Lovisa Holdings Limited
ACN 602 304 503
Level 1, 818 Glenferrie Road
Hawthorn VIC 3122

t +61 3 7042 6440
e info@lovisa.com

lovisa.com

Half Year 2024 Results Announcement
Sales and Profit Growth Continues

- Revenue up 18.2% to $373m with improving trend through Q2
- Comparable store sales down 4.4% on HY23
- Gross Margin 80.7%, up 40bps
- 74 new stores opened during the period, 854 at period end
- China and Vietnam markets opened during the half year
- EBIT $81.6m up 16.3%
- Net Profit After Tax up 12.0% to $53.5m
- Operating cash flow of $150m up 29.1% on prior period
- Net Cash of $15.5m at period end, with $120m of available cash facilities in place
- Interim Dividend of 50.0 cents per share, 30% franked

Results Highlights

(A$'m)	HY24 (Statutory)	HY23 (Statutory)	Variance
Revenue	373.0	315.5	18.2%
Gross profit	301.1	253.2	18.9%
EBIT	81.6	70.1	16.3%
NPBT	72.7	65.1	11.7%
NPAT	53.5	47.7	12.0%
EPS (cents)	49.1c	44.3c	4.8c
Final dividend (cps)	50.0c	38.0c	12.0c

Chief Executive Officer Victor Herrero said, "The company has continued to deliver solid sales and profit growth and invested in the structures to support our steady global expansion. This positions us strongly to move forward with growth in both existing and new markets. I want to again share my appreciation of the entire global Lovisa team for their outstanding work and dedication to deliver these results."

Results

Revenue was $373m, up 18.2% on HY23 with the strong growth in the store network over the past year providing solid sales growth despite more challenging trading conditions, with comparable store sales down 4.4% however showing improving trend later in the half.

In response to the continued inflationary pressures globally we have continued to focus on price points, with ongoing pricing and promotion management supporting both sales growth and gross margin expansion. Gross Profit was up 18.9% on HY23 with Gross Margin up 40 basis points to 80.7%.

We continued to invest in rolling out new markets, new stores in existing markets, and the structures required to manage them effectively on an ongoing basis, including support teams, logistics and technology to drive a more efficient operating model. This combined with inflationary pressures in most areas of the business but in particular on wages meant that cost of doing business was higher. This impact was offset by a reduction in CEO Long-Term Incentive expense from $15m in the prior half year to $6m in the current period.

Depreciation and interest expense both reflect the growth in the store network, with depreciation of store fit outs and lease right of use assets increasing as a result of the increase in store numbers, and interest expense increasing due to the associated increase in lease liabilities combined with a higher interest rate environment and higher debt levels. It should be noted that lease interest expense is higher in the early years of a lease, therefore as we continue to open stores the impact on this line is proportionally higher than store network growth.

Cash flow was again strong, with cash from operations before interest and tax of $150m, up 29.1% on HY23. Lease payments were higher, reflecting the growth in the store network, with the associated growth in balance sheet lease liabilities resulting in a large increase in lease payments classified as interest payments, with cash interest payments increasing 77% as a result of this combined with the increase in the level of gross debt on the balance sheet.

Capital expenditure for the period was $14.3m, predominantly from new store fit outs, down from $31.9m in prior year with a slower pace of new store openings.

Our continued strong balance sheet and cash flow position has enabled the Board to announce an interim dividend of 50.0 cents.

The Board will continue to assess dividend levels each half year and determine the appropriate level of dividend based on profitability, cash flows, and future growth capex requirements. The Board do not currently have a specific dividend payout ratio and will continue to base dividends on the cash flow needs of the company and the structure of the balance sheet.

Store Growth

A key driver of growth for Lovisa is the continued global store roll out. The company opened 74 new stores during the period, taking the store network to 854 stores globally across more than 40 markets. This includes the opening of our first stores in the key Asian markets of mainland China and Vietnam, adding to the 12 new markets opened in the prior year.

Store number growth								
Country	**HY24**	**FY23**	**HY23**	**Var 6 mths**	***New Stores***	***Reloc-ations***	***Clos-ures***	**Var YOY**
Australia	175	168	163	7	*9*	*(1)*	*(1)*	12
New Zealand	27	27	26	0	*0*	*0*	*0*	1
Singapore	15	16	15	(1)	*1*	*0*	*(2)*	0
Malaysia	43	41	39	2	*2*	*0*	*0*	4
Hong Kong	8	8	3	0	*0*	*0*	*0*	5
Taiwan	1	1	0	0	*0*	*0*	*0*	1
China	1	0	0	1	*1*	*0*	*0*	1
Vietnam	1	0	0	1	*1*	*0*	*0*	1
South Africa	77	75	73	2	*3*	*0*	*(1)*	4
Namibia	3	2	2	1	*1*	*0*	*0*	1
Botswana	1	1	0	0	*0*	*0*	*0*	1
United Kingdom	47	44	42	3	*3*	*0*	*0*	5
Spain	1	1	0	0	*0*	*0*	*0*	1
France	80	68	62	12	*12*	*0*	*0*	18
Germany	51	47	47	4	*5*	*0*	*(1)*	4
Belgium	13	11	10	2	*2*	*0*	*0*	3
Netherlands	7	7	5	0	*0*	*0*	*0*	2
Austria	9	7	4	2	*2*	*0*	*0*	5
Luxembourg	2	2	2	0	*0*	*0*	*0*	0
Switzerland	9	9	8	0	*0*	*0*	*0*	1
Poland	19	18	8	1	*1*	*0*	*0*	11
Italy	8	7	4	1	*1*	*0*	*0*	4
Hungary	2	2	1	0	*0*	*0*	*0*	1
Romania	1	1	1	0	*0*	*0*	*0*	0
United Arab Emirates	3	1	0	2	*2*	*0*	*0*	3
USA	207	190	155	17	*18*	*0*	*(1)*	52
Canada	10	7	1	3	*3*	*0*	*0*	9
Mexico	4	4	2	0	*1*	*0*	*(1)*	2
Middle East/Africa Franchise	17	30	41	(13)	*0*	*0*	*(13)*	(24)
South America Franchise	12	6	1	6	*6*	*0*	*0*	11
Total	854	801	715	53	*74*	*(1)*	*(20)*	139

The Americas market was again a major driver of store network growth with 28 new stores opened in the period in the region including 6 new franchise stores in South America, however Europe also showed strong growth with 26 new stores opened, including an acceleration of growth in France with 12 new stores.

As previously reported, during FY23 we renegotiated our franchise contract with our Middle Eastern franchise partner, allowing us to convert the UAE market to company operated while the remainder of the countries in the region remain as franchise operations. As part of this change, a further 13 franchise stores in the UAE were closed during the half year as the existing partner exits this business. We have converted 3 UAE stores to company owned and are actively looking at expanding this market.

Our ongoing focus on the quality of the store network resulted in 7 stores being closed during the period (excluding the UAE stores noted above), and we will continue to focus on store profitability and action stores not delivering to required levels of return on investment.

With a footprint now in over 40 markets and increased support structures in place we are well placed to continue our global rollout across both existing and new markets.

Trading Update and Outlook

Trading for the first 7 weeks of the second half of FY24 saw comparable store sales for this period up 0.3% on the same time last year. Total sales for this period are 19.6% up on the same period in FY23. Since the end of the half year, we have opened 9 new stores, with the store network currently at 860 stores globally including our first store recently opened in Dublin, Ireland, adding another new market to the network. We continue to focus on opportunities for expanding both our physical and digital store network, with structures in place to drive this growth in existing and new markets and expect store rollout to continue. Our balance sheet remains strong with available cash and debt facilities supporting continued investment in growth.

For further enquiries please contact:

Victor Herrero	Chris Lauder
Chief Executive Officer	Chief Financial Officer
+61 3 7042 6440	+61 3 7042 6440

Authorised for release by Lovisa Holdings Limited's Board of Directors