 to 200 basis points** in all markets and channels against FY21Q1
- For the quarter, **digital sales were up 58.2%** against FY21Q1, representing **9.4% of sales** (FY21Q1: 5.3%)

Digital Sales - % of Total Revenue



Questions

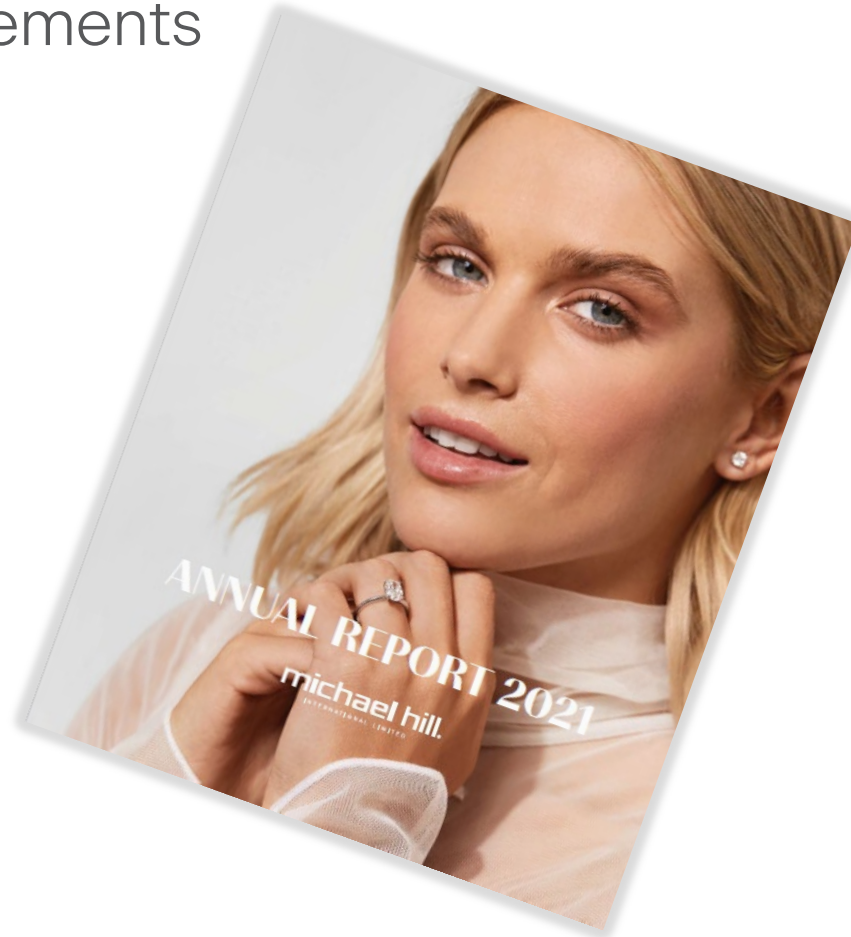


Business of the Annual General Meeting



Financial statements and reports

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



Pendant and ring from our Knots Collection

Resolution 1: Remuneration report

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

“That the Remuneration Report for the year ended 27 June 2021 (as set out in the Directors’ Report) is adopted.”

	FOR	AGAINST	OPEN	ABSTAIN	EXCLUDED
NO. OF SHARES	77,921,120	508,975	390,037	242,631	181,192,666
% OF ELIGIBLE VOTES	98.87%	0.64%	0.49%	N/A	N/A
% OF ALL SECURITIES	20.07%	0.13%	0.10%	0.06%	46.66%



Bridal set from our Evermore Collection



Resolution 2: Re-election of Sir Michael Hill as a director

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

“That Sir Michael Hill 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	259,725,792	110,000	387,237	32,400	0
% OF ELIGIBLE VOTES	99.81%	0.04%	0.15%	N/A	N/A
% OF ALL SECURITIES	66.89%	0.03%	0.10%	0.01%	0%



Engagement rings from our Evermore Collection

Resolution 3: Re-election of Emma Hill as a director

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

“That Ms Emma Hill 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 herself for re-election, be elected as a director of the Company.”

	FOR	AGAINST	OPEN	ABSTAIN	EXCLUDED
NO. OF SHARES	259,705,792	140,000	387,237	22,400	0
% OF ELIGIBLE VOTES	99.80%	0.05%	0.15%	N/A	N/A
% OF ALL SECURITIES	66.89%	0.04%	0.10%	0.01%	0%



Resolution 4: Grant of share rights to Mr Daniel Bracken

To consider and if thought fit, pass the following resolution as a special resolution:

“That for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval be given to grant 634,081 share rights to the Managing Director & Chief Executive Officer of the Company, Mr Daniel Bracken, and the issue of ordinary shares in the Company on vesting of those share rights, under the Long Term Incentive Plan for FY22 as part of his long term incentive arrangements, as described in the Explanatory Notes.”

	FOR	AGAINST	OPEN	ABSTAIN	EXCLUDED
NO. OF SHARES	258,953,060	644,551	390,037	267,781	0
% OF ELIGIBLE VOTES	99.60%	0.25%	0.15%	N/A	N/A
% OF ALL SECURITIES	66.69%	0.17%	0.10%	0.07%	0%



Ring from our Solitaire by Michael Hill Collection



Rings from our Evermore Collection



Thank you

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