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**FY17 Full Year Results Announcement**
**Revenue up 16.5% following LFL growth of 10.3%**
**NPAT up 75% to $29.0m**

- Revenue increased by 16.5% to $178.7m
- Gross Margin lift to 78.8% with Gross Profit up 24% to $140.8m
- EBIT increased by 68% to $40.7m
- +10.3% comparable store sales growth
- 38 new stores opened during the year, 288 at year end
- Cash conversion of 109% with operating cash flow of $50.4m
- Debt facilities repaid, Net Cash of $11.0m at year end
- Fully Franked Final Dividend of 7.6 cents declared

**Results Highlights**

| (A$'m) | FY17 Actual | FY16 Actual | Variance |
|---|---|---|---|
| Revenue | 178.7 | 153.5 | +16.5% |
| Gross profit | 140.8 | 113.5 | +24.0% |
| EBIT | 40.7 | 24.2 | +68.0% |
| NPAT | 29.0 | 16.5 | +75.5% |
| EPS (cents) | 27.7 | 15.8 | + 11.9 cents |
| Final dividend (cps) | 7.6 | 2.0 | +5.6 cents |

Chief Executive Steve Doyle said "The full year result has been strong with same store sales growth for the year of 10.3% and a lift in Gross Margin to 78.8% resulting in an earnings lift of 75.5% generating a NPAT of $29.0m. The continued strong comparable sales growth in the second half was particularly pleasing as we had initially anticipated some softening following the cycling of retail price increases in 2016.

We continued to expand and optimize our store network to drive growth and performance with a net 38 store increase for the year. Due diligence on other markets and opportunities to generate new country growth continues and we are optimistic about Lovisa's global rollout plans'' Mr. Doyle said.

**Results**

Revenue was $178.7m up 16.5% on FY16 with increases in all international markets. Same store sale growth was 10.3% and was generated predominantly on the back of retail price increases in 2016 along with the benefits of some key trends in the fashion jewellery sector throughout the year. We've also enjoyed the tailwinds of Equip a competitor with 120 stores exiting the market in Australia and New Zealand during the first half of the 2016 financial year.

Gross Margin following the retail price increases and reduced levels of markdowns lifted 480bps to 78.8% despite continued AUD headwinds on the prior year. Gross Profit increased by $27.3m to $140.8m, up 24.0%.

The Cost of Doing Business (CODB) as a percentage of sales reduced to 53% demonstrating a continued cost focus. This was achieved whilst growing the network and investing in the company's international structure required to support the expected growth in the coming years. We continue to bring more talent into the team in the form of a new Chief Information Officer and have expanded our global property team. Distribution, Labour and Occupancy costs as a percentage of sales all reduced during the year.

Earnings per share was 27.7 cps compared to FY16 earnings of 15.8 cps.

Disciplined inventory management has seen inventory levels tightened despite store growth and currency headwinds. Lovisa's cash flow was particularly strong with positive cash generation continuing at 109% and reporting an $18.0m lift in operating cash flow to $50.4m before tax and interest. Capital expenditure of $8.8m reflects new store openings after landlord contributions and refurbishments of current stores to the new concept fit out upon lease renewals. The company repaid its debt facilities during the year and has net cash of $11.0m at year end.

The company refinanced its debt facilities during the year for a further three years with a lift in funding capacity to $30m in anticipation of future store growth. An additional $15m acquisition facility, subject to successful due diligence, has also been agreed. The company's covenant package has been adjusted to better reflect the company's international growth objectives.

Directors declared a fully franked dividend for the half year of 7.6 cents being a lift of 5.6 cents on the prior comparable period.

**Store Growth**

The key driver of future growth for Lovisa is the continued international store roll out. Lovisa's network increased to 288 stores during the year being a net increase of 38 stores from June 2016.

| Store number growth in FY17 | | | |
|---|---|---|---|
| | **FY17 Store numbers** | **FY16 Store numbers** | **Variance** |
| Australia | 145 | 144 | +1 |
| New Zealand | 18 | 18 | - |
| Singapore | 21 | 19 | +2 |
| Malaysia | 19 | 14 | +5 |
| South Africa | 50 | 36 | +14 |
| UK | 11 | 3 | +8 |
| Spain | 1 | - | +1 |
| Middle East | 19 | 16 | +3 |
| Vietnam | 4 | - | +4 |
| **Total** | 288 | 250 | +38 |

During the year we opened two new Franchise territories in Vietnam and Bahrain and commenced a company owned pilot program in Spain.

We continue to do due diligence on other markets and opportunities to accelerate new country growth.

**Trading Update and Outlook**

It has been a pleasing start to the 2018 financial year with same store growth above our long term target of between 3% and 5%, however we are mindful that over the next few months we are cycling some particularly successful ranges.

We plan to open between 20 and 30 stores for the 2018 financial year and will continue to consider value enhancing, non-organic growth opportunities.