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MANAGING DIRECTOR

Lovisa





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Brand of choice for fast fashion jewellery



Total store numbers at end of Q3 FY18

320



Highly scalable model
Attractive returns



15
Countries

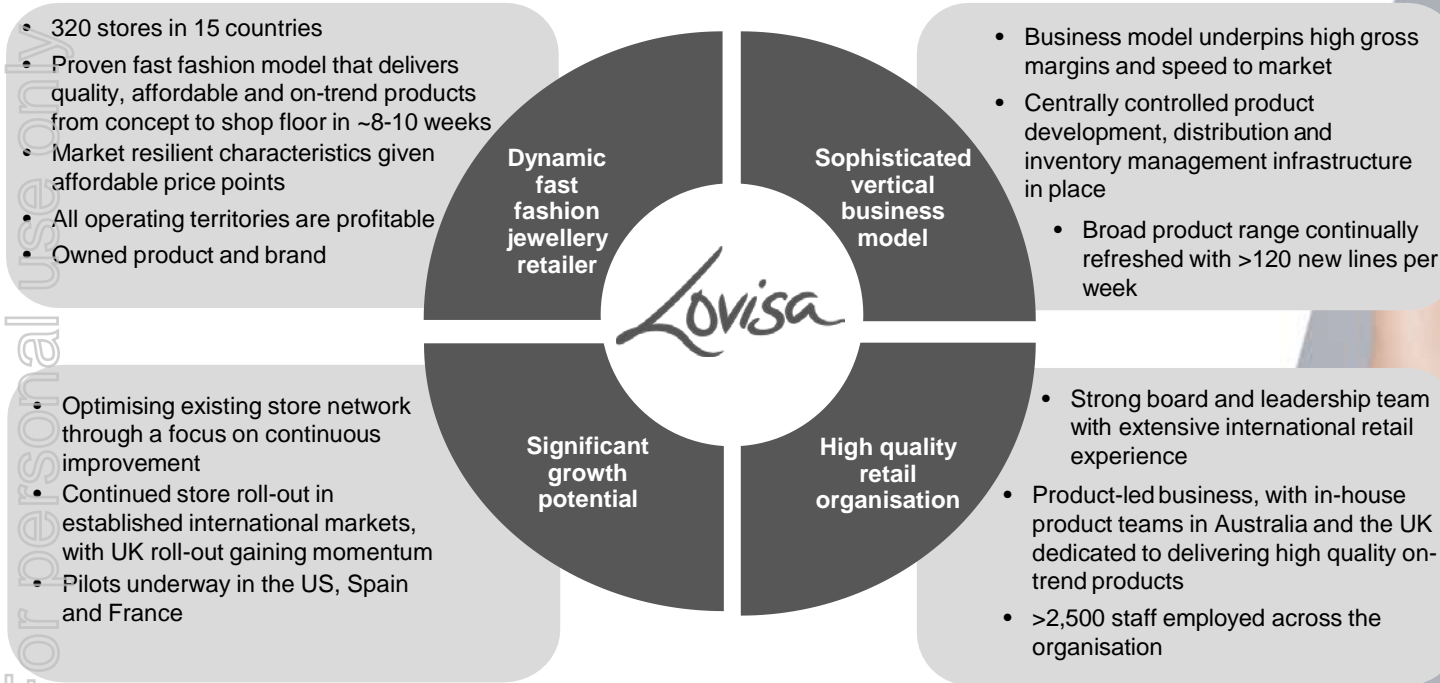


Gross margin
> 75%

Average store payback
< 1 year



Introduction to Lovisa



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Lovisa Store Disciplines

Average store size - 50 sqm

Stores are designed for high intensity merchandising to maximise sales potential

Standardised fit-outs maintain customer experience and facilitate efficient roll-out programs

Centralised sales and inventory management systems



High pedestrian traffic locations

Majority of stores in desirable malls and locations

Typical store is run by a store manager and flexible support staff base

Simplistic design to facilitate easy store management so staff can be sales focussed



Vertically Integrated Business Model

VERTICALLY INTEGRATED RETAIL MODEL

- Owned product and brand
- In house, product-led business
- Significant cost advantage via direct sourcing from factories, with product manufactured in cost optimal locations (China, Thailand and India)
- Strong focus on data analytics for inventory management
- Business model underpins consistently high gross margins (>75%)



SPEED TO MARKET AND RESPONSIVE TO TRENDS

- 8-10 weeks from concept to shop floor, with strong selling lines able to be repeated within 4-6 weeks
- New ranges in store regularly (>120 new styles weekly) providing freshness to customer offer
- Buying teams in Australia and UK, highly responsive to fashion and sales trends with proven success in bringing on-trend new products to market
- Focus on adapting new lines to meet customer demand
- Bulk of ranges non-seasonal and global
- Strategically located logistics hubs in Melbourne and Hong Kong

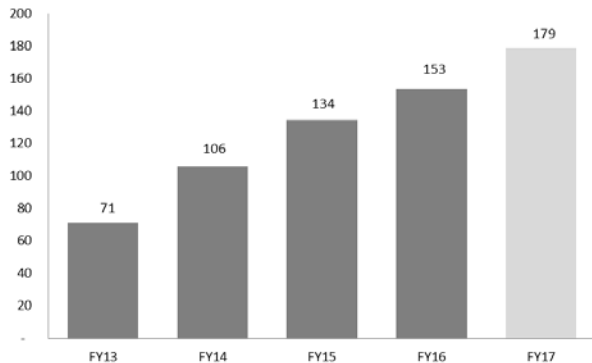


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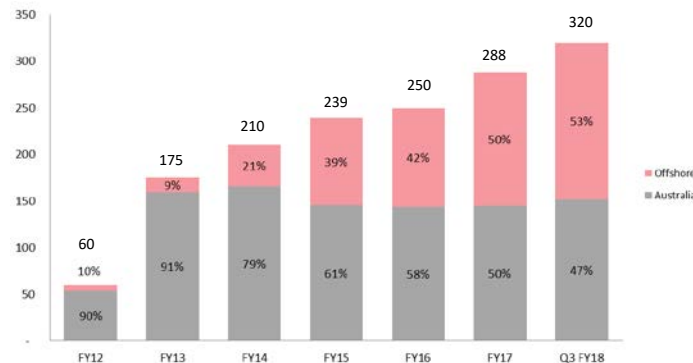


History of rapid growth

Revenue growth (\$Am) – Strong growth over a number of years



Number of stores – Proven ability to grow offshore



To end of Q3 FY18 we have 320 stores globally

- April 2010:** First store opens
- June 2010:** First store opens in New Zealand
- April 2011:** 51st store opens on our 1st Anniversary
- December 2011:** First store opens in South Africa
- July 2012:** First store opens in Malaysia
- July 2012:** First store opens in Singapore
- November 2013:** First store opens in the Middle East
- 18 December 2014:** Listing on ASX
- December 2015:** First store opens in the UK
- July 2016:** First store opens in Vietnam
- June 2017:** 1st store opens in Spain
- November 2017:** 1st store opens in the USA
- February 2018:** 1st store opens in France



FY18 Store Growth

International rollout continues with a net increase of 32 stores year to date

Store number growth to end of Q3 FY18

Country	Q3FY18	FY17	Var	Est. Store Capacity
Australia	152	145	7	150+
New Zealand	18	18	-	18-20
Singapore	22	21	1	20-25
Malaysia	20	19	1	20-25
South Africa	56	50	6	55+
United Kingdom	25	11	14	100
Spain	2	1	1	TBC
USA	1	-	1	TBC
France	1	-	1	TBC
Middle East	18	19	(1)	50
Vietnam	5	4	1	10-15
Total	320	288	32	

- Number of international stores growing with offshore territories now 53% of the network
- Net increase of 32 stores for the year to end of Q3
- 5 new stores opened during Q3, offset by 4 store closures as part of ongoing network optimisation
- First store opened in the US in November 2017 and first French store opened in February 2018
- UK store rollout gaining momentum with 14 new stores opened in the year to end of Q3
- Global Property team in place and we continue to be diligent in ensuring store locations and rent economics meet internal hurdles



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Supply and distribution network

ESTABLISHED LOGISTICS AND IT SYSTEMS

- Vertically integrated model and speed to market significantly reduces the risk of excess inventory and discounting
- Suppliers currently located in mainland China, India and Thailand
- Stock inspected by Lovisa's quality control team in China and transported to Lovisa's warehouses
- Sufficient capacity in the Hong Kong warehouse to handle further international growth
- Strong focus on data analytics for inventory management
- IT systems significantly reduce in-store responsibility for inventory via automated stock replenishment
- Allows Lovisa to replenish its stores under a "just-in-time" model



Financial Overview 1H FY18

Continued earnings growth following increase in LFL sales and margin



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(\$000)	HY18	HY17	Variance
	Actual	Actual	Actual
Revenue	118,615	99,740	18.9%
Gross profit	95,388	77,592	22.9%
EBITDA	38,329	30,841	24.3%
EBIT	34,734	28,194	23.2%
NPAT	24,843	20,272	22.5%
EPS (cents)	23.7	19.3	4.4 cents
Dividend (cents)	13.0	10.0	3.0 cents

- Revenue up 18.9% with comparable store sales up 7.4% for the half year
- Gross profit of \$95.4m up 23% reflecting improved margins
- CODB investment in global support structure and new territory expansion to support future growth resulted in 120bp increase in CODB to 48.1%
- Net profit after tax increased 23% to \$24.8m with EPS of 23.7 cents per share
- Strong cashflow generation and tight inventory management
- Directors declared a fully franked dividend for the half year of 13.0 cents being a lift of 3.0 cents on the prior comparable period
- Strong balance sheet, no debt and \$25m financing facilities available, plus \$15m acquisition finance facility (subject to bank due diligence)
- Q3 continued the momentum with comparable store sales for the YTD to end of Q3 at 7.6% and total sales growth at 20.3%

Strategy Recap

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- Lovisa is a vertically integrated fast fashion jewellery retailer with end to end product development capabilities supporting high gross margins
- Global brand with reach across a number of countries
- Scalable rollout model with centralised merchandising, marketing and back office to support country operations
- Small store foot print with low build costs that generates strong cash conversion with an average store payback less than twelve months
- We continue to invest in the global support structure of the business to ensure success as the international rollout continues
- 32 stores opened for the year to the end of Q3, taking the network to 320 stores
- 53% of store network now outside of Australia
- Pilots underway in Spain, France and the US and the UK rollout is gaining momentum

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Questions

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Appendices

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Board and Management



<p>MICHAEL KAY Chairman Independent Non-Executive Director</p>	<p>Michael is a qualified lawyer and brings a wealth of commercial experience to Lovisa. Michael was CEO and Managing Director of listed salary packaging business McMillan Shakespeare, a position he held for six years. Previously, Michael was CEO of national insurer AAMI after serving in a variety of senior roles with that firm. Prior to joining AAMI, he spent 12 years in private legal practice.</p> <p>Michael is Chairman of ASX listed litigation funder, IMF Bentham Ltd (ASX : IMF) and is Chairman of Apply Direct Ltd (ASX: AD1). Michael has also been a non-executive Director of Quintis Limited (ASX : QIN) since February 2015 and is a non-executive Director of Royal Automotive Club Insurance (WA).</p>
<p>SHANE FALLSCHEER Managing Director</p>	<p>Shane Fallscheer is the Managing Director and founder of Lovisa. He has 30 years of experience in retailing operations across Australia, UK and US markets. He was previously in senior management roles with retailers including: General Manager, Sanity Australia; Chief Executive Officer, Sanity UK; Chief Executive Officer, Diva; and Global Retail Chairman and Chief Operating Officer, Rip Curl USA.</p>
<p>JAMES KING Audit and Risk Committee Chairman Independent Non-Executive Director</p>	<p>James has over 30 years' experience as a Director and an Executive in major multinational corporations in Australia and internationally. He was previously with Foster's Group Limited as Managing Director Carlton & United Breweries and Managing Director Foster's Asia. Prior to joining Foster's, he spent six years in Hong Kong as President of Kraft Foods (Asia Pacific).</p> <p>He is currently a non-executive director of Navitas Ltd and a member of Global Coaching Partnership. Previously James was a director of JB Hi-Fi Limited, Pacific Brands, Trust Company Ltd, Tattersalls, a member of the Council of Xavier College and Chairman of Juvenile Diabetes Research Foundation (Victoria).</p>
<p>TRACEY BLUNDY Non-Executive Director</p>	<p>Tracey joined BB Retail Capital in 1981 and is the nominated representative of BB Retail Capital on the Board of Lovisa. Over the past 36 years, she has held a number of senior executive positions across BB Retail Capital's brands, including Chief Executive Officer of Sanity Entertainment and Bras n Things. She is a Board-level advisor across the BB Retail Capital portfolio bringing in-depth knowledge and expertise on retail operations and roll-out strategy. Tracey was a founding shareholder of Lovisa in 2010, and has since been a senior advisor to the Company's management team. Tracey is currently a Director of BB Retail Capital Pty Limited, and BB Retail Property Pty Limited.</p>
<p>CHRIS LAUDER Chief Financial Officer</p>	<p>Chris brings over 20 years' experience in senior finance roles in prominent Australian companies, most recently as Group General Manager Finance at listed department store retailer Myer Holdings Limited (ASX: MYR), where he spent 10 years in various finance roles. Prior to that, Chris spent a number of years at Telstra Corporation Limited, Australia's largest telecommunications provider (ASX: TLS), after beginning his career at accounting and advisory firm KPMG. Chris' experience cuts across all areas of financial management and includes treasury management, equity capital markets, mergers and acquisitions, risk management, and ASX governance. Chris is a member of the Institute of Chartered Accountants in Australia and New Zealand.</p>

Key Risks

Foreign Currency	<ul style="list-style-type: none">• Majority of goods that are imported are priced in USD. Consequently Lovisa is exposed to movements in the USD exchange rate• As international growth continues Lovisa will be exposed to movements in the exchange rates of the countries it operates in
Store Growth	<ul style="list-style-type: none">• Lovisa's growth strategy is based on its ability to increase earnings from existing stores and continue to open and operate new stores on a timely and profitable basis• Lovisa's store rollout program is dependant on securing stores in suitable locations on acceptable terms and may be impacted by factors including delays, cost over runs and disputes with landlords
Property	<ul style="list-style-type: none">• Failure to renew existing leases on acceptable terms or an inability to negotiate alternative arrangements could adversely affect Lovisa's ability to operate stores in preferred locations
Merchandising	<ul style="list-style-type: none">• Lovisa's revenues are currently generated from the retailing of jewellery which is subject to change in prevailing fashions and consumer preferences• Failure by Lovisa to predict or respond to such changes could adversely impact its financial performance• Any failure by Lovisa to correctly judge customer preferences or to convert market trends into appealing product offerings on a timely basis may result in lower revenue and margins• Any unexpected change in prevailing fashions or customer preferences may lead to Lovisa carrying increased obsolete inventory• Lovisa's products are manufactured directly in factories in China, India and Thailand. As a result Lovisa is exposed to risks including foreign currency, political instability, increased security requirements for goods, cost and delays in international shipping arrangements, imposition of taxes and other charges
Employment Costs	<ul style="list-style-type: none">• Lovisa's employees are covered by enterprise bargaining agreements and other workplace agreements that periodically require renegotiation and renewal. Any such renegotiation could result in increased labour costs for Lovisa
Product	<ul style="list-style-type: none">• Lovisa's name and its related intellectual product are key assets of the business. The reputation and value associated with Lovisa and related intellectual property rights could be adversely impacted by a number of factors including failure to provide customers with quality of product and service standards they expect, disputes or litigation with third parties such as employees, suppliers or customers

1H FY18 Balance Sheet

Strong Balance Sheet with Significant Capacity Available To Fund Growth



(A\$000s)	HY18	FY17	HY17
Net Cash	33,034	11,039	28,246
Receivables	3,781	3,615	3,130
Inventories	14,670	13,127	12,338
Total current assets	51,485	27,781	43,714
Property Plant & Equipment	19,685	15,658	13,081
Intangibles	2,495	2,276	2,328
Deferred tax asset	4,097	3,275	3,064
Total assets	77,762	48,990	62,187
Payables	14,702	10,001	9,905
Derivatives	609	805	(693)
Provisions	11,051	6,936	8,366
Total current liabilities	26,362	17,742	17,578
Provisions	5,222	3,059	2,901
Borrowings	-	-	10,000
Total liabilities	31,584	20,801	30,479
Net assets	46,178	28,189	31,708
Covenants	HY18	FY17	HY17
Fixed charge ratio > 1.40	2.73	2.59	2.41
Operating leverage < 1.75	0.08	0.09	0.29



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1H FY18 Cash Flow

Strong Cash Conversion and
Inventory Management

(A\$000s)	HY18	HY17
Cash from operating activities	44,929	34,942
Net interest paid	(6)	(275)
Tax paid	(7,689)	(4,982)
Net cash from operations	37,234	29,685
Property Plant & Equipment	(7,430)	(2,448)
Net cash used in investing activities	(7,430)	(2,448)
Repayment of borrowings	-	(2,000)
Dividends paid	(7,981)	(2,100)
Net cash used in financing activities	(7,981)	(4,100)
Opening cash	11,039	4,729
Effect in movement in exchange rates	172	380
Closing cash	33,034	28,246
Net movement in cash	21,823	23,137



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 herein with caution.

