

MARKET RELEASE TRADING UPDATE TO 31 MARCH 2017

- The Group achieved a total store sales increase of 5.5% for the 9 months to 31 March 2017 and same store sales growth of 0.8%
- The Michael Hill brand delivered total store sales growth of 4.4% and same store sales growth of 0.8% for the 9 months
- The Emma & Roe brand achieved total store sales growth of 70.4%, with a same store sales decline of 1.0%
- Eight Michael Hill stores and ten Emma & Roe stores were opened during the period giving a total of 330 stores trading as at 31 March, made up of 304 Michael Hill stores and 26 Emma & Roe stores
- Eight Michael Hill and four Emma & Roe stores are scheduled to be opened during the fourth quarter. This will result in 30 new stores opening for the year compared to the 19 stores opened last year.

SUMMARY

The Group has managed to achieve same store sales growth of 0.8% for the 9 months while expanding its store footprint by 18 stores.

Trading conditions in Australia and New Zealand continued to be challenging and same store sales were relatively flat for the third quarter.

Our Canadian segment continued to impress with strong same store sales growth of 7.0%.

The US business continues to struggle after a disrupted first half, however management are now firmly focused on positioning this test market for a much improved year in 2017/18.

Our Emma & Roe brand continues to grow in Australia and reached 26 stores at the end of March. While same store sales were down at the third quarter, we have secured and opened some excellent new store locations in both Queensland and NSW. This will allow us to increase our marketing spend in the following 12 months as critical mass is achieved in each advertising region.

GROUP SALES

Revenue from the sale of goods and services for the 9 months to 31 March 2017:

The following figures are in Australian dollars

	Last Year	This Year	% Var
Michael Hill same stores	408,087,744	411,531,005	0.8%
Emma & Roe same stores	5,687,739	5,628,177	(1.0%)
Total same stores	\$413,775,483	\$417,159,182	0.8%
Michael Hill all stores	417,110,775	435,664,151	4.4%
Emma & Roe all stores	6,901,968	11,762,199	70.4%
Total all stores	\$424,012,743	\$447,426,350	5.5%

Exchange rates used for the 9 months:

New Zealand	1.09	1.05
Canada	0.97	0.99
United States	0.72	0.75

MICHAEL HILL

- The Canadian segment traded strongly for the nine months and reported same store sales growth of 7.0% and total store sales growth of 16.9%. Five stores were opened during the period giving a total of 72 at the end of March and another six stores are planned to open in the fourth quarter.
- The Australian segment achieved same store sales growth of 0.4% for the nine months, up from 0.2% at the half. Two new stores opened in Australia giving a total of 170 open at 31 March. The company plans to close four stores during the fourth quarter that relate to underperforming locations, where the proposed terms of lease renewal are unacceptable given our commitment to shareholder wealth creation. The Company has a strict investment policy that requires a minimum return on capital employed and if satisfactory lease terms and performance thresholds are not achieved, we will vacate these sites.
- The New Zealand segment finished down 1.4% for the period, in line with the half year position. One new store opened in Christchurch and one closed, giving 52 stores trading at 31 March.
- Our US business had a poor March quarter and we finished the nine months 11.0% down for same stores. After some management changes in September last year, we are in the process of rebuilding this test market under the leadership of our North American President, Brett Halliday. This will take some time, but plans are underway to position for same store revenue growth in the 2017/18 financial year.

In Australian dollars, the Michael Hill brand reported same store sales growth of 0.8% for the period. Eight new Michael Hill stores opened during the period and one closed, with 304 Michael Hill stores trading at 31 March. There are plans to open eight more stores in the fourth quarter of FY17, primarily in the Canadian market.

Michael Hill same store figures in local currency

		Last Year	This Year	% Var
Australia same stores	AUD	238,995,729	239,878,725	0.4%
New Zealand same stores	NZD	93,582,475	92,276,995	(1.4%)
Canada same stores	CAD	67,075,624	71,796,822	7.0%
United States same stores	USD	10,036,476	8,928,715	(11.0%)

Michael Hill all stores figures in local currency

Australia all stores	AUD	240,370,483	248,618,194	3.4%
New Zealand all stores	NZD	94,224,873	92,943,184	(1.4%)
Canada all stores	CAD	73,187,259	85,555,804	16.9%
United States all stores	USD	10,598,063	9,633,119	(9.1%)

EMMA & ROE

Emma & Roe achieved store sales growth of 70.4% however same store sales declined 1.0% for the period. Ten new stores were opened during the period across Queensland and New South Wales. While the drop in same store sales is disappointing, the brand is still young and evolving, so momentum will be bumpy for some time. We are establishing a good foothold in the large and lucrative New South Wales market and this will allow for additional marketing activity to be funded in the year ahead. There were 26 stores open at 31 March with plans to open a further four in the fourth quarter of FY17.

Emma & Roe same store figures in local currency

		Last Year	This Year	% Var
Australia same stores	AUD	5,183,459	5,138,937	(0.9%)
New Zealand same stores	NZD	549,109	514,102	(6.4%)

Emma & Roe all stores figures in local currency

Australia all stores	AUD	6,398,948	11,272,959	76.2%
New Zealand all stores	NZD	547,569	514,102	(6.1%)

The above figures for Michael Hill and Emma & Roe represent eight months accounting adjusted sales results plus March 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 330 stores globally with 304 Michael Hill stores in Australia, New Zealand, Canada and the US, and 26 Emma & Roe stores in Australia and New Zealand. The Group's global headquarters including its wholesale and manufacturing divisions is 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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