LOVISA HOLDINGS LIMITED (LOV)
2016 FULL YEAR RESULTS PRESENTATION

SHANE FALLSCHEER CEO
GRAEME FALLET CFO

23RD AUGUST 2016

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.

FY2016 SNAPSHOT

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

CONTENTS

FINANCIAL HIGHLIGHTS

LIFT IN UNDERLYING EARNINGS BEFORE FX AND IPO PROFORMA ADJUSTMENTS

- EBIT of $24.2m and Gross Margin of 74% as per prior guidance
- Result impacted by the devaluation of the Australian Dollar on inventory purchases and currency losses on translation of the groups foreign subsidiaries working capital and cash
- Revenue up 14.3% with comparable 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. Foreign currency losses of $1.1m from translation of offshore subsidiaries working capital
- Proforma net profit after tax of $16.6m
- Continued international expansion with a further 43 stores opening 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 Dividend of 2 cents

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

PROFIT AND LOSS STATEMENT

LIFT IN UNDERLYING EARNINGS BEFORE FX AND IPO PROFORMA ADJUSTMENTS

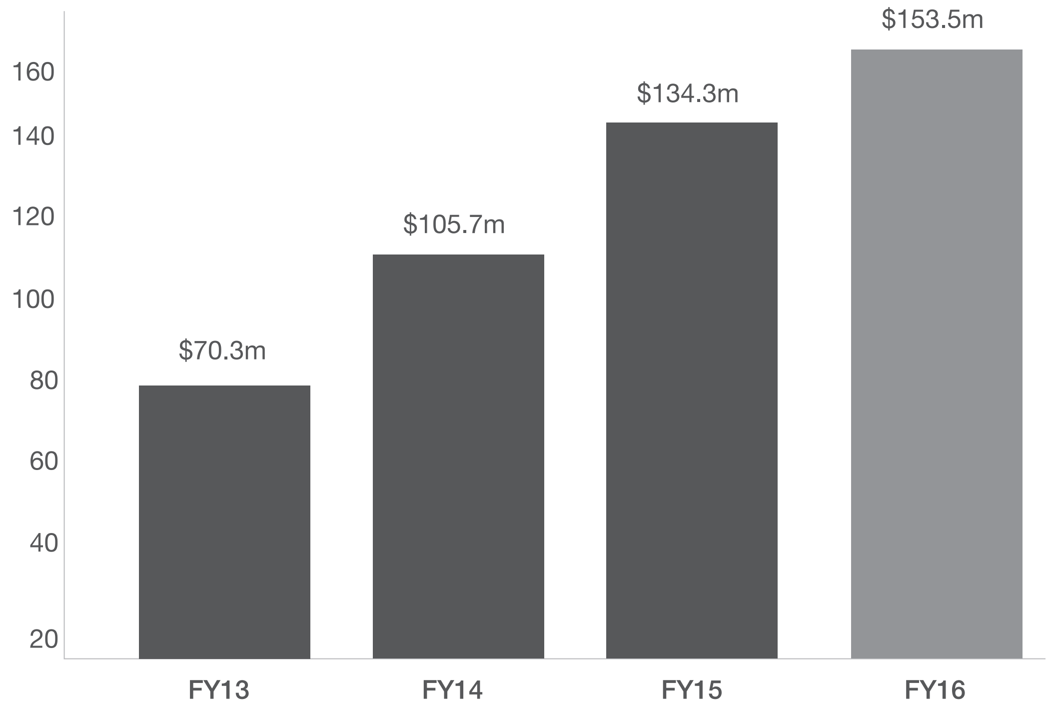
PROFORMA EARNINGS ADJUSTED FOR IPO AND PUT OPTION IN FY15			
($'m)	**FY16**	FY15	Variance (%)
	Actual	Proforma	Proforma
Revenue	**153.5**	134.3	+14.3%
Gross profit	**113.6**	103.5	+9.8%
EBITDA	**30.3**	30.8	-1.9%
EBIT	**24.2**	24.8	-2.4%
NPAT	**16.6**	17.6	-6.0%
EPS cents	**15.8**	17.1	-7.6%

PROFORMA EARNINGS ADJUSTED FOR CONSTANT CURRENCY				
($'m)	FY16	**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 one.*

TRADING PERFORMANCE SALES

COMPARABLE SALES UP 5.5%



- Total Global Sales up 14.3% to $153.5m;
  - Australia and New Zealand up 6% to $108m
  - Rest of world expansion continues up 41% to $45m
- Sales momentum was solid throughout the year with a consistent delivery of ranges

TRADING PERFORMANCE SALES

INTERNATIONAL SALES NOW 36% OF GROUP SALES

- South African sales lifted by 71% to $18.2m following full year of the 2015 acquisition
- Some impact following the devaluation of the South African rand during the year
- New Zealand store refurbishments and additional stores resulted in an increase in sales of 30%
- UK sales effectively one store with the additional 2 pilot program stores opening June 2016
- Franchise income in the Middle East up 40% to $848K
- New franchise in Vietnam opened in July with early sales encouraging

Country ($AUD)	FY16	FY15	Variance
Australia	98,823	94,839	4.2%
New Zealand	9,578	7,373	29.9%
Singapore	17,551	14,312	22.6%
South Africa	18,182	10,659	70.6%
Malaysia	7,949	6,470	22.9%
United Kingdom	530	-	-
Total	152,613	133,653	14.2%

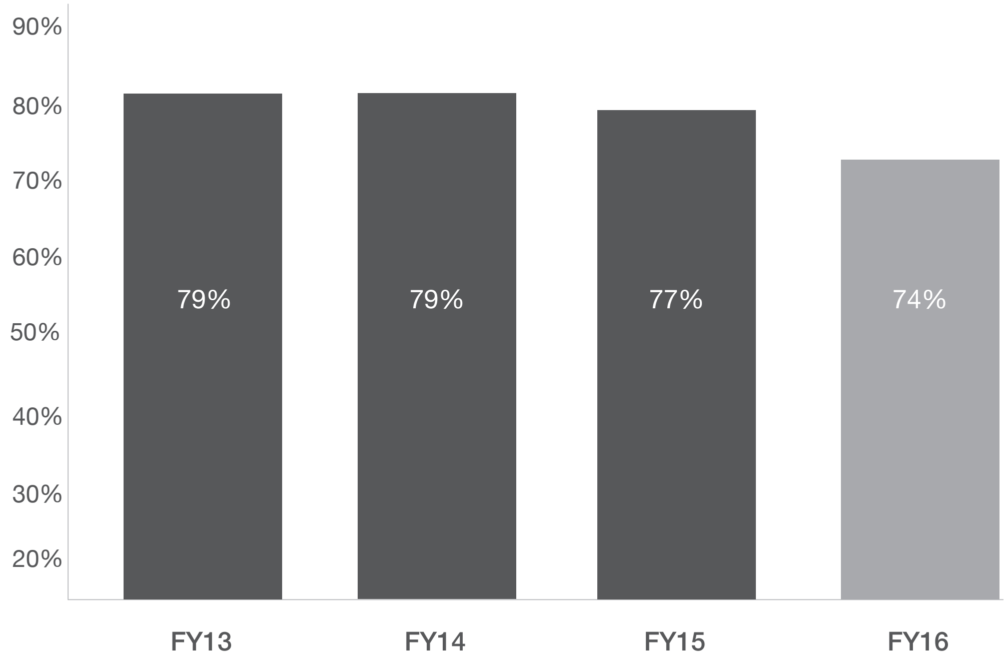
TRADING PERFORMANCE GROSS MARGIN

GROSS MARGIN BUFFETED BY DEVALUATION OF AUD

- Gross profit increased 9.8% to $113.6m
- Gross Margin for the year was 74% as per guidance 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
- Forecast FX hedge book for 2017 is circa USD 0.72
- Increased sale and markdown activity during the first half led to some margin decline during the first half
- Stock position is 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%

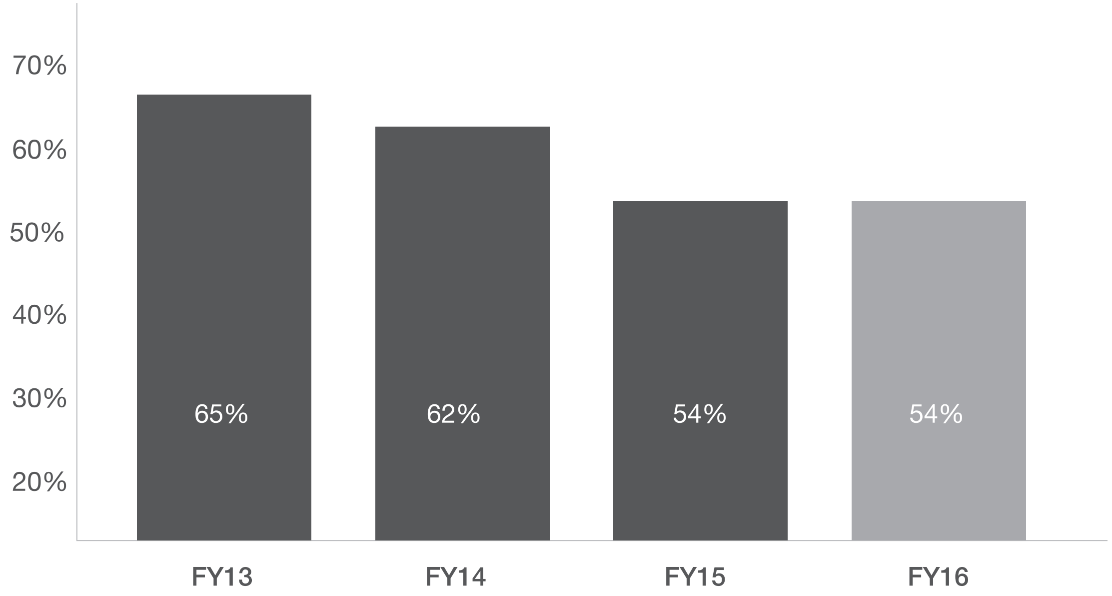


*Constant currency impact on inventory purchases

TRADING PERFORMANCE COST OF DOING BUSINESS

COST OF DOING BUSINESS (CODB)% MAINTAINED DURING THE YEAR

- Total operating costs remain well controlled
- During the year increased investment in offshore rollout and bench strength
- Full year run rate of the FY16 investment and an additional global business development executive in the UK will be incurred in FY17
- Distribution costs increased in line with the Company's global rollout strategy
- Other operating costs increased predominantly from a $1.1m foreign currency exchange loss from working capital and repatriating cash from its international operations



STORE GROWTH

CONTINUED INTERNATIONAL EXPANSION WITH A FURTHER 43 STORES OPENING DURING THE YEAR

- Number of international stores growing with offshore markets now 42% of the network
- Store closure program associated with the 2015 South African acquisition and previous Australian / NZ acquisitions almost complete
- Net increase of 11 stores for the year
- UK pilot program 4 stores performing to expectations

Store number growth

	FY16	FY15	VAR
Australia	144	146	-2
New Zealand	18	14	+4
Singapore	19	15	+4
Malaysia	14	15	-1
South Africa	36	36	-
United Kingdom	3	-	+3
Arabian Gulf	16	13	+3
Total	250	239	+11

CASH FLOW

STRONG CASH CONVERSION AND INVENTORY MANAGEMENT

- Cashflow from operations lifted 26% to $32m with operating cash conversion at 107%
- Tax payments running ahead of earnings due to timing differences
- Capital expenditure on new store openings of $4.6m during the year
- Company store refurbishment program continued during the year with a total capital expenditure of $3.9m.
- Other stay in business capex of $0.8m

(A$'000s)	FY16	FY15
Cash from operating activities	32,416	25,668
Net interest paid	(674)	(250)
Tax paid	(8,404)	(5,958)
Net cash from operations	**23,338**	**19,460**
Property Plant & Equipment	(9,261)	(4,480)
Acquisitions	(250)	(2,323)
Net cash used in investing activities	**(9,511)**	**(6,803)**
Repayment of shareholder loans	-	(5,524)
Proceeds from borrowings	-	12,000
Share issue costs	-	(4,222)
Dividends paid for provisions	(11,277)	(14,591)
Net cash used in financing activities	**(11,277)**	**(12,337)**
Opening cash	2,343	1,845
Effect in movement in exchange rates	(164)	178
Closing cash	4,729	2,343
Net movement in cash	**2,550**	**320**

BALANCE SHEET

HEALTHY BALANCE SHEET WITH LOW OPERATING LEVERAGE

- Disciplined inventory management in the second half with inventories maintained at prior year levels despite store growth and currency increases
- Net debt reduction of $2.4m for the year
- Bank Facilities comprise $12m revolving facility and $5.2m overdraft to manage seasonal cashflow swings
- Material headroom in the company fixed charge ratio and operating leverage covenants. Offshore earnings and asset ratio covenants relaxed during the year

(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

CAPITAL STRUCTURE AND KEY RATIOS

INVESTMENT IN GLOBAL FOOTPRINT TO INCREASE

- Capital expenditure to increase to circa $12m for 2017
  - Store rollout particularly in the UK
  - Store refurbishment program to continue
- Cash flow and balance sheet strength expected to organically fund this growth
- Banking facilities expected to be refinanced in the first half to align with the Company's international expansion
- Hedging policy reviewed to ensure short term supply chain currency movements and offshore working capital are managed
- Return on invested capital (IPO) was 11.14%
- Final Dividend of 2 cents fully franked
- Dividend policy aligned to expected investment in store growth

(A$'000s)	FY16	FY15
Net Cash	4,729	2,343
Debt	12,000	12,000
Net Debt	7,271	9,657
Equity book value	11,171	6,809
Market capitalisation*	288,750	367,500
Net debt	7,271	9,657
Total capitalisation	296,021	377,157
Net debt / EBITDA	.24x	.31x
Debt / Capitalisation	2.5%	2.6%
IPO capitalisation	210,000	210,000
Net debt	7,271	9,657
Total IPO capitalisation	217,251	219,657
Proforma EBIT(m)	$24.2	$24.8
Return on invested capital	11.14%	11.30%

*Share price 2016 $2.75 (2015: $3.50)

UK PILOT PROGRAM DECISION TO PROCEED

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 Leeds store in November 2015 with a further 2 stores at Bromley and Brighton in June 2016 and Manchester in July 2016
- All stores trading within the KPI's set at the outset of the pilot program
- Board decision to proceed with rollout with additional stores expected to be trading by Christmas
- Will continue to take a disciplined and patient approach to site and lease terms
- Will update progress at the Annual General Meeting in October

OUTLOOK

- We have experienced a positive start to FY17
- In July we opened a new Vietnam franchise territory.
- We expect FY17 to be a year of further growth and are targeting 20 to 30 new stores for the year
- Same store sales target consistent with prior year targets of between 3% and 5%
- Expect trading margin to improve to around 75%
- The Company’s investment in its global rollout and bench strength will continue during FY17

SUMMARY

- EBIT of $24.2m and 74% gross margin as per guidance
- Lift in underlying earnings after adjusting for foreign currency and IPO adjustments following same store sales growth of 5.5%
- International expansion continued with a further 43 stores opening during the year and a total network of 250 stores at year end.
- Successful UK pilot program expect to have additional stores trading by Christmas
- Fully franked dividend of 2 cents per share
- Expect another year of further growth

QUESTIONS

APPENDIX 1

ASIC Regulatory Guide 230 Disclosing non-IFRS financial information

In December 2011 ASIC issued Regulatory Guide 230. To comply with this Guide, Lovisa Holding Limited is required to make a clear statement about the non-IFRS information included in the Profit announcement and Full Year presentation for the year ended 3 July 2016.

In addition to statutory report amounts, the following non-IFRS measures are used by management and the directors as the primary measures of assessing financial performance of the Group and Individual Segments:

Non-IFRS measures used in describing the Business Performance include:

- Earnings before interest tax (EBIT)
- Earnings before interest, tax, depreciation, amortisation (EBITDA)
- Comparable Store Growth
- Return on capital employed (ROCE)

In addition to the above the following non-IFRS measures are used by management and the directors to assess the underlying performance of the Group for the FY16 year.

- Proforma EBIT
- Constant Currency EBIT

The directors consider that these performance measures are appropriate for their purposes and present meaningful information on the underlying drivers of the continuing business.

Many of the measures used are common practice in the industry within which Lovisa operates. The Profit Announcement and Full Year presentation has not been audited or reviewed in accordance with Australian Auditing Standards.

Definitions

- EBITDA - Result from operating activities before Depreciation and Amortisation
- EBIT - Result from operating activities
- Comparable Store Growth - Sales performance compared to last periods for stores trading in the retail network greater than one year
- Net Debt - Borrowings less cash on hand
- Proforma EBIT - Refer Appendix 2
- Constant Currency EBIT - Refer Appendix 2

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**

APPENDIX 3

BOARD AND MANAGEMENT CHANGES

Michael Kay Chairman Independent Non-Executive director	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. Michael became Chairman of ASX listed litigation funder, IMF Bentham Ltd (ASX : IMF) in July 2015. Michael has also been a non-executive Director of TFS Corporation (ASX : TFC) since February 2015.
James King Audit and Risk Committee Chairman Independent Non-Executive director	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). He is currently a non-executive director of Pacific Brands, Navitas Ltd and a member of Global Coaching Partnership. Previously James was a director of JB Hi-Fi Limited, Trust Company Ltd, a member of the Council of Xavier College and Chairman of Juvenile Diabetes Research Foundation (Victoria).
Graeme Fallet Chief Financial Officer	Graeme joined Lovisa as CFO in April 2016 and brings over 13 years' experience as an ASX listed CFO, most recently as CFO of Australian Pharmaceutical Industries Limited (ASX: API) a pharmacy wholesaler and health and beauty retailer, with a network of over 400 Priceline and Priceline Pharmacy stores. Prior to that, Graeme was CFO of Ventracor Limited (VCR), a medical device business where he managed its international expansion. Graeme's experience includes mergers and acquisitions, capital restructuring, equity capital markets, debt refinancing, risk management, and ASX governance. Graeme is a Chartered Accountant and a Member of the Institute of Company Directors.

APPENDIX 3

BOARD AND MANAGEMENT CHANGES

Steve Doyle Global General Manager	Steve has over 28 years of retail experience both in Australia and Internationally with the past 12 years at Super Retail Group. Most recently as Managing Director of BCF, Steve developed this chain through to 117 stores across Australia. Prior to this with Super Cheap Auto Steve held the roles of GM Retail and GM Merchandise and Marketing and held executive Retail and Merchandise roles with the Savola Group in Saudi Arabia, Woolworths Australia and Franklins Supermarkets. Steve holds an EMBA from the University of QLD.
Armando Pedruco Global Sales Manager	Armando Pedruco has over 25 years experience in retail and over the last 10 years has been a senior executive with Woolworths and Dicksmith. Armando was director of operations at Dicksmith during the divestment from Woolworths and the IPO of Dicksmith in 2013. Armando re joined Woolworths in December 2014 before joining Lovisa as General Manager of Sales.

APPENDIX 4

CUSTOMER PROFILE AND REGIONAL PRICING STRUCTURE

She's fashion conscious and on trend. She shops for everyday looks, key fashion trends and special occasions

	Target market age	25 to 45 years
	Average transaction value	A$20 per customer
	Average units	2.2 units per customer

	ENTRY	MEDIAN	MEDIAN	ELEVATED
AUD	$6.99	$9.99	$16.99	$49.99
GBP	£3.5	£5	£9	£25
SGD	$10	$13	$22	$65
MAL RM	RM 18.90	RM 28.90	RM 47.90	RM 149.90
SAF	R75	R100	R160	R450
UAE D	25 د.إ	39 د.إ	59 د.إ	179 د.إ

APPENDIX 5

STORE NETWORK OPERATING SNAPSHOT

Country	Stores	Labour cost	Occupancy cost
Australia	146	●	●
New Zealand	18	●	◐
Malaysia	14	○	○
Singapore	18	◐	●
South Africa	34	○	○
United Kingdom	1	◐	●
Middle East	16	N/A - Franchise territory	N/A - Franchise territory
Vietnam	0	N/A - Franchise territory	N/A - Franchise territory

Legend:
● High ◐ Medium ○ Low

APPENDIX 6

GLOBAL BRAND STRATEGY

Vision	• Internationally recognized brand • Global footprint • Brand of choice for fast fashion jewellery
Growth Engine	• High Margin business operating in small store footprint • Fit out cost generally low with compelling return and pay back period • Inexpensive entry to new market with ability to leverage off one support centre across the Globe • Successful in all market entries to date
International Expansion	• Continue to leverage current international territories • Leverage the Company's capital in large international markets • UK pilot program successful and roll out UK territory • Consider franchise partners for selected territories
Global Supply Chain	• Continue to streamline and optimize supply base in Asia • Optimize air and sea freight whilst maintaining a speed to market operating model • Consider Northern Hemisphere Distribution centre
Store Performance	• Optimize and improve existing store network • Continue to target high traffic shopping precincts
Brand Awareness	• Continue to leverage social media to connect with customers and increase brand loyalty • Stay on trend with shifts in the jewellery market • Continue to provide a high quality and diverse product offering