



1 May 2017

ASX Market Announcement  
ASX Limited  
525 Collins Street  
Melbourne, VIC 3000

## **PROFIT GUIDANCE INTERNATIONAL FOOTPRINT EXPANSION**

Lovisa Holdings Limited is pleased to advise that trading in the second Half Year has continued to be strong and above expectations. Same store sales growth for the March quarter was 6.7% with current year to date same store sales growth of 10.9%.

The Lovisa Board notes the current broker earnings consensus for FY17 of Earnings before Interest and Tax (EBIT) of \$35.5m. As a result of the continuing favourable trading the Board believes FY17 full year EBIT will be materially higher than consensus and in line with ASX listings rules advises it expects FY17 EBIT to be in the range between \$38.5m and \$39.5m.

The Full Year forecast is subject to audit and no material movement in the company's current trading conditions in the remaining 9 weeks.

Managing Director Shane Fallscheer said, "We are particularly pleased the strong result we reported in the first half has continued despite the cycling of the 2016 price increases and the exit of the Equip brand from the market. Our continued focus on ensuring a clean inventory position and merchandising offer has seen our margins stay strong with limited sale and markdown activity."

### **SOUTH AFRICA**

Lovisa is pleased to announce the acquisition of 17 fashion accessory stores from Klines South Africa the majority of which will be rebranded as Lovisa's stores following the handover. The transaction has been agreed with handover of the stores to commence in June 2017.

The acquisition includes the store locations (lease assignments) and fixtures and fittings at a total cost of R7,920,000 (AUD \$800,000). Lovisa anticipates the payback period for the acquisition and associated store capital expenditure of circa AUD \$900,000 to be 1.5 years.

This transaction completes the anticipated store roll-out program for South Africa (subject to some minor store rationalisation) and allows management to focus on other international opportunities. There will be no material earnings from the acquisition for the FY17 financial year.

### **EUROPE**

The UK rollout is continuing with seven stores currently trading. We expect a further four stores to be opened by June and expect 13 stores to be trading by late August.

For further inquiries please contact;

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