

Thursday 12 April 2018

MOTHERCARE PLC
FY18 Q4 trading update

Mothercare plc, the leading global retailer for parents and young children, today issues the following trading update, which covers the 12-week period to 24th March 2018.

- Overall adjusted Group profit and net debt for FY18 is in line with previous guidance⁽¹⁾
- UK like-for-like decline continues to be impacted by continued consumer trend of reduced store footfall
- Online returns to growth in UK; now representing 49% of UK sales
- International sales performance encouraging, with growth in key Middle East market

Group performance for 12 weeks to 24th March 2018

% change	FY17				FY18				24 March 2018	
	Q4	Q1	Q2	Q3	% change year-on-year					
<u>UK</u>					12 Weeks:		FY:			
UK like-for-like sales ⁽²⁾	4.5	1.9	3.2	(7.2)	(2.8)		(1.3)			
<i>Website Sales</i>	18.6	6.0	8.7	(7.5)	7.2		2.8			
<i>Store iPad Sales</i>	7.5	(0.1)	5.5	(5.7)	(4.8)		(1.1)			
Online Sales ⁽²⁾	13.6	3.3	7.3	(6.9)	2.1		1.2			
Total UK sales	3.2	(1.8)	(0.2)	(11.0)	(5.6)		(4.8)			
UK space (change in sq.ft.)	(5.9)	(7.2)	(9.2)	(6.0)	(10.7)		(10.7)			
<u>International</u>										
International retail sales in constant currencies ⁽²⁾	(1.7)	(8.3)	(7.1)	(3.0)	(3.7)		(5.8)			
International retail sales in actual currencies ⁽²⁾	15.4	2.2	(6.0)	(6.8)	(11.0)		(5.0)			
International space (change in sq.ft.)	0.9	(2.3)	(3.0)	(3.6)	(2.6)		(2.6)			
<u>Group</u>										
Worldwide sales ⁽³⁾	10.7	0.8	(3.8)	(8.2)	(9.2)		(4.8)			
Total group sales ⁽⁴⁾	(12.2)	(0.0)	(4.9)	(2.4)	(0.3)		(1.9)			

UK

- UK like-for-like sales decline of 2.8% impacted by reduced store consumer footfall.
- Online sales growth of 2.1%, with website sales growth of 7.2%.
- Online sales within the period represented 49% of UK sales, bringing FY to 43%.
- Continued progress with store rationalisation programme, leading to total UK sales 5.6% lower than last year.
- Retail space at the end of the quarter reduced as planned by 10.7% to 1.3m sq.ft. in 137 stores (134 Mothercare and 3 ELC).

International

- International retail sales were 3.7% lower in constant currency (-11.0% in actual).
- Middle East growth continued throughout the period.
- Russia impacted by lower market footfall and the phasing of promotional activity.
- Online sales growth of 3.4% in constant currency (-2.6% in actual).
- Retail space at the end of the quarter was 2.6% lower at 2.9m sq.ft. in 1,131 stores.

David Wood, Chief Executive Officer of Mothercare plc, said:

"Our overall Group performance for FY18 was in line with previous guidance for both adjusted Group profit and net debt.

The UK retail trading environment remained relatively muted in the quarter, with a continuing trend of lower footfall in stores, though there was an encouraging return to growth online, with website sales in particular growing at 7.2%. In this competitive climate, promotional activity has been necessary to stimulate customer demand.

International retail sales were down overall 3.7%, impacted by lower market footfall and the timing of promotional activity in Russia. The return to growth in the Middle East that we observed in Q3 has continued throughout this period, which is encouraging.

My immediate priority is to ensure Mothercare is put back on a sound financial footing and to improve its financial performance. We continue to make good progress in reducing the size of our UK store estate in response to changing consumer preferences and in reducing our central cost base, but our central focus must be customers and their experience, securing Mothercare's reputation as the number one specialist for parents.

We remain in constructive dialogue with our financing partners with respect to our financing needs for FY19 and beyond, and we continue to explore additional sources of financing to support and maintain the momentum of our transformation programme. All of these discussions are on-going and further updates will be given as appropriate."

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Notes:

1 – 8th January 2018 guidance: adjusted Group profit for the year: range of £1-5m. Net debt: c. £50m.

2 – UK like-for-like sales are defined as sales from stores that have been trading continuously from the same selling space for at least a year and include online sales. UK online sales include both website sales and sales taken on iPads in store. International retail sales, including online sales, are the estimated retail sales of overseas franchisees and joint ventures and associates to their customers. International like-for-like sales are the estimated franchisee retail sales from stores that have been trading continuously from the same selling space for at least a year. International sales in constant currency exclude the impact of movements in foreign exchange on translation.

3 – Worldwide sales are total International sales plus total UK sales. Total International sales are International retail sales plus International Wholesale sales.

4 – Total Group sales is a statutory number and is made up of total UK sales and receipts from our International partners, which includes royalty payments and the cost of goods dispatched to our franchise partners.

5 – This announcement contains certain forward-looking statements concerning the Company. Although the Board believes its expectations are based on reasonable assumptions, the matters to which such statements refer may be influenced by factors that could cause actual outcomes and results to be materially different. The forward-looking statements speak only as at the date of this document and the Company does not undertake any obligation to announce any revisions to such statements, except as required by law or by any appropriate regulatory authority.

6 – We are scheduled to announce our Preliminary Results on 17th May 2018.