



Company	Lovisa Holdings Limited
Code	LOV.AX
Meeting	AGM
Date	29 October 2019
Venue	727 Collins St, Melbourne VIC
Proxy Collector	Robin Burrows

Number attendees at meeting	Link have not provided the requested data. Total about 28
Number of holdings represented by ASA	17
Value of proxies	\$459k at close 29Oct19
Number of shares represented by ASA	35,312
Market capitalisation	\$1,400m as at 29 October 2019
Were proxies voted?	Yes, by an interesting mix with an initial show of hands, then paper poll (covering all items but apparently not all counted)
Pre AGM Meeting?	No

Moving Globally

The AGM was ‘colourful’, with a pre-voting foray by one (declared) ‘major shareholder’ who had obtained pre-AGM voting results prior to the meeting. He was very concerned about a substantial vote against the remuneration policy and ‘waxed lyrical’ about the background of the Chair and Managing Director.

Following presentations by the acting-Chair and the Managing Director, including coverage of currency headwinds, resource pressure due to new stores and the move of a ‘third-party logistical hub’ from Hong Kong to China, a vote was held on the resolutions. The Remuneration Report received a strike with a 32% against vote and all other items (including re-election of two directors who weren’t at the meeting), passing on a show of hands with 93+% proxy support.

The ASA voted FOR all resolutions.

Of particular interest was the remuneration vote (32.5% against): since the top ten shareholders carry 83% of the shares there was clearly ‘something amiss’ at the top-end. The Acting-Chair was relaxed about the issue and declared that next year they could just use KMP shares to vote (the Notice of Meeting carried the usual ‘disregard of KMP votes’ note).

There was very active participation by attendees at the meeting covering:

- By the ASA. The dividend payout ratio of 96% and the decrease in franking reserves (\$8.6m to \$4.6m)
- By the ASA. Hedging policy and currency risks
- By the ASA. Policy on KMP share holdings
- By the ASA. With respect to the ecommerce launch, we noted that there was no cyber risk policy statement. Linking to this was the warehousing move from Hong Kong to China.
- By the ASA. We noted our policy with respect to having an independent Chairman. Brett Blundy is also Chairman of BB Retail Capital which holds 40.85% of Lovisa's capital.
- There were questions about the recent online presence. Delayed because of concerns over shipping costs and also management focus on opening stores.
- Queries about the wide coverage of in-store piercing.
- Staff Happiness. Could it be tracked and reported in the Annual Report.
- Staff turnover.
- A number of questions on sales data, geographic coverage and differences, lease considerations.