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Lovisa

2017

ANNUAL GENERAL
MEETING



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Welcome to the
Annual General Meeting
of Lovisa Holdings
Limited

Michael Kay
Non Executive
Independent Chairman



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FY2017 SNAPSHOT

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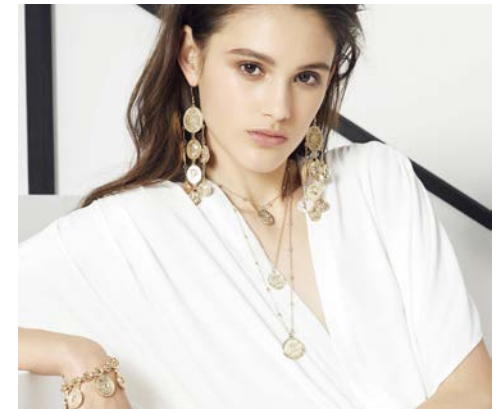
EBIT up 68%

\$40.7M



\$29.0M

NPAT
up 75%



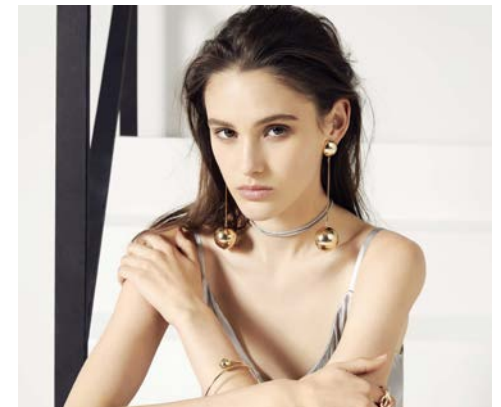
Like for Like Sales

+10.3%



Revenue up 16.5%

\$178.7M



Total Stores

288

Net increase of 38 stores



Final Dividend

7.6 CPS

Fully Franked

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Chief Executive
Officer

Steve Doyle



FY 2017 FINANCIAL OVERVIEW

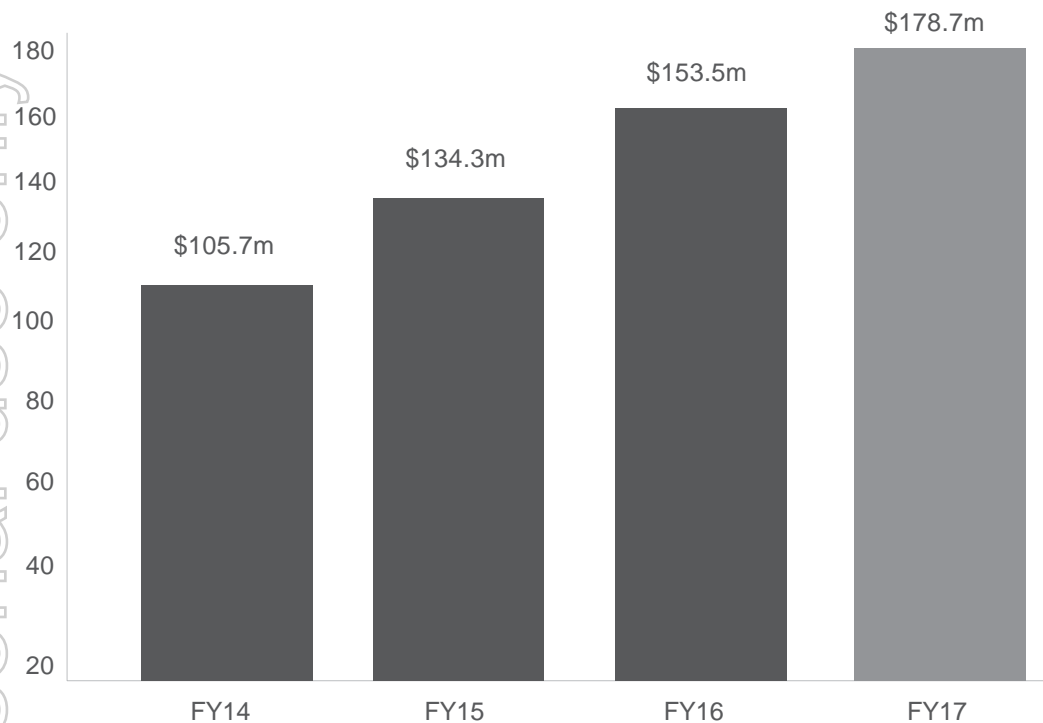
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STRONG LIFT IN EARNINGS FOLLOWING INCREASE IN LFL SALES AND MARGIN

- EBIT of \$40.7m, up 68% on prior year
- Revenue up 16.5% with comparable sales up 10.3% for the year
- Gross profit of \$140.8m up 24%, delivering a gross margin of 78.8%
- CODB reduced from 54% to 53% following tight cost control
- Net profit after tax increased 75% to \$29.0m with EPS of 27.7 cents per share
- Continued international expansion with a net increase of 38 stores during the year
- Strong cash flow generation and tight inventory management
- Debt refinanced during the year, net cash position at year end of \$11.0m
- Directors declared a fully franked final dividend for the year of 7.6 cents being a lift of 5.6 cents on the prior comparable period, taking the full year dividend to 17.6 cents (up 8.93 cents on last year)

FY17 TRADING PERFORMANCE SALES

Comparable sales up 10.3%



- Total Global Sales up 16.5% to \$178.7m
- Comparable sales up 10.3% driven by retail price increases and the benefit of some key trends in the fashion jewellery sector
- Retail price increases introduced in 2016 to offset currency headwinds
- Cycling of the closure of the Equip stores (Australia & NZ)

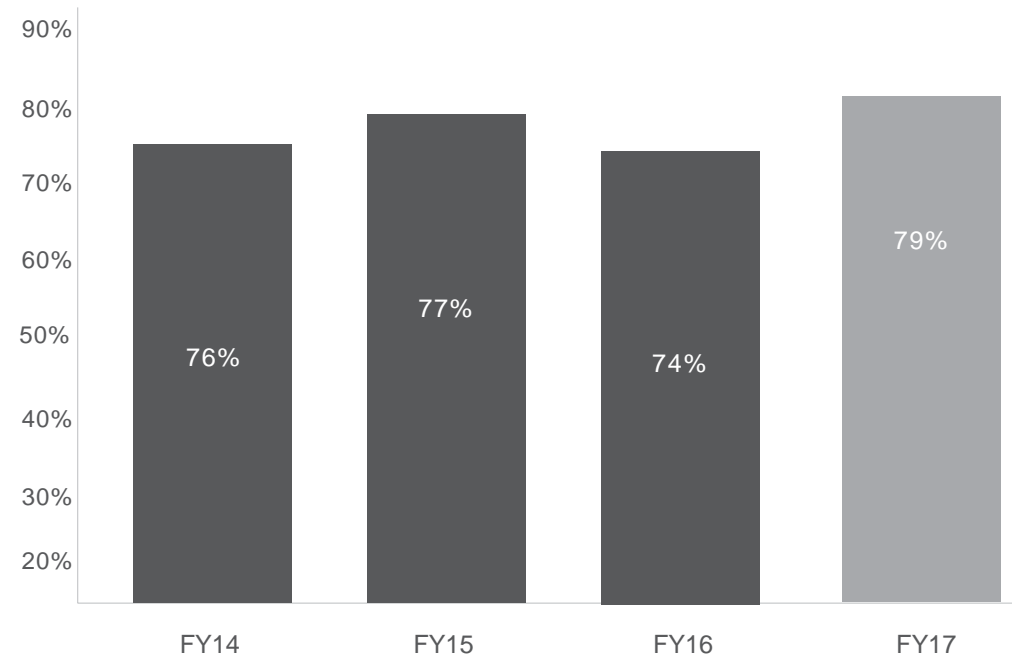
FY17 TRADING PERFORMANCE GROSS MARGIN

GROSS MARGIN INCREASED TO 78.8%

- Gross profit increased 24% to \$140.8m
- Gross Margin was 78.8% up from 74.0% in the prior year
- Gross Margin delivered despite a \$0.02 drop in the average USD rate
- On a constant currency basis Gross Margin would have been 79.3% vs 74.0% in the prior year
- Margin increase driven by retail price increases and a reduction in sale and markdown activities due to on-trend product

Gross Margin at Constant Currency*

	FY17	FY17	FY16
Currency USD	0.72	0.74	0.74
Sales	178,746	178,746	153,461
Cost of sales	(37,924)	(37,002)	(39,899)
Gross profit	140,822	141,744	113,562
Gross margin	78.8%	79.3%	74.0%



*Constant currency impact on inventory purchases



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BALANCE SHEET AND CASHFLOW

STRONG BALANCE SHEET AND CASH FLOW WITH FINANCE FACILITIES INCREASED

- Strong cash flow, with cash conversion 109%
- Debt repaid, with net cash of \$11.0m at year end
- Disciplined inventory management with inventory levels below prior periods despite store growth and currency pressure
- Bank Facility refinanced a further three years, with a lift in limits to \$30m
- Additional \$15m acquisition finance agreed subject to bank due diligence
- Material headroom in the company's fixed charge ratio and operating leverage covenants

(A\$'000s)	FY17	FY16
Net Cash	11,039	4,729
Receivables	3,615	2,293
Inventories	13,127	15,034
Derivatives	-	-
Total current assets	27,781	22,056
Property Plant & Equipment	15,658	13,123
Intangibles	2,276	2,073
Deferred tax asset	3,275	1,823
Total assets	48,990	39,075
Payables	10,001	8,350
Derivatives	805	905
Provisions	6,936	4,645
Total current liabilities	17,742	12,995
Borrowings	-	12,000
Provisions	3,059	2,909
Total liabilities	20,801	27,904
Net assets	28,189	11,171

Covenants	FY17	FY16
Fixed charge ratio > 1.40	2.59	2.18
Gross leverage < 1.75	0.09	0.52

ANNUAL GENERAL MEETING

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Managing Director

Shane Fallscheer



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FY17 STORE GROWTH

INTERNATIONAL ROLLOUT CONTINUES WITH A NET INCREASE OF 38 STORES IN FY17

- Number of international stores growing with offshore territories now 50% of the network
- Net increase of 38 stores through FY17
- Pilot program commenced in Spain in June 2017
- Acquisition of 17 stores in South Africa
- New franchise territories in Vietnam and Bahrain
- Engaged with Landlords across Asia, Europe and the US ensuring they are familiar with Lovisa Brand and financial strength

Store number growth				
Country	FY17	FY16	VAR	Estimated Store Capacity
Australia	145	144	+1	150
New Zealand	18	18	-	18-20
Singapore	21	19	+2	20-25
Malaysia	19	14	+5	20-25
South Africa	50	36	+14	55
United Kingdom	11	3	+8	100
Spain	1	-	+1	Pilot
Middle East	19	16	+3	50
Vietnam	4	-	+4	10-15
Total	288	250	+38	

DISCIPLINED GROWTH

DILIGENT APPROACH TO EXPANSION PROGRAM, WITH SCALABLE SUPPORT MODEL

- Continued careful approach to opening in new territories
- Global Property team in place and we continue to be diligent in ensuring store locations and rent economics meet internal hurdles
- Only if pilot successful do we proceed to a larger scale roll out
- Product development teams in Australia and the UK to keep abreast of global trends and support our fast to market model
- Existing global supply chain, currently with distribution hubs in Hong Kong and Melbourne already services wide geographical footprint
- Support centre in Australia structured to support our expanding global business



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SUMMARY

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- EBIT of \$40.7m with a gross margin of 78.8%
 - Comparable store sales growth of 10.3%
 - Strong lift in margin following price increases and reduced mark downs
 - CODB well managed as network grows
 - NPAT of \$29.0m up 75% on prior year
 - Tight stock and cost control with cash conversion at 109%
 - International expansion continued with a further 38 stores opening during the year
 - 50% of store network now outside of Australia with a total network of 288 stores at year end
 - Fully franked final dividend of 7.6 cents per share taking the full year dividend to 17.6 cents



TRADING UPDATE

- Pleasing start to the year with the same store sales growth year to date continuing to be slightly above our long term target of between 3% and 5%, however we are mindful that over the next few months we continue to cycle some particularly successful ranges as we also head into the key Christmas trading period
- We are currently at 304 stores, with 16 new stores opened year to date, and are on track to open 20-30 new stores for the year
- International market expansion has continued, with our first pilot store in the US at Glendale Galleria in Los Angeles due to open in November
- The investment in our global rollout will continue as we invest in our bench strength whilst sourcing suitable store locations to continue delivering on-trend products to our customers
- We will also consider value enhancing, non-organic growth opportunities aligned to our core expertise and specialisation provided they meet our strict investment criteria



Some of the information contained in this presentation contains “forward-looking statements” which may not directly or exclusively relate to historical facts. These forward-looking statements reflect the current intentions, plans, expectations, assumptions and beliefs about future events of Lovisa Holdings Limited (LOV) and are subject to risks, uncertainties and other factors, many of which are outside the control of LOV.

Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Because actual results could differ materially from LOV’s current intentions, plans, expectations, assumptions and beliefs about the future, you are urged to view all forward-looking statements contained here in with caution.

