LOVISA HOLDINGS LIMITED
2017 FULL YEAR RESULTS PRESENTATION

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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.

FY2017 HIGHLIGHTS

EBIT up 68%

$40.7M

$29.0M

NPAT up 75%

Like for Like Sales

+10.3%

Revenue up 16.5%

$178.7M

Total Stores

288

Net increase of 38 stores

Final Dividend

7.6 CPS

Fully Franked

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FULL YEAR OVERVIEW

- EBIT up 68% to $40.7m
- Comparable store growth of 10.3% following price increases and delivery of on trend product
- Gross margin increased to 78.8% due to disciplined inventory management and product optimisation
- Continued global rollout strategy with a further net 38 stores opening during the year and entry into 3 new territories
- We continue to perform due diligence on new territories and opportunities to generate new country growth
- Lovisa bench strength continues to build with appointment of a CIO and expansion of the property department
- Cash flow from operations lifted 55% to $50.4m with operating cash conversion at 109%
- 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

FINANCIAL OVERVIEW

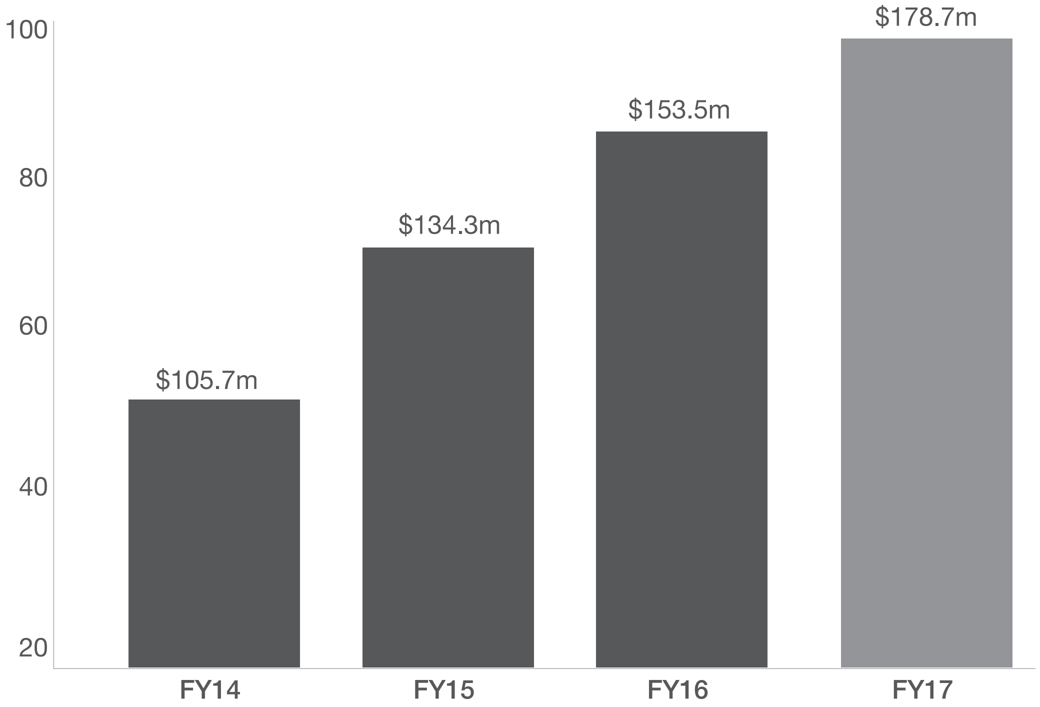
STRONG LIFT IN EARNINGS FOLLOWING INCREASE IN LFL SALES AND MARGIN

($000)	FY17 Actual	FY16 Actual	Variance Actual
Revenue	**178,746**	153,461	16.5%
Gross profit	**140,822**	113,562	24.0%
EBITDA	**46,243**	30,256	52.8%
EBIT	**40,704**	24,222	68.0%
NPAT	**29,046**	16,553	75.5%
EPS cents	**27.7**	15.8	11.9 cents
Dividend	**7.6**	2.0	5.6 cents

- Revenue up 16.5% with comparable sales up 10.3% for the year
- Gross profit of $140.8m up 24%
- CODB reduced from 54% to 53% following tight cost control
- Net profit after tax increased 75% to $29.0m with EPS of 27.7 cents per share
- Continued international expansion with a net increase of 38 stores during the year
- Strong cashflow generation and tight inventory management
- Debt refinanced during the year
- 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

TRADING PERFORMANCE SALES

COMPARABLE SALES UP 10.3%



- Total Global Sales up 16.5% to $178.7m
- Comparable sales up 10.3% driven by retail price increases and the benefit of some key trends in the fashion jewellery sector
- Retail price increases introduced in 2016 to offset currency headwinds
- Cycling of the closure of the Equip stores (Aust & NZ)

TRADING PERFORMANCE SALES

INTERNATIONAL SALES INCREASE ACROSS ALL REGIONS

- Segment note now reflects international regions with all countries reflecting positive comparable store growth other than Singapore
- Australia and New Zealand region continues to be strong with sales up 13.0%
- UK sales reflect additonal stores with 1 store trading in the prior year
- Asia sales up 11.0% following strong comparable sales in Malaysia and 7 additional stores in the region
- South African sales lifted by 20% to $21.9m following the addition of 14 stores. Klines transaction had no material effect on the year end sales.

Country ($AUD)	FY17	FY16	Variance
Australia / NZ	122,577	108,401	13.0%
Asia	28,320	25,500	11.0%
Africa	21,895	18,182	20.4%
Europe	4,830	530	-
Total	177,622	152,613	16.4%

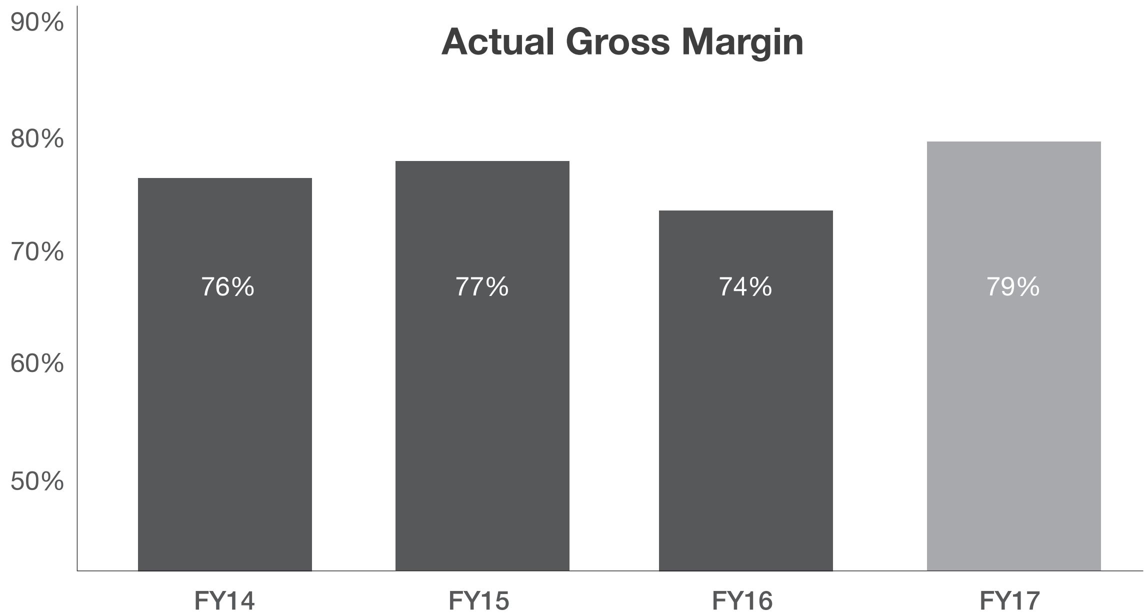
TRADING PEFORMANCE GROSS MARGIN

GROSS MARGIN INCREASED TO 78.8%

- Gross profit increased 24% to $140.8m
- Gross Margin was 78.8% up from 74.0% in the prior year
- Gross Margin on a constant currency basis was 79.3%
- Margin increase driven by retail price increases and a reduction in sale and markdown activities due to on-trend product

Gross Margin at Constant Currency*

	FY17	FY17	FY16
Currency USD	0.72	0.74	0.74
Sales	178,746	178,746	153,461
Cost of sales	(37,924)	(37,002)	(39,899)
Gross profit	140,822	141,744	113,562
Gross margin	78.8%	79.3%	74.0%

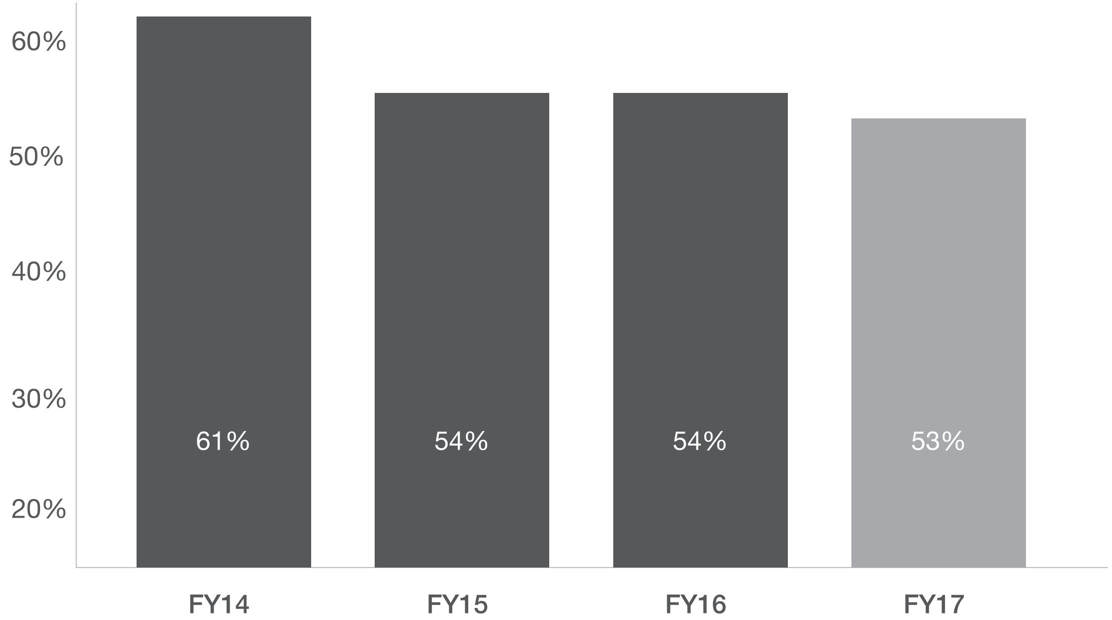


*Constant currency impact on inventory purchases

TRADING PERFORMANCE COST OF DOING BUSINESS

COST OF DOING BUSINESS (CODB)% REDUCED TO 53%

- CODB as a percentage to sales reduced to 53% notwithstanding investing in the business preparing for continued global growth
- Operating costs remaining well controlled with any CODB increases in line with store network growth and additional bench strength
- Salaries, property and distribution costs as a percentage of sales all showed improvement year on year
- Bench strength continued with appointment of Chief Information Officer
- Continued investment in international operating structure



CASH FLOW

STRONG CASH CONVERSION AND INVENTORY MANAGEMENT

- Cashflow from operations lifted 55% to $50.4m with operating cash conversion at 109%
- Capital expenditure of $8.8m during the year
- Finance facilities of $12.0m were repaid during the year
- Dividends of $12.6m paid during the year
- Free cashflow after dividend and debt repayments was $6.2m

(A$000s)	FY17	FY16
Cash from operating activities	50,364	32,416
Net interest paid	(262)	(674)
Tax paid	(10,471)	(8,404)
Net cash from operations	**39,631**	**23,338**
Property Plant & Equipment	(8,800)	(9,511)
Net cash used in investing activities	**(8,800)**	**(9,511)**
Repayment of borrowings	(12,000)	-
Dividends paid	(12,600)	(11,277)
Net cash used in financing activities	**(24,600)**	**11,277**
Opening cash	4,729	2,343
Effect in movement in exchange rates	79	(164)
Closing cash	11,039	4,729
Net movement in cash	**6,231**	**2,550**

BALANCE SHEET

STRONG BALANCE SHEET WITH FINANCE FACILITIES INCREASED

- Disciplined inventory management with inventory levels below prior periods despite store growth and currency increases
- Bank Facility refinanced a further three years, with a lift in limits to $30m inclusive of Bank Guarantees
- Additional $15m acquisition finance agreed subject to bank due diligence
- Covenant package adjusted to better reflect the Company's international store growth
- Material headroom in the company's fixed charge ratio and operating leverage covenants
- Net cash of $11.0m at year end

(A$'000s)	FY17	FY16
Net Cash	11,039	4,729
Receivables	3,615	2,293
Inventories	13,127	15,034
Total current assets	**27,781**	**22,056**
Property Plant & Equipment	15,658	13,123
Intangibles	2,276	2,073
Deferred tax asset	3,275	1,823
Total assets	**48,990**	**39,075**
Payables	10,001	8,350
Derivatives	805	909
Provisions	6,936	3,736
Total current liabilities	**17,742**	**12,995**
Borrowings	-	12,000
Provisions	3,059	2,909
Total liabilities	**20,801**	**27,904**
Net assets	**28,189**	**11,171**

Covenants	FY17	FY16
Fixed charge ratio > 1.40	2.59	2.18
Operating leverage < 1.75	0.09	0.52

STORE GROWTH

INTERNATIONAL ROLLOUT CONTINUES WITH A NET INCREASE OF 38 STORES

- Number of international stores growing with offshore territories now 50% of the network
- Net increase of 38 stores for the year
- Pilot store opened in Spain in June 2017
- New franchise territories in Vietnam and Bahrain
- Acquisition of 17 stores in South Africa
- Global Property team in place and we continue to be diligent in ensuring store locations and rent economics meet internal hurdles
- Engaged with Landlords across Asia and Europe ensuring they are familiar with Lovisa Brand and financial strength

Store number growth

Country	FY17	FY16	VAR	Estimated Store Capacity
Australia	145	144	+1	150
New Zealand	18	18	-	18-20
Singapore	21	19	+2	20-25
Malaysia	19	14	+5	20-25
South Africa	50	36	+14	55
United Kingdom	11	3	+8	100
Spain	1	-	+1	Pilot
Middle East	19	16	+3	50
Vietnam	4	-	+4	10-15
Total	288	250	+38	

MERCHANDISING

- Proven success in bringing on-trend new products to market
- Our vertical model allows us to be fast to market and to react to sale patterns quickly, with concept to store in six to eight weeks
- We deliver circa 120 new lines each week providing freshness to customer offer
- Bulk of ranges are non-seasonal and global
- We have buying teams in Australia and the United Kingdom with buyers who are solely focussed on delivering the best on-trend product to market

LOVISA STORE DISCIPLINES

- Average store size - 50sqm
- 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 pedestian traffic locations
- Majority of stores in desirable malls and locations
- Typical store is run by a store manager and flexible support staff base
- Stores are designed to facilitate easy store management so staff can be sales focussed

STRATEGY RECAP

- Lovisa is an ultra-niche, vertically integrated fast fashion jewellery retailer with end to end product development capabilities, that delivers on-trend ranges at low cost to the customer
- Emerging global brand with reach across a multitude of countries
- We enjoy high gross margins with demonstrated pricing elasticity
- 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 are optimistic that our product offer will continue to be accepted globally

TRADING OUTLOOK

- Pleasing start to the year with same store sales growth to date above our long term target of between 3% and 5%, however we are mindful that over the next few months we're cycling some particularly successful ranges
- We plan to open 20-30 new stores for the year
- The Companys investment in its global rollout will continue as we invest in our bench strength whilst sourcing suitable store locations and consider value enhancing, non-organic growth opportunities aligned to our core expertise and specialisation

SUMMARY

- EBIT of 40.7m and 78.8% gross margin
- Comparable store sales growth of 10.3%
- Strong lift in margin following price increases and reduced mark downs
- CODB costs well managed as network grows
- Tight stock and cost control with cash conversion at 109%
- International expansion continued with a further 38 stores opening during the year and a total network of 288 stores at year end
- 50% of store network now outside of Australia
- We continue to do due dilligence on other territories and are optimistic on Lovisa's global rollout capability in both sourcing suitable stores and considering value enhancing non organic growth opportunities
- Fully franked dividend of 7.6 cents per share

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 period ended 2 July 2017.

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

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 FY17 full year.

- Constant Currency Margin

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 before foreign currency charges
- Comparable Store Growth - Sales performance compared to last periods for stores trading in the retail network greater than one year before foreign currency movements
- Net Cash - Cash on hand less overdraft
- Constant Currency Margin - Stock purchases in USD held constant from prior year

APPENDIX 2

PROFIT AND LOSS STATEMENT

($'000)	**FY17**	FY16	Variance
	Actual	Actual	Actual
Revenue	**178,746**	153,461	16.5%
Cost of sales	**(37,924)**	(39,899)	(4.9%)
Gross profit	**140,822**	**113,562**	**24.0%**
Employee expenses	**(45,276)**	(39,980)	13.2%
Property expenses	**(28,683)**	(25,881)	10.8%
Distribution expenses	**(4,464)**	(4,340)	2.8%
Depreciation	**(5,539)**	(6,034)	(8.2%)
Profit on disposal of PPE	**(785)**	(162)	384.6%
Other expenses	**(15,371)**	(12,943)	18.8%
Operating profit	**40,704**	**24,222**	**68%**
Finance income	**142**	49	190%
Finance cost	**(404)**	(723)	(44.1%)
Profit before tax	**40,442**	**23,548**	**71.7%**
Income tax expense	**(11,396)**	(6,995)	62.9%
Net profit after tax	**29,046**	**16,553**	**75.5%**
EPS cents	**27.7**	15.8	11.9
Dividend per share	**7.6**	2.0	5.6

APPENDIX 3

KEY RISKS

Foreign Currency	• 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 • Products may not resonate in some new markets
Store Growth	• 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	• 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	• 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 obselete 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, politically instability, increased security requirements for goods, cost and delays in international shipping arrangements, imposition of taxes and other charges
Employment Costs	• 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	• 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 litgation with third party such as employees, suppliers or customers

APPENDIX 4
GLOBAL BRAND STRATEGY

Vision	• Internationally recognised 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 territories with ability to leverage off one support centre across the Globe • Successful in all territory entries to date
International Expansion	• Continue to leverage current international territories • Leverage the Company's capital in large international territories • UK pilot program successful and roll out of UK territory under way • Consider franchise partners for selected territories
Global Supply Chain	• Continue to streamline and optimise supply base in Asia • Optimise air and sea freight whilst maintaining a "speed to market" operating model • Consider Northern Hemisphere Distribution centre
Store Performance	• Optimise 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