

Lovisa

2016

ANNUAL GENERAL
MEETING



ANNUAL GENERAL MEETING

Welcome to the
Annual General Meeting
of Lovisa Holdings
Limited

Michael Kay
Non Executive
Independent Chairman



FY2016 SNAPSHOT

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LFL SALES
+5.5%



TOTAL STORE NUMBERS

250



↑ REVENUE UP
14.3% TO
\$153M



GROSS PROFIT UP
9.8% TO
\$114M ↑

EBIT
\$24.2M



**SUCCESSFUL
UK PILOT
PROGRAM**

**FINAL DIVIDEND
OF 2.0CPS,
FULLY FRANKED**

Lovisa

ANNUAL GENERAL MEETING

Managing Directors Presentation

Shane Fallscheer

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FY 2016 FINANCIAL HIGHLIGHTS

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LIFT IN UNDERLYING EARNINGS BEFORE FX AND IPO PROFORMA ADJUSTMENTS

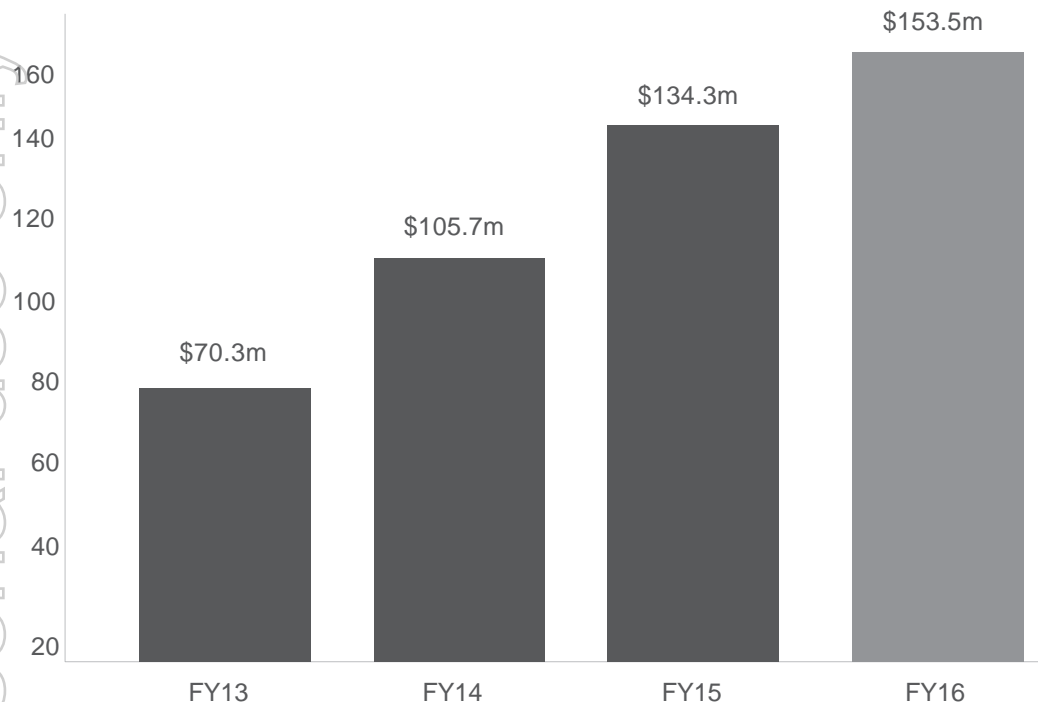
- EBIT of \$24.2m and Gross Margin of 74%
- Result was impacted by the devaluation of the Australian Dollar and the South African Rand
- Revenue up 14.3% with LFL sales up 5.5% for the year
- Gross profit up 9.8% impacted by devaluation of AUD. On a constant currency basis for inventory purchases, gross profit would have been up 15.2%
- CODB % maintained despite incremental investment in the Company's global rollout and bench strength
- Proforma net profit after tax of \$16.6m
- Continued international expansion with a net increase of 11 stores opened during the year
- Solid cashflow and inventory back to normalised levels
- Healthy balance sheet with a \$2.4m reduction in net debt during the year
- Fully Franked Final Dividend of 2 cents bringing total Dividends for the year to 8.67 cents

**A reconciliation of the statutory profit to the proforma EBIT is shown as appendix one. FY16 based on 53 week year*



FY16 TRADING PERFORMANCE SALES

LFL sales up 5.5%



- Total Global Sales up 14.3% to \$153.5m;
 - Australia and New Zealand up 6% to \$108m
 - International expansion continues up 41% to \$45m
 - Entered our 10th Territory in the UK
 - Sales momentum was solid throughout the year with a consistent delivery of ranges from our in house product team



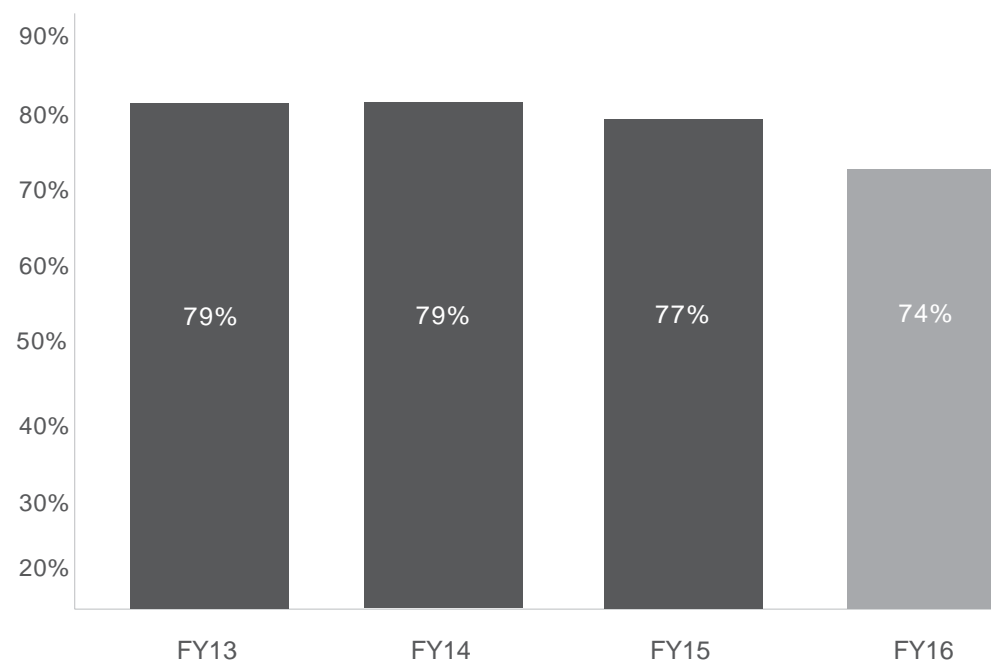
FY16 TRADING PERFORMANCE GROSS MARGIN

GROSS MARGINS BUFFETED BY DEVALUATION OF AUD

- Gross profit increased 9.8% to \$113.6m
- Gross Margin for the year was 74% following significant foreign currency headwinds and increased sale and mark down activity
- AUD decreased from USD 0.88 in the prior year to an average USD 0.75 for the year. On a constant currency basis Gross Margin would have been 77.7% vs 77.1% in the prior year
- Increased sale and markdown activity during the first half led to some margin decline during the first half
- Stock position is now back to normalised levels

Gross Margin at Constant Currency*

	FY16	FY16	FY15
Currency USD	0.752	0.878	0.878
Sales	153,461	153,461	134,260
Cost of sales	(39,899)	(34,158)	(30,799)
Gross profit	113,562	119,303	103,461
Gross margin	74.0%	77.7%	77.1%



*Constant currency impact on inventory purchases

BALANCE SHEET AND CASHFLOW

HEALTHY BALANCE SHEET AND STRONG CASHFLOW

- Cash flow from operations lifted 26% to \$32m
- Capital expenditure of \$4.6m on new store openings and store refurbishments of \$3.9m
- Disciplined inventory management in the second half with inventories maintained at prior year levels despite store growth of 11 stores and currency increases
- Net debt reduction of \$2.4m for the year
- Low operating leverage with Bank Facilities to be refinanced in FY2017 to facilitate international growth

(A\$'000s)	FY16	FY15
Net Cash	4,729	2,343
Receivables	2,293	2,147
Inventories	15,034	15,012
Derivatives	-	30
Total current assets	22,056	19,532
Property Plant & Equipment	13,123	10,400
Intangibles	2,073	1,610
Deferred tax asset	1,823	3,541
Total assets	39,075	35,083
Payables	8,350	7,770
Provisions	4,645	5,622
Total current liabilities	12,995	13,392
Borrowings	12,000	12,000
Provisions	2,909	2,882
Total liabilities	27,904	28,274
Net assets	11,171	6,809

Covenants	FY16	FY15
Fixed charge ratio > 1.25	2.18	2.34
Gross leverage < 1.25	.52	.47

STORE GROWTH

CONTINUED INTERNATIONAL EXPANSION WITH NET INCREASE
OF 11 STORES OPENING DURING THE 2016 YEAR

- Store growth continues offshore, with 44% of stores now outside of Australia
- Opened 43 new stores through FY16
- Store closure program associated with the 2015 South African acquisition and previous Australian / NZ acquisitions almost complete
- Net increase of 11 stores for the 2016 year
- A further 12 stores have opened this year

Store number growth			
	Current	FY16	FY15
Australia	148	144	146
New Zealand	18	18	14
Singapore	21	19	15
Malaysia	16	14	15
South Africa	38	36	36
United Kingdom	4	3	-
Vietnam	1	-	-
Arabian Gulf	16	16	13
Total	262	250	239

U K ROLLOUT PROGRESSING AS EXPECTED

UK PILOT PROGRAM SUPPORTS A CONTINUED ROLLOUT OF THE UK MARKET

- Embarked on pilot program in November 2015 to determine feasibility of the UK market
- Opened three stores in FY16 being Leeds, Bromley, Brighton and Manchester in July
- Board decision in August to proceed with rollout
- Stores continue to trade in line with expectations
- We anticipate a total of 7 stores to be trading by Xmas
- Will continue to take a disciplined and patient approach to site and lease terms



TRADING UPDATE

- For personal use only
- We have experienced a strong start to the year with same store sales growth in Q1 tracking above the 3% to 5% range as anticipated, following the retail price increases in the second half of FY16
 - Currently at 262 stores after opening an additional 12 this year
 - UK currently trading with 4 stores, with a further 3 stores to open prior to Xmas
 - We are well positioned for the Spring Carnival
 - Vietnam franchise trading well with an additional 5 stores expected to be open this financial year
 - Our Company's investment in its global rollout and bench strength is continuing



Notice of Meeting Agenda Items

Michael Kay
Non Executive
Independent Chairman

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*“To receive and consider the
Financial Report of the
Company and the Directors’
Report and the Auditor’s
Report for the year ended 3
July 2016”*



REMUNERATION REPORT

“That, the Remuneration Report for the year end 3 July 2016, being part of the Directors’ Report, be adopted”



PROXIES RECEIVED

For:	33,098,285
Against:	231,060
Open - Usable	139,634



RE-ELECTION OF MICHAEL KAY

*"That Michael Kay be elected
as a Director of the Company"*



PROXIES RECEIVED

For:	75,371,775
Against:	3,313,075
Open – Usable	4,641,134



RE-ELECTION OF JAMES KING

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"That James King be elected as
a Director of the Company"



PROXIES RECEIVED

For:	78,673,350
Against:	-
Open – Usable	4,652,634



APPROVAL IPO OPTIONS GRANT

"That, approval be given for all purposes, including ASX listing Rule 10.14, for the grant of options under the Equity Incentive Plan to the Managing Director, Shane Fallscheer, as his initial public offering long term incentive, on the terms described in the Explanatory Statement accompanying this Notice of Meeting"



PROXIES RECEIVED

For:	77,487,345
Against:	37,000
Open – Usable:	4,650,634



"That, approval be given for all purposes, including ASX listing Rule 10.14, for the grant of options under the Equity Incentive Plan to the Managing Director, Shane Fallscheer, as his incentive for the year ended 2 July 2017, on the terms described in the Explanatory Statement accompanying this Notice of Meeting"



PROXIES RECEIVED

For:	77,299,535
Against:	219,810
Open – Usable	4,655,634



QUESTIONS

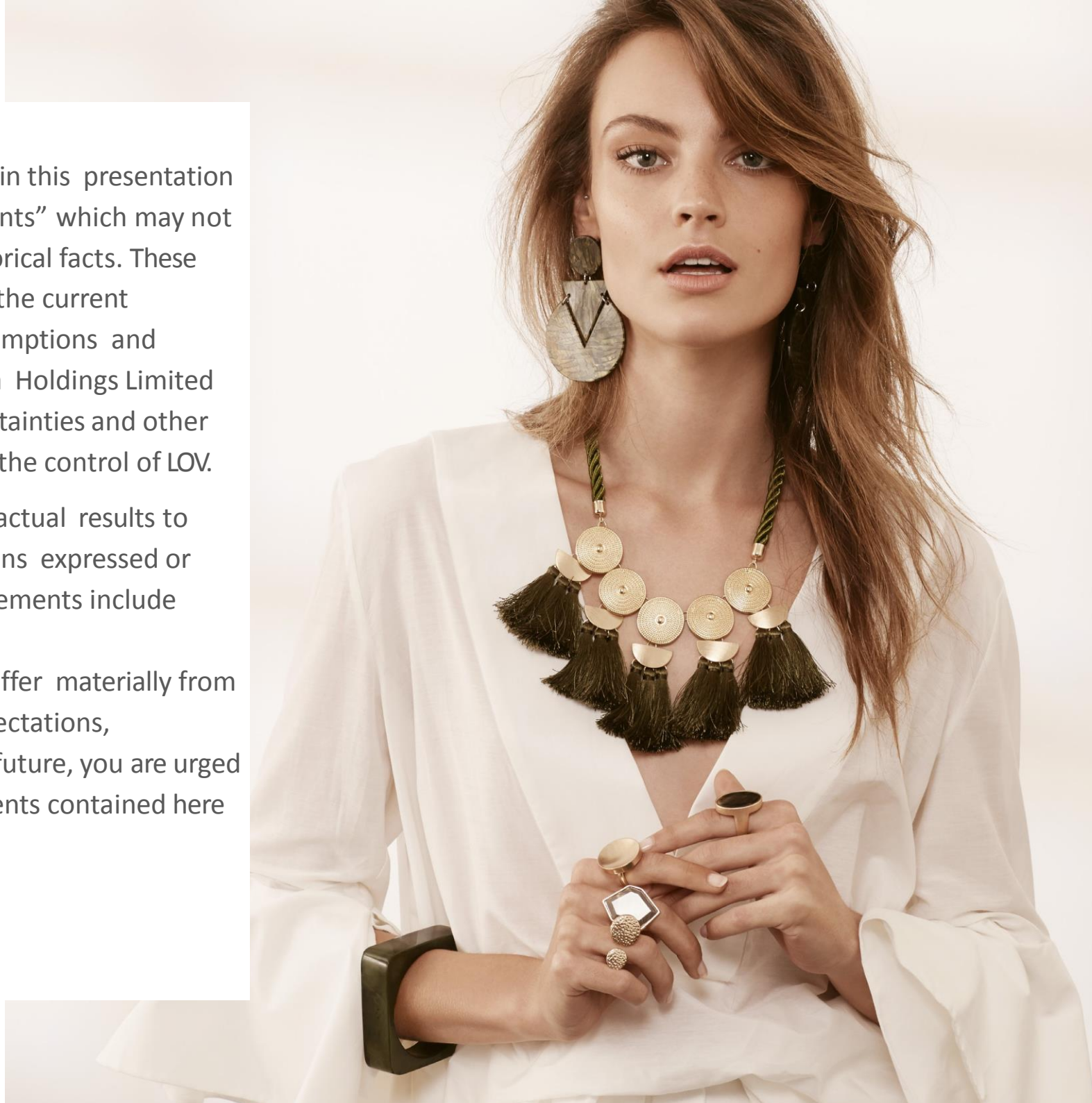


THANK YOU



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.



APPENDIX 1 – PROFIT AND LOSS STATEMENT

LIFT IN UNDERLYING EARNINGS BEFORE FX AND IPO pro forma ADJUSTMENTS

PROFORMA EARNINGS ADJUSTED FOR IPO AND PUT OPTION IN FY15

(\$'m)		FY15	Variance (%)
	Actual	Proforma	Proforma
Revenue	153.5	134.3	+14.3%
Gross profit	113.6	103.5	+9.8%
EBITDA	30.3	30.8	-1.9%
EBIT	24.2	24.8	-2.4%
NPAT	16.6	17.6	-6.0%
EPS cents	15.8	17.1	-7.6%

PROFORMA EARNINGS ADJUSTED FOR CONSTANT CURRENCY

(\$'m)	FY16		FY15	Variance (%)
	Actual	Currency	Proforma	Currency
Revenue	153.5	153.5	134.3	+14.3%
Gross profit	113.6	119.3	103.5	+15.2%
EBITDA	30.3	37.1	30.8	+20.4%
EBIT	24.2	31.1	24.8	+25.4%

*A reconciliation of the statutory profit to the constant currency EBIT is shown as appendix two.

APPENDIX 2

Reconciliation of FY15 statutory EBIT to proforma EBIT

(A\$'000s)	FY15
Consolidated statutory EBIT	37,470
Change in provision for share buy back	(14,756)
IPO costs	2,115
Proforma EBIT	24,829

Reconciliation of FY16 statutory EBIT to constant currency EBIT

(A\$'000s)	FY16
Consolidated statutory EBIT	24,222
Increase in gross profit assuming inventory costs at constant currency of AUD 0.878	5,741
Currency loss on translation of the groups foreign subsidiaries working capital and cash	1,154
Constant currency EBIT	31,117