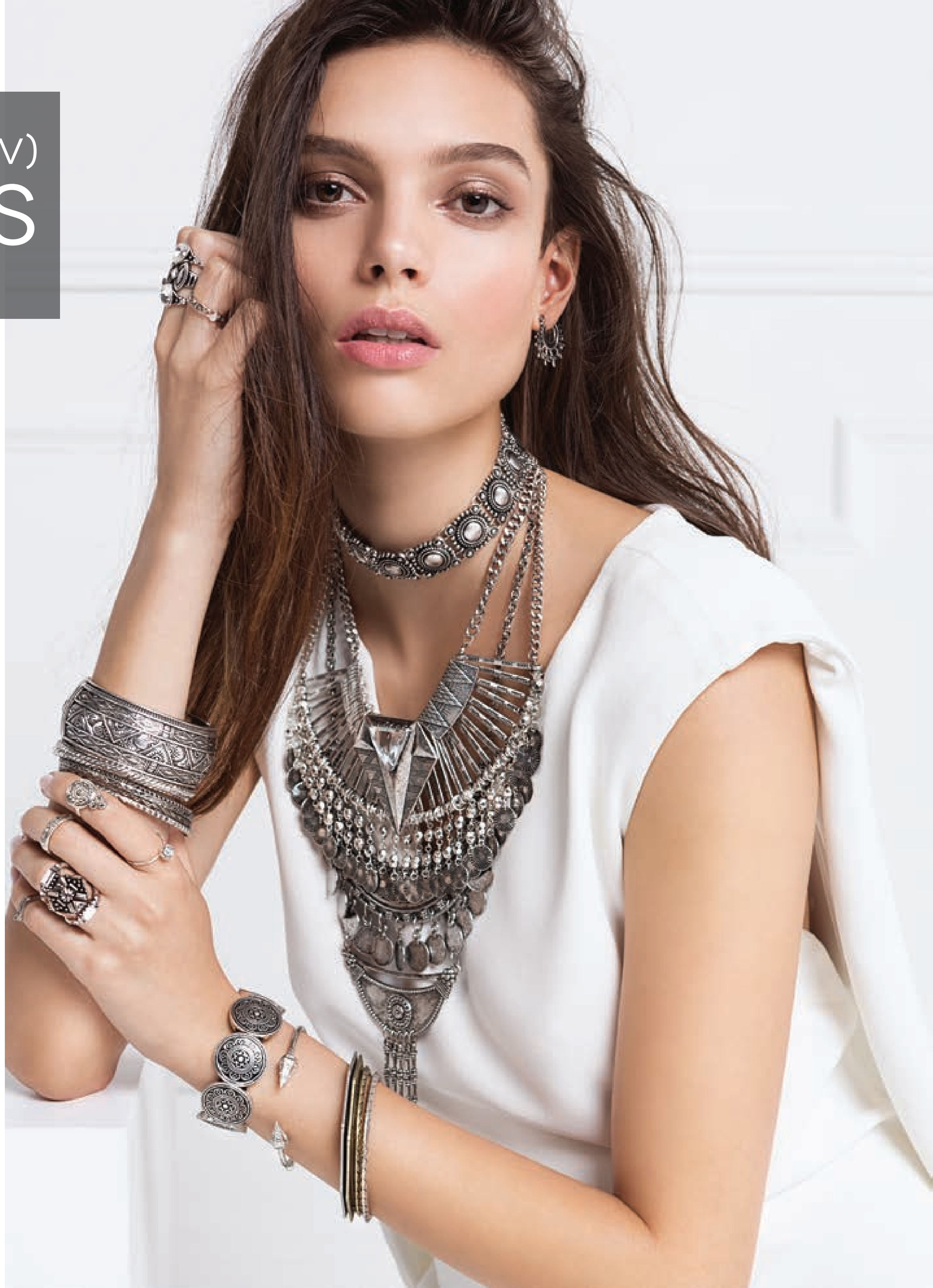
LOVISA HOLDINGS LIMITED (LOV)
FY15 RESULTS
PRESENTATION

1. FY15 Financial Highlights
2. Comparison to Prospectus
3. Comparison to Prior Year
4. Sales
5. Gross Margin
6. CODB and Earnings
7. Balance Sheet
8. Cash Flow
9. Foreign Exchange Risk Management
10. Store Growth
11. FY16 Outlook
12. Questions



FY15 FINANCIAL HIGHLIGHTS

REVENUE UP 27% TO $134.3M.
EBIT OF $24.8M, UP $1.3M ON PROSPECTUS +5.5%

- Revenue increased by 27.1% to $134.3m
- GM increased from 76.0% to 77.1%
- Gross profit increased by 28.7% to $103.5m
- EBIT (adjusted for exceptionals related to the IPO*) of $24.8m was ahead of prospectus forecast by $1.3m, or +5.5%
- Store numbers at year end are 239, compared to prospectus forecast of 225
- All countries reported positive LFL and all countries are profitable
- The Board has declared a fully franked final dividend of 4.07c per share, as per the prospectus

RESULTS COMPARED TO PROSPECTUS

EARNINGS FORECAST BEATEN

	FY15			
	FY15 Actual * (A $'m)	FY15 Prospectus Forecast (A $'m)	Variance (A $'m)	Variance (%)
Revenue	134.3	134.7	(0.4)	-0.3%
Gross profit	103.5	103.4	0.1	+0.1%
EBITDA	30.8	29.6	1.2	+4.1%
EBIT	24.8	23.5	1.3	+5.5%
NPAT	17.6	16.4	1.2	+7.3%

- Sales and gross profit were in-line with prospectus forecast
- Operating costs were in line with prospectus forecast
- Further savings were made in various cost centres and through rationalising property leases
- NPAT up 7.3%

** FY15 results shown above have been adjusted for transaction costs not included in the prospectus forecast. A reconciliation of the statutory profit to the proforma profit is shown on page 3.*

RESULTS COMPARED TO PRIOR YEAR

REVENUE UP 27%

FY15 Highlights				
	FY15 Statutory (A $'m)	FY14 Statutory (A $'m)*	Variance (A $'m)	Variance (%)
Revenue	134.3	105.7	28.6	27.1%
Gross profit	103.5	80.4	23.1	28.7%
EBITDA	43.6	12.5	31.1	248%
EBIT	37.5	6.9	30.6	443%
NPAT	30.6	4.6	26.0	565%

The FY15 statutory result includes one-off items associated with the IPO;

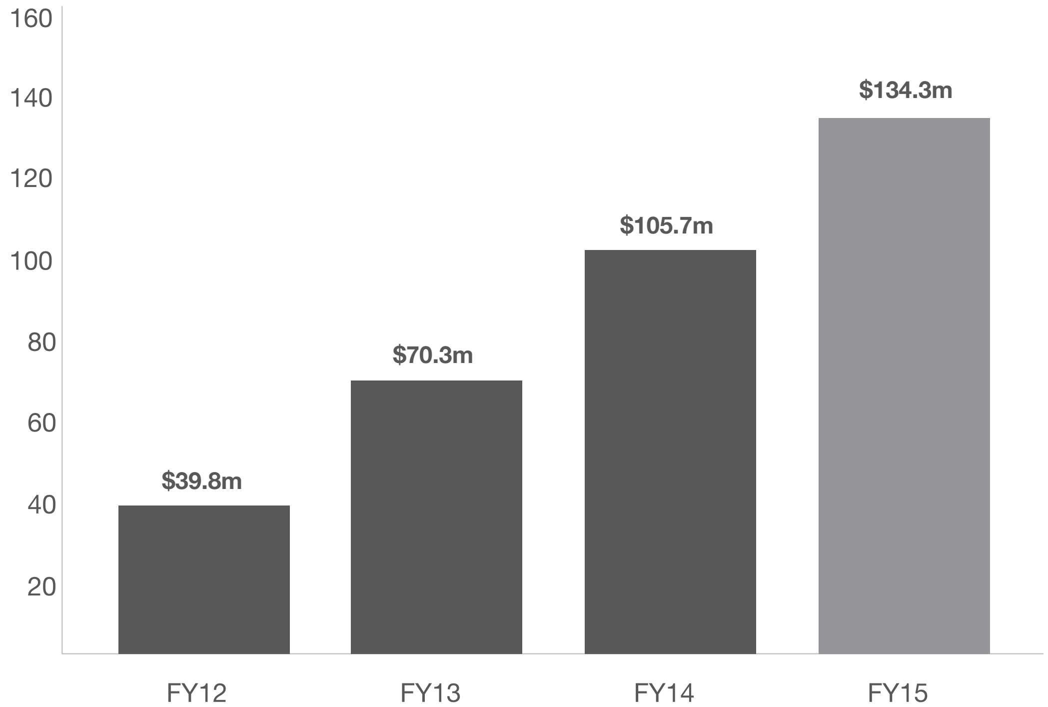
FY15 proforma EBIT	$24.8m
Release of provision for share buy-back	$14.8m
IPO transaction costs taken to P&L	($2.1m)
FY15 statutory profit	$37.5m

Total IPO transaction costs were $4.2m. Half of these costs were applied to movement in share capital and half recognised in the P&L

**FY14 statutory result included a $3.1m charge for the buy-back of company shares*

SALES

A $28.6M INCREASE OVER FY14



- FY15 sales increase driven by;
  - > Strong like for like (LFL) sale growth of +8.2% for the year
  - > All countries reported positive LFL for FY15
  - > 55 store openings, being 23 new stores, 21 acquired stores, 11 franchise stores
  - > The full year impact of 24 new stores that opened in FY14.

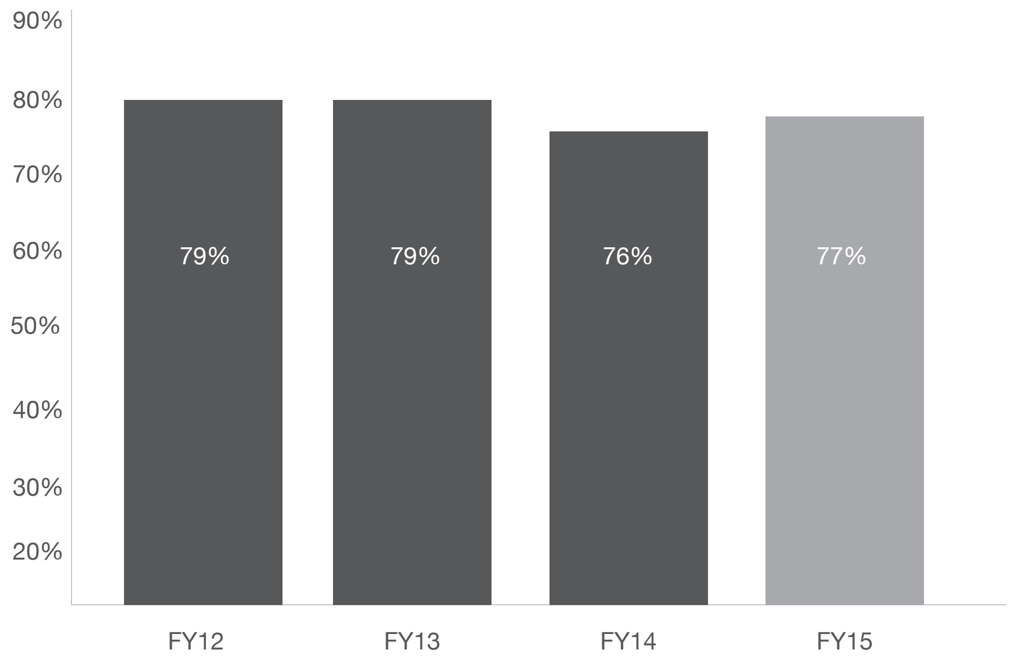
GROSS MARGIN AND GROSS PROFIT

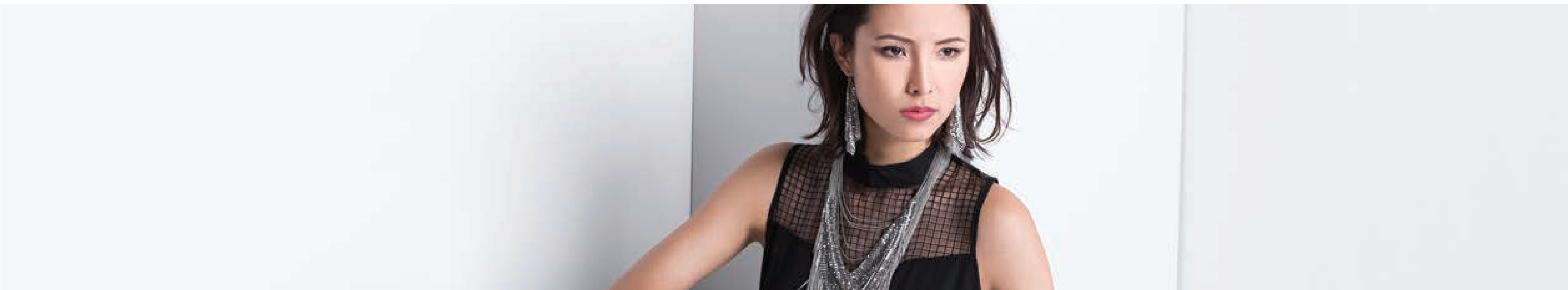
A 1.1% IMPROVEMENT IN GROSS MARGIN OVER PRIOR YEAR

- We have lifted our gross margin in FY15 as a result of;
  > Working with our suppliers as we grow to ensure best price and quality.

  > Investing in Merchandise Planning team and process. The right order quantities and allocations are essential to maximising margin.

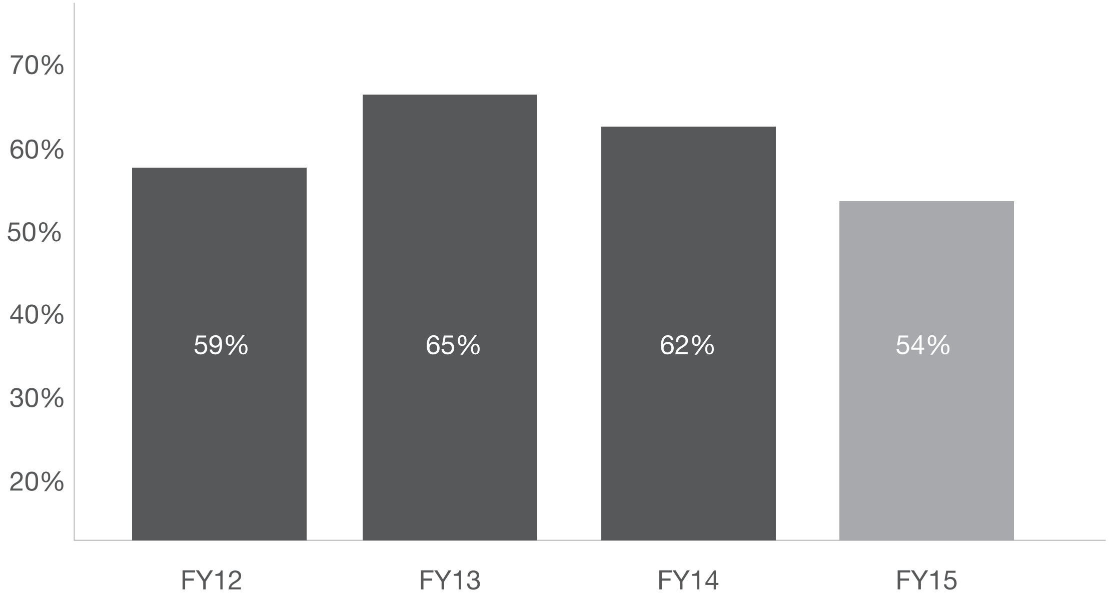
  > Increasing the proportion of stock sold at full price.
- This has been achieved in the context of the devaluation of the A$ which has increased the cost of goods compared to FY14.





COST OF DOING BUSINESS AND EARNINGS

OPERATING LEVERAGE DELIVERED LOWER COST OF DOING BUSINESS



- Cost of doing business was been positively impacted by;
  - > The closure of 20 low turnover stores in Australia. All store closures in Australia were ex Diva stores, these stores generally had high store labour and store occupancy costs as a % of sales
  - > The addition of 38 stores overseas. Stores in overseas markets generally enjoy a lower cost of doing business than in Australia
  - > Operational leverage of the Support Centre. The large majority of Support Centre functions and team are based in Melbourne.
  - > Continual focus on cost control through process re-engineering (eg supply chain) or benefitting from economies of scale.

BALANCE SHEET

HEALTHY NET ASSET POSITION FOLLOWING REORGANISATION ASSOCIATED WITH THE IPO

- Inventory level reflects more stores, addition of HK warehouse, and initiatives to drive sales through merchandise intensity
- Intangible assets are the goodwill on acquisition of companies in South Africa.
- DTA relates mainly to tax losses acquired with the South African company.
- $12m rolling cash advance facility was used to settle shareholder loans and pay IPO transaction costs.
- Loan covenants are;
  - i. Gross leverage ratio (debt/EBITDA) <1.25. FY15 actual = 0.47.
  - ii. Fixed charge cover ratio (EBITDA + lease /interest + lease) > 1.25. FY15 actual = 2.34
- The debt is secured of the assets of the obligor group (Australia, New Zealand and Singapore). The obligor group must comprise 80% of EBITDA and total assets.

	FY15 (A$'000s)	FY14 (A$'000s)
Cash	4,251	2,869
Trade and other receivables	2,147	2,034
Inventories	15,012	8,250
Derivatives	30	-
Total current assets	**21,440**	**13,153**
PPE	10,400	11,778
Intangibiles	1,610	259
Deferred tax asset	3,541	1,211
Total assets	**36,991**	**26,401**
Overdraft	1,908	1,024
Trade and other payables	7,770	6,208
Loans and borrowings	-	5,524
Other	5,622	3,922
Total current liabilities	**15,300**	**16,678**
Loans and borrowings	12,000	-
Provision for share buy back	-	14,756
Other	2,882	2,417
Net assets	**6,809**	**(7,449)**

SUMMARY OF CASH FLOWS

STRONG CASH FLOW FROM OPERATIONS, AND HIGH DIVIDEND PAYOUT RATIO

	FY15 (A$'000s)	FY14 (A$'000s)
Cash received from customers	147,834	116,208
Cash paid to suppliers	(122,166)	(99,331)
Interest paid	(250)	(45)
Tax paid	(5,958)	(1,826)
Cash generated from operations	19,460	15,006
Capital expenditure	(4,480)	(5,338)
Acquisition of subsidiary	(2,323)	(758)
Change in borrowings	6,476	(7,648)
Dividends paid	(14,591)	-
Cash associated with equity raising	(4,222)	-
Effect of movement in FX rates	178	(39)
Increase in cash	498	1,223

CURRENCY MANAGEMENT

MANAGING THE RISK OF A VOLATILE A$

Lovisa retains several advantages that mitigate the risks associated with a fluctuating currency;

- as a vertically integrated retailer, we have control of our retail pricing
- we continously bring in newness
- we order close to market
- we have a natural hedge with our earnings from abroad

Lovisa has forward exchange contracts out to mid-March 2016 at an average rate of 0.76. This represents 73% of our US$ requirements to the end of March

The average rate of purchases in FY15 was 0.86. We currently forecast an average rate of 0.73 in FY16 this will impact our gross margin by approximately 1%

STORE GROWTH

A NET INCREASE OF 29 STORES IN FY15

Store number growth in FY15					
	FY14 store numbers	FY15 store numbers	Increase/ (decrease)	Prospectus forecast	Variance to prospectus
Australia	166	146	(20)	148	(2)
New Zealand	14	14	-	14	-
Singapore	10	15	5	16	(1)
Malaysia	7	15	8	14	1
South Africa	11	36	25	21	15
Arabian Gulf	2	13	11	12	1
Total	210	239	29	225	14

- We now operate 80 company owned stores offshore
- 11 of our top 20 stores ranked by store contribution are offshore
- 21 stores acquired in South Africa in April
- These stores contributed sales of $1,143k and loss of $156k in FY15. Losses in the post-acquisition period due to;
  i. year end sale
  ii. stock acquired with the company cleared at low margin
  iii. periods of store close for rebranding of shopfit
- The bulk of these stores are now trading as Lovisa and we are in the process of rationalising the remaining duplicated stores
- 20 low turnover stores in AUS exited. This will enhance profitability

FY16 OUTLOOK

GROWTH OF COMPANY OWNED STORES AND FRANCHISE TERRITORIES

Existing Markets

- In Australia we are through the bulk of closures due to the take over of Diva stores
- Continue to open new stores in all markets
- Continue to open new stores under franchise in the Arabian Gulf

New Markets

- Paul Grosmann, Head of New Business Development, is based in Asia. His sole focus is to develop growth opportunities
- We are in discussion with potential franchise partners in several markets, and expect to add a new franchise partner in FY16
- We continue our due diligence in the larger northen hemisphere markets
- We are in discussion with a number of potential team members in international markets that have the potential to assist in our growth
- We are operationally geared for expansion


QUESTIONS?
Lovisa