Lovisa Holdings Limited
ACN 602 304 503
41-45 Camberwell Road
Hawthorn East VIC 3123

t 03 9831 1800
f 03 9804 0060
e info@lovisa.com

lovisa.com

CHAIRMAN'S, CEO'S AND MANAGING DIRECTOR'S SCRIPT FOR THE ANNUAL GENERAL MEETING OF

LOVISA HOLDINGS LIMITED

31 OCTOBER 2017

Ladies and gentlemen, welcome to the annual general meeting of Lovisa Holdings Limited.

My name is Michael Kay and I have been the Chairman of the Company since my appointment in April 2016. I have had the good fortune of meeting with a number of shareholders during my time as Chairman, and I look forward to meeting more of you in the future.

Before we commence with the formal business of this meeting could I ask that you kindly turn off your mobile phones.

I would like to take this opportunity to introduce you to my fellow directors:

- Shane Fallscheer, Managing Director;
- Paul Cave, Non-Executive Director;
- Tracey Blundy, Non-Executive Director;
- James King, Non-Executive Director

We also have our Chief Executive Officer Steve Doyle here in attendance as well as our Company Secretary and Chief Financial Officer, Chris Lauder. Also in attendance is Maurice Bisetto, Partner at KPMG, the Company's auditor.

Before moving to the formal business of the meeting, I will take the opportunity to give you a brief overview of the 2017 financial year. I will then invite our CEO, Steve Doyle and Managing Director, Shane Fallscheer, to present to you their thoughts on the 2017 year and an update on trading.

Following the meeting, my fellow directors and I would be delighted if you would join us for afternoon tea.

I will now deliver my address:

Ladies and Gentlemen, last year when I stood before you, we spoke about what had been a difficult year for the company. We said we had learned from the events of FY16, that we were building bench strength at board and management levels and were determined to invest ahead of our growth ambitions to ensure we

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had the capability to manage our increasing footprint and the risks inherent in businesses of this type.

We said we believed the company had emerged from the issues encountered in FY16 stronger, more capable and better prepared to prosecute its strategy of taking the Lovisa brand and products to the world.

In that context, the Board is delighted with your company's performance in FY17. Here are the highlights:

- EBIT increased 68% to $41 million
- NPAT increased 75% to $29 million
- EPS grew from 15.8c to 27.7c
- Revenue increased 16.5% to $179 million
- Like for like sales up 10.3%
- Net increase of 38 stores to a total of 288 stores worldwide.
- Cash flow from operations up 55% to $50 million and operating cash conversion of 109%.

These are excellent results and year to date we continue to trade above our budgetary expectations. I will let Shane and Steve take you through the details but let me make the usual and important caveat: while we have made a good start to the year, it is early days; we are cycling very strong results from last year and as always, it will be the Christmas trading period that will determine the quality and quantum of this year's result.

Your company is now operating in 13 countries around the world, having opened stores in Vietnam, Spain and Bahrain during the year. We continue to use a sensible approach to managing the risk of opening in new territories: we do desk top research, if the territory looks interesting we get on the ground and do due diligence on the key indicators of potential success. Only if these steps pass muster do we open pilot stores and we do not proceed to roll-out until we have convinced ourselves the economics of the territory will work for us.

This prudent approach has been successful for us and has ensured our geographic expansion has added significant value for shareholders at an acceptable level of risk.

We are delighted with the acceptance of Lovisa by consumers around the world and we continue to actively explore new territories whilst simultaneously rolling out new stores in existing territories. Shane and Steve will give you more detail shortly.

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Our focus remains on organic growth supplemented by opportunistic, low cost acquisitions such as the purchase of the Klines stores in South Africa that was completed earlier this calendar year.

During the year we repaid our debt and reset our financing facilities. This together with our cash conversion puts us in a strong position to consider more substantial acquisitions should they come our way.

We are of course aware that retailers in Australia are under pressure from a combination of high household debt levels, low wage growth, rising mortgage rates and higher energy prices, all of which impact on consumer confidence and discretionary disposable income. Added to this is the arrival of Amazon and online disrupters generally.

We believe your company is isolated, to some extent, from these external risks. Lovisa's mission of providing brilliantly inexpensive jewellery to our customers, reflected in our comparatively low dollar value transactions, means that our customers can give themselves a little treat without feeling guilty about it or putting too much pressure on their budget.

Lovisa operates in an ultra-niche sector. This enables us to be a destination store for customers who are looking for a large and ever-changing range of on-trend but delightfully inexpensive jewellery. The low price of our products and the cost of transportation, makes the economics of internet shopping more challenging than in other sectors. Nevertheless, this is an area we are watching closely.

Additionally, Lovisa's increasing geographic spread mitigates the risk of localised poor retail conditions.

That said, Lovisa's recent performance in its Australian business has been strong, suggesting that if we get the product, pricing and operations right, Lovisa's disciplined business model is able to create economic value even in sub-optimal retail conditions.

That ongoing critical requirement of getting product, price and operations right, which is difficult to achieve, requires us to continue to invest in talented and energetic people ahead of the growth curve. As an example of our ongoing investment in bench strength, we recently up weighted our information technology skills by employing Michael Hobsbawn as our CIO. I.T. is an important foundation for our growth and provides the information that allows us to manage the business and the inherent risks competently. Michael has a wealth of background in this field and in retail and not only has he already made a difference on the ground but he has also set out an IT strategy to underpin our growth as the roll-out continues internationally.

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We have also instituted learning and leadership programs for our young leaders so that as we grow and move into new territories, people who understand how to do things "the Lovisa way" can be transported around the world to manage our businesses and to coach and develop local managers. We understand this is a critical mitigant of the risks inherent in geographic expansion.

I want now to express the company's thanks to Paul Cave who is today retiring as a director of Lovisa. Paul has been a director since the float and stepped in as Chairman on the sudden and untimely death of David Carter. Paul is a great entrepreneur and businessman in his own right, being the founder of the stunningly successful Bridgeclimb business that takes customers for tours across the top of the Sydney Harbour Bridge. Paul is also a director of Dominos Pizza. Paul has been a strong advocate for our international growth and balancing speed with prudent risk management. Paul has made a strong contribution in all aspects of the Board's activities. Paul, you will be missed and your replacement will have big shoes to fill. On behalf of everyone at Lovisa, our sincerest thanks for all you have done for us and our very best wishes for your future endeavours.

A search is underway for Paul’s replacement.

On the subject of thanks, may I also express my gratitude to my fellow board members for their support and wise counsel throughout the year. It is greatly appreciated.

To Shane, Steve, the management team and all the people of Lovisa around the world, thank you for an outstanding year. Results like these are driven by energetic, talented and engaged people. And Lovisa has 1,900 of them.

Ladies and gentlemen, in summary this has been a very good year for your company. We are all working very hard to maintain the momentum, which is a difficult and demanding task. As I previously observed, there are risks we need to manage but I think we understand them, I think we have the right team in place to manage them and I believe we are well placed for a period of good profitable growth in the years ahead as we take Lovisa to the world.

It is now my great pleasure to introduce our CEO Steve Doyle.

Mr Doyle, Chief Executive Officer

Thank you Michael, and good afternoon everyone.

Michael has touched on the key highlights of the year:

- EBIT up 68% at $40.7 million
- NPAT up 75% at $29 million

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- Like for Like sales up 10.3%
- Revenue up 16.5% at $178.7 million
- Total store numbers at June 30 of 288, a net increase of 38 stores
- Final dividend 7.6 cents fully franked

Revenue for the period is up 16.5% with comparable sales up 10.3%. Just to talk to that for a moment. This increase has come from a number of factors but predominantly from price increases introduced in the second half of last financial year. As we have communicated previously these price rises are now entrenched in our business and this is one of the core drivers of the LFL increases resulting in the majority of our revenue growth. Additional to that in the last 12 months we have enjoyed some key trends within the fashion jewellery sector and being that Lovisa is well positioned to react and deliver to these trends we have capitalised on those opportunities.

As we've discussed previously we've enjoyed the tailwinds of Equip, a competitor with 120 stores in Australia and NZ, exiting the market during the first half of the FY16 Financial year. You may recall that we acquired a small group of these stores and the rest of the Equip stores were closed, so again while we have received the benefit of these tailwinds we have now cycled through this with the last of their stores closing around March 2016.

Our Gross margin increased to 78.8% up from the 74.0% in the prior financial year. This was delivered despite a 2 cent drop in the average USD rate through the year. Looking at our result on a constant currency basis our Gross margin would have been 79.3%.

This margin was achieved through being able to take advantage of the trends in the fashion jewellery market, disciplined inventory management and the price increases that I have spoken to earlier.

Whilst our margins are a strength of our business, we'd like to remind everyone that we are a fashion retailer so our margin performance can fluctuate based on the relative success of each range and market factors such as economic conditions and currency, and this therefore remains a key focus.

The company's cash flow was strong with operating cash conversion at 109%. As expected the improvements in stock management drove the majority of the lift, so we would not expect this metric to remain at this elevated level as our growth profile continues.

Capital expenditure for the year was $8.8 million predominantly from new store fit outs and refurbishments on existing stores upon lease renewals.

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The company's balance sheet significantly strengthened during the year with the company's core debt facilities repaid following strong operating cash flow generation and working capital management.

Although not required at present, in the second half we finalised the refinancing of our debt facilities, this included changes to the covenant package to align with our international growth expectations.
We have negotiated an increase in financing limits to $30 million including a $5 million bank guarantee facility to facilitate landlord requirements.
Additional to this we have also added an additional $15 million acquisition facility that would be subject to due diligence if required.

Following the repayment of the debt facilities we enjoy material headroom within our two key ratios and there was net cash of $11 million at year end.

I'll now hand over to Shane Fallscheer our Managing Director.

Mr Fallscheer, Managing Director

Thank you.

Firstly, I want to thank Steve for a great year. A large part of this year's result is due to the changes we made to the management structure in FY16, and Steve has really led the operational execution of our continued growth and strong sales performance over the year.

Just to talk to our store growth through FY17, we are pleased to say that we are now trading with 50% of our store network outside of Australia. This has grown from 42% of our store network outside of Australia in the year prior, and moving forward we envisage that Australia will become a smaller percentage of our overall business.

We have achieved a net increase of 38 stores for the FY17 year and this has included:

- The commencement of a pilot program in Spain, along with an acquisition of Klines, a 17 store accessory chain in South Africa.
- Additional to this via a new franchise partner, we have opened stores in Vietnam and added stores to our footprint in the Middle East opening stores in Bahrain.

To continue to build on our ability to source the right store locations at appropriate rent economics, we have further invested in our bench strength in our leasing team and we continue to educate the landlords and decision makers in new markets to the positive attributes of Lovisa.

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In regards to our approach to our ongoing expansion we will continue to take a careful and diligent approach in any new store be it in a new or existing territory. We have our global property team in place with leasing executives based in our key markets, and we continue to exercise patience in negotiations to deliver both the right store location and achieve the appropriate rental economics. All new retail locations are signed off by both Steve Doyle our CEO and myself.

In regards to product, we continue to invest in our buying teams both in the UK and Australia and we feel confident that we will keep abreast of the global trends as they continue to evolve.

Our existing supply chain, with both distribution centres in Melbourne and Hong Kong, continue to service our global footprint and we continue to explore efficiencies in both cost and delivery time into stores for our products.

The majority of our business regardless of the locations around the world continue to be serviced via our Melbourne based support centre with functions including I.T., payroll and finance all serviced from Melbourne with only ‘sales offices’ required in each market to support our stores around the world.

Again we do continually look at the most efficient and productive way to support each market and in time we envisage that we will require some back office support in the larger northern hemisphere markets.

So to summarise this year’s performance we are very pleased to deliver a result with an EBIT of $40.7 million along with a margin of 78.8%. We are managing our Cost of Doing Business well as we continue to invest in the appropriate bench strength to deliver the store network and results moving forward. By doing this we have been able to deliver a net profit after tax of $29.0 million with cash conversion of 109%.

Our international expansion continues as we now operate 50% of our store network outside of Australia after net store openings of 38 stores for the FY17 year. This has led to a final dividend of 7.6 cents per share taking the full year dividend to 17.6 cents per share.

Looking forward we have had a pleasing start to the FY18 year with same stores sales growth year to date continuing to track slightly above our long term target of 3-5% like for like growth.

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However as much as this is a pleasing start to the financial year, over the coming months we continue to cycle some particularly strong ranges from last year. Coupled with this we remind everyone that both Spring Racing and especially Christmas are still to come and play a very large part of both our first half and full year's performance.

Since the start of July we have opened 16 new stores around the world which brings our total store numbers including franchise stores to 304. Therefore we feel that we are on track to deliver in the range of 20-30 stores per year that we have talked to in the past, reminding everyone that the opening of new stores does slow through the Christmas trading period.

As we announced to the market recently the board agreed to run a pilot program in the United States and our first pilot store will open in Glendale Galleria which is a large suburban mall in LA county. Again we want to stress that this is the first of a small group of pilot stores that we will open in California. We don't intend to talk to the performance or the duration of pilot programs which again are currently underway in Spain and soon to be the US. Once the board make any decisions in the future in regards to any markets where we are running pilot programs we will announce this to the market at that time.

So in summary, our core focus moving forward is to continue to invest in roles required to deliver our growth ambitions while we maintain our focus on sourcing suitable store locations across all of our territories and continue our obsessive focus on delivering on trend product to market.

Before I hand you back to Michael Kay I wanted to also personally thank Paul Cave for the support that he has given both myself and Lovisa. We are a very different business than the Lovisa that came to market nearly three years ago and Paul has been very generous with his time and advice and I have learnt a lot from Paul.

So Paul thank you once again.