Lovisa Holdings Limited
2019 FULL YEAR

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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.

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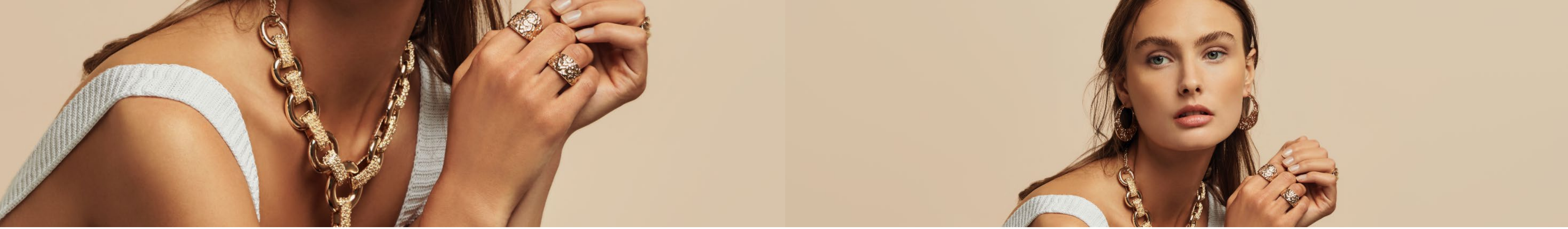
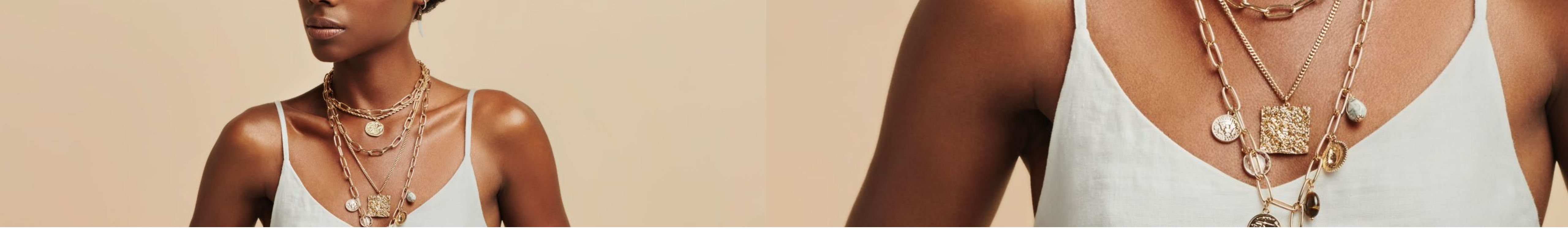


FULL YEAR OVERVIEW

- EBIT up 2.8% to $52.5m
- Total sales up 15.3% and comparable store sales down 0.5% for the full year
- Gross margin continued to be strong, increasing 50bps to 80.5%
- Continued global rollout strategy with a net 64 stores opening during the year, opening 24 stores in 2H19 on top of 40 in 1H19
- Rollout in the US and France markets ongoing, with operational structures in place to drive momentum
- US market rollout expanded into Texas and Florida
- CODB at 55.6% to sales impacted by ongoing investment in global structures, costs of rollout in new territories and higher operating costs in new markets
- eCommerce trading in the Australian/New Zealand market since October 2018 and UK/EU since July 2019, providing enhanced customer interaction capability
- Cash flow from operations lifted 10.1% to $66.7m with operating cash conversion at 107% with working capital management remaining a key focus
- Directors resolved to pay a fully franked final dividend of 15.0 cents being a lift of 1.0 cent on the prior comparable period and taking the full year dividend to 33.0 cents, a 6.0 cent increase on prior year



FINANCIAL OVERVIEW

Continued earnings growth from store rollout and gross margin expansion

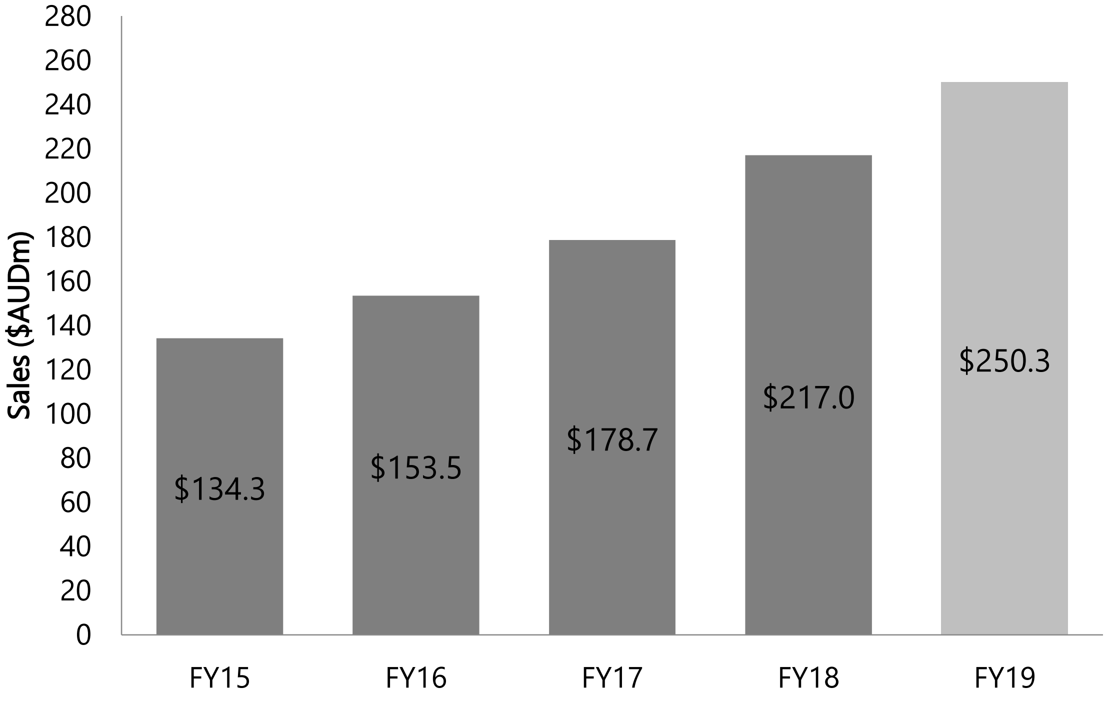
($000)	FY19	FY18	Variance
	Actual	Actual	Actual
Revenue	**250,282**	217,010	15.3%
Gross profit	**201,409**	173,637	16.0%
EBITDA	**62,322**	58,199	7.1%
EBIT	**52,484**	51,074	2.8%
NPAT	**37,043**	35,954	3.0%
EPS (cents)	**35.1**	34.2	0.9 cents
Dividend (cents)	**15.0**	14.0	1.0 cent

- Revenue up 15.3% with comparable store sales down 0.5% for the year, an improvement on -1.8% in the first half with most markets showing improved results in 2H19
- Gross profit of $201.4m up 16% reflecting improved margins from currency tailwinds combined with continued disciplined promotional and inventory management
- CODB increased by 240bps to 55.6% impacted by higher operating costs of new territories, continued investment in both global and local support structures and new territory expansion
- Depreciation up 38% from increased capex spend on new store rollout
- EBIT increased 2.8% to $52.5m for the year
- EPS of 35.1 cents per share
- Continued strong balance sheet and cashflow generation
- Directors declared a fully franked final dividend of 15.0 cents being a lift of 1 cent on the prior comparable period

TRADING PERFORMANCE – SALES

Total sales up 15.3% from continued global rollout

- Total Global Sales Revenue up 15.3% to $250.3m from acceleration in store rollout
- Return to positive comparable store sales for 2H19, resulting in full year being down 0.5% compared to -1.8% in 1H19
- Improved comparable store sales across most markets in 2H19 after cycling particularly strong prior year sales through the first half
- We did not see the same strong fashion trends through the first half of the year that we saw in prior years, the effect of which has continued in the second half
- We remained focused on preserving our gross margin through the year



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TRADING PERFORMANCE - SALES

Sales growth driven by new regions

- Australian region impacted by softer trading conditions throughout the year and strong prior year performance offset by benefits of new stores opened in both current and prior year
- Europe and USA sales reflect continued new store growth with an increase of 14 stores in the UK, 6 stores in France, 4 stores in Spain, and 18 in the USA
- Asia sales impacted by net 4 store closures in Singapore offset by continued growth in the Malaysian market
- South Africa continues to perform well with growth from both existing and new stores

Region ($AUD '000)	FY19	FY18	Variance
Australia / NZ	137,684	132,013	4.3%
Asia	34,393	34,558	-0.5%
Africa	33,417	30,499	9.6%
Europe	36,672	17,884	105.1%
USA	6,346	509	1,146.8%
Total	248,512	215,463	15.3%

*Sales revenue excluding franchise income

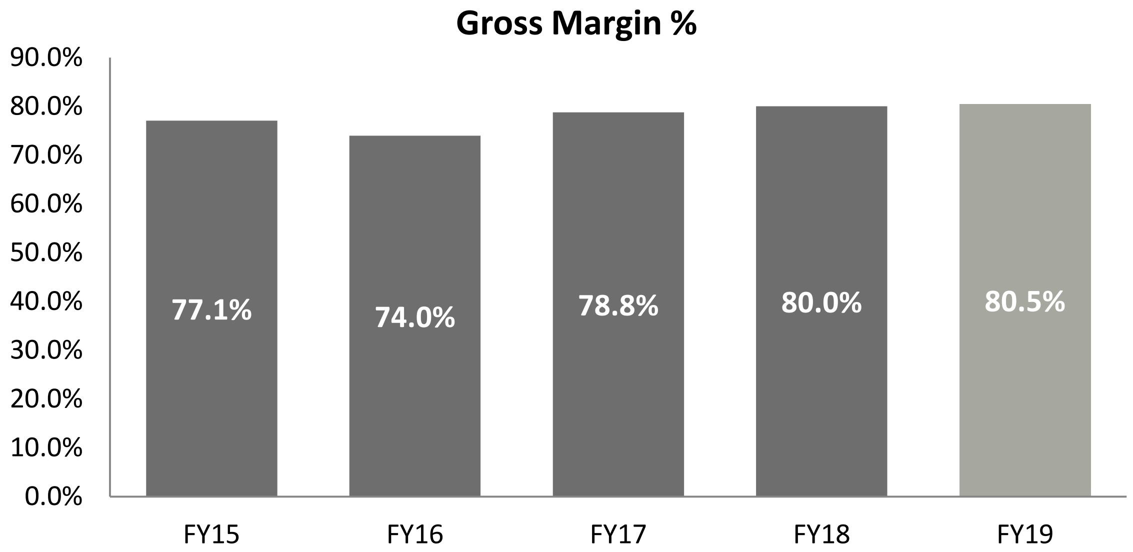
TRADING PERFORMANCE - GROSS MARGIN

Gross margin increased to 80.5%

Gross Margin at Constant Currency*			
	FY19	**FY19**	**FY18**
Currency USD	0.76	0.75	0.75
Sales	250,282	250,282	217,010
Cost of Sales	(48,873)	(49,721)	(43,373)
Gross Profit	201,409	200,562	173,637
Gross Margin	80.5%	80.1%	80.0%

*Constant currency impact on inventory purchases

- Gross profit increased 16.0% to $201.4m
- Gross Margin was 80.5% up 50 basis points from 80.0% in prior year
- Gross Margin on a constant currency basis was 80.1%

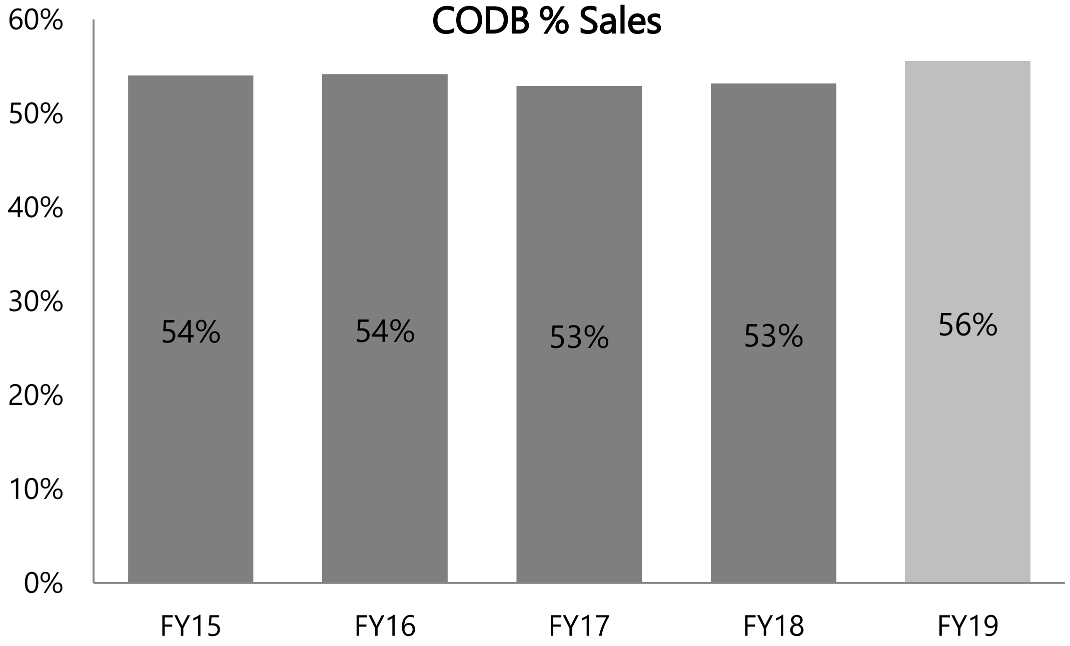


- Gross Margin increase driven by the benefit of favourable USD hedge rates through the year, particularly the first half, combined with tight inventory and promotion management
- The business remained focused on maintaining strong gross margins despite the more challenging trading conditions for the year

COST OF DOING BUSINESS

Continued investment in global rollout

- Investment into the growth of the business continued with the addition of a number of senior leadership roles into the structure during the year to lead both existing and new territories
- Acceleration of rollout in new territories has increased CODB with higher initial operating costs in these markets compared to existing averages
- Investment made into implementation of eCommerce site, live since October 2018 in Australia/NZ, and UK/EU since July 2019
- One-off impact of relocation of Hong Kong logistics operation to Qingdoa, China in the first half
- Underlying operating costs remain under control with CODB increases focused on entry into new territories and store network growth



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CASH FLOW

Continued investment in store rollout

(A$000s)	FY19	FY18
Cash from operating activities	66,727	60,605
Net interest income	134	81
Tax paid	(20,633)	(13,895)
Net cash from operations	**46,228**	**46,791**
Property Plant & Equipment	(23,304)	(14,116)
Key Money	(831)	(1,162)
Net cash used in investing activities	**(24,135)**	**(15,278)**
Share options exercised	1,265	-
Dividends paid	(33,781)	(21,632)
Net cash used in financing activities	**(32,516)**	**(21,632)**
Opening cash	21,057	11,039
Effect in movement in exchange rates	558	137
Closing cash	**11,192**	**21,057**
Net movement in cash	**(10,423)**	**9,881**

- Cash flow from operating activities lifted 10.1% to $66.7m with operating cash conversion at 107%
- Capital expenditure of $24.1m for the year, including payments of $0.8m for key money
- Higher capex spend per store as we build scale and rollout in new markets
- Dividends of $33.8m paid during the year following an 85% increase in FY18 final dividend and a 39% increase in FY19 interim dividend as excess cash was distributed to shareholders
- Increase in capex and dividends resulted in a reduction in net cash of $10.4m for the year, with closing net cash balance of $11.2m

BALANCE SHEET

Strong Balance Sheet with Significant Capacity Available To Fund Growth

- Balance sheet continues to be strong, with investment in fitout and inventory for new stores and e-commerce implementation funded from existing cash, and net cash of $11.2m at year end
- Focus on disciplined inventory management continues, with increased inventory holding to support store rollout profile and franchise store growth
- Material headroom in the company's fixed charge ratio and operating leverage covenants, and $25m financing facilities available, plus $15m acquisition finance facility (subject to bank due diligence)
- Acceleration of the EU and USA rollouts currently able to be funded from our strong balance sheet position, free cash flow generation and available facilities
- This has allowed the payment of an increased final dividend of 15 cents per share
- We will continue to review dividend levels going forward based on cash and facilities available and capital requirements of store network expansion

(A$000s)	FY19	HY19	FY18
Net Cash	11,192	32,284	21,057
Receivables	7,413	4,631	4,881
Inventories	22,769	19,474	14,945
Derivatives	645	1,268	1,429
Total current assets	**42,019**	**57,657**	**42,312**
Property Plant & Equipment	38,418	30,574	22,411
Intangibles	4,418	3,890	3,563
Deferred tax asset	6,372	4,835	4,535
Total assets	**91,227**	**96,956**	**72,821**
Payables	23,659	20,591	11,747
Provisions	6,465	10,191	10,067
Total current liabilities	**30,124**	**30,782**	**21,814**
Provisions	7,452	8,397	5,765
Total liabilities	**37,576**	**39,179**	**27,579**
Net assets	**53,651**	**57,777**	**45,242**

Covenants	FY19	HY19	FY18
Fixed charge ratio > 1.40	2.47	2.59	2.68
Operating leverage < 1.75	0.23	0.08	0.06

STORE GROWTH

International Rollout Accelerates with a Net Increase of 64 Stores

Store number growth			
Country	**FY19**	**FY18**	**Var**
Australia	154	151	3
New Zealand	22	20	2
Singapore	18	22	(4)
Malaysia	25	21	4
South Africa	61	56	5
United Kingdom	38	24	14
Spain	9	5	4
France	8	2	6
USA	19	1	18
Middle East	28	18	10
Vietnam	8	6	2
Total	390	326	64

- Number of international stores growing with offshore territories now 61% of the store network
- Net increase of 64 stores for the year, with 70 new stores opened offset by 6 closures, as well as 12 relocations, as we constantly focus on network optimisation
- UK store rollout continued with 14 new stores opened during the year, however pace of rollout slowed in the second half
- US rollout progressing well, with stores open in California, Texas and Florida, and a strong pipeline of new stores
- French rollout gaining momentum
- Global Property team in place with resources in key markets, a key component to driving new market leasing deals
- We continue to be diligent in ensuring store locations and rent economics meet internal hurdles

USA UPDATE

- We were trading from 12 stores in California, 5 in Texas, and 2 in Florida at year end, and have opened a further 9 since the end of the financial year with our first store in Chicago opened in August
- Performance to date has been in line with expectations with good customer reaction and landlord engagement
- Operating and store build costs of this market continue to be higher than we would like and higher than our company average
- Store metrics and range performance have been consistent with our expectations
- We see the USA market as a significant long term opportunity and continue to invest in the structures to support this
- We will continue to apply our diligent approach to new store evaluation to ensure that we maintain the quality of our store network, and will not sacrifice store quality for speed or size of rollout

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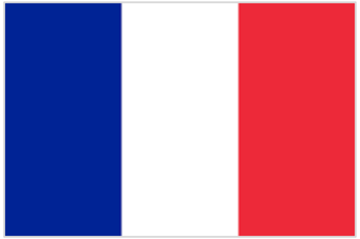
EUROPE UPDATE

- At financial year end we were trading from 38 stores in the UK, 8 in France, and 9 in Spain
- UK rollout has continued with 2 stores opened in the second half following 12 in the first half, with site availability at appropriate rents slowing progress
- Cautious approach to Spain continues, with focus on delivering operational improvement and decision made to slow any further store openings until we can deliver on the key metrics required to expand in this market
- The performance of our 8 stores in France has continued to meet our expectations, with ongoing rollout in progress
- Leasing manager in place in France building pipeline of new stores, however progress in this market expected to be slower
- Store cost metrics in the French market are proving to be higher than our current average based on our experience to date
- We will continue to apply our diligent approach to new store evaluation to ensure that we maintain the quality of our store network, and will not sacrifice store quality for speed and size of rollout



OPERATIONAL UPDATE

- We continue to focus on investment in people and processes to ensure we remain efficient as we grow and able to execute on our strategic plans
- Investment made into a number of senior roles in the first half of the financial year to lead our key markets, as well as leasing team and regional store management in growth regions
- e-commerce live in Australia and NZ via Lovisa.com from October 2018, UK/EU launched in July 2019 via Lovisa.uk
- Key operational and IT changes completed during the year:
    - Move of our third party logistics hub from Hong Kong to Qingdao China complete
    - Change in logistics provider to deliver a more efficient supply chain complete
    - Upgrade of our in-store point of sale hardware and software complete
    - Replacement of our global store labour management and rostering system complete
    - Replacement of our global finance system complete

TRADING UPDATE AND OUTLOOK

- Trading since the end of the financial year has seen a continuation of the improvement seen in the second half, with positive comparable store sales for the period back within our target comparable store sales range of 3 – 5%
- Currency headwinds have begun to have an impact and will continue to do so through FY20 as our average USD hedge rate is expected to fall below US$0.70
- We continue our focus on expanding our store network, and expect the increase in number of stores for FY20 to be higher than in FY19
- 14 net new stores opened since the end of FY19 taking the store network to 404
- We will continue to invest in our support structures, in particular in the USA, to support store network growth and the larger business.

SUMMARY

- EBIT of $52.5m and 80.5% Gross Margin (80.1% on constant currency)
- Comparable store sales down 0.5% for the year, with positive comparable store sales for the second half
- Lift in margin benefiting from currency tailwinds and tight inventory and promotion management
- Continued CODB investment focused on laying the platform for future growth
- Tight stock and cost control with cash conversion at 107% in spite of ongoing investment in stock for new store rollout
- International expansion continued with a further net 64 stores opening during the financial year and a total network of 390 stores at financial year end
- 61% of store network now outside of Australia
- Rollout underway in the USA and France markets and gaining momentum
- Fully franked final dividend of 15.0 cents per share

APPENDICES

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 Holdings 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 30 June 2019.

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 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 Annual 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 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)	FY19	FY18	Variance
	Actual	Actual	Actual
Revenue	250,282	217,010	15.3%
Cost of sales	(48,873)	(43,373)	12.7%
Gross profit	201,409	**173,637**	**16.0%**
Employee expenses	(66,352)	(55,514)	19.5%
Property expenses	(42,579)	(34,713)	22.7%
Distribution expenses	(8,796)	(7,213)	21.9%
Depreciation	(9,838)	(7,126)	38.1%
(Loss)/profit on disposal of PPE	(241)	(463)	(47.9%)
Other expenses	(21,119)	(17,534)	20.5%
Operating profit	52,484	**51,074**	**2.8%**
Finance income	436	192	127.2%
Finance cost	(302)	(111)	171.6%
Profit before tax	52,618	**51,155**	**2.9%**
Income tax expense	(15,575)	(15,201)	2.5%
Net profit after tax	37,043	**35,954**	**3.0%**
EPS (cents)	35.1	34.2	0.9
Dividends cents per share	15.0	14.0	1.0

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
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 obsolete inventory • Lovisa's products are manufactured directly in factories primarily in China, India and Thailand. As a result Lovisa is exposed to risks including foreign currency, political 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 support structures across the Globe
International Expansion	• Continue to leverage current international territories • Leverage the Company's capital in large international territories • Roll out of a number of large territories in progress • 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(s)
Store Performance	• Optimise and improve existing store network • Continue to target high traffic shopping precincts
Brand Awareness	• Continue to leverage social media and e-commerce platform 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

APPENDIX 5 – Impact of implementation of new lease accounting standard AASB 16

The implementation of AASB 16 will significantly change reported results however will have no economic impact on the company, its cash flows, debt covenants or shareholder value. The expected impact on transition and going forward is as follows:

Item	Impact
Profit and Loss	EBIT and EBITDA will materially increase as a result of operating lease expenses being replaced by depreciation and interest
Balance Sheet	Recognition of Right of Use Asset and Lease Liability. Expected impact on balance sheet on transition at 1 July 2019: • Total Assets expected to increase by approximately \$130m - \$145m • Total Liabilities expected to increase by approximately \$130m - \$145m • Net Assets not expected to be impacted
Cash Flow	• Increase in Operating cash flows offset by decrease in Financing cash flows • No impact to net cash flow
Adoption Date and Comparatives	• AASB 16 will be adopted effective 1 July 2019 • The new standard will be applied prospectively and no adjustment made to prior year comparatives • HY20 and FY20 results will include a reconciliation between the old and new standard