

## MOTHERCARE PLC Q4 trading update

FURTHER IMPROVEMENT IN UK – TANGIBLE RESULTS FROM NEW STRATEGY  
INTERNATIONAL MARKETS HOWEVER STILL CHALLENGING  
FY2016 GROUP UNDERLYING PROFIT WITHIN RANGE OF EXPECTATIONS

Mothercare plc, the leading global retailer for parents and young children, today issues the following trading update, which covers the 11 week period to 26 March 2016.

### **UK**

- UK like-for-like sales were up 2.1% during Q4 with support from online sales which were up 5.6%. Online sales now account for c35% (LY: c30%) of total UK sales
- Continued focus on full price sales led to another quarter of stronger gross margins
- We ended the quarter with 170 stores (162 Mothercare and eight ELC), of which 56 stores (almost 40% of space) were trading in the new modern refitted format
- Total UK sales were up 0.8% as both online and store sales benefitted from the ongoing strategy, despite the planned (6.4%) year-on-year reduction in space

### **International**

- International continues to be affected by ongoing economic and currency headwinds. Retail sales in constant currency were down (9.7%) with currency further impacting retail sales in actual currency which were down (10.8%)
- All four regions saw a reduction in both constant and actual currency sales. In the Middle East consumer sentiment was impacted by the sustained lower oil price, resulting in a significant decline in constant currency sales. In Asia, China in particular, was affected by weakening consumer confidence. Europe and Latin America were impacted by adverse currency moves
- Space was up 4.6% year-on-year. Latin America saw an increase in store numbers, but a small reduction in space. Europe saw a similar reduction as we rationalised unprofitable space. We continue to see opportunities in Asia and the Middle East and grew space despite current economic conditions
- We ended the quarter with 1,310 stores (947 Mothercare and 363 ELC) and 3.0m sq.ft. of retail space

### **Group performance for 11 weeks to 26 March 2016**

	FY2015		FY2016		<b>11 weeks: 52 weeks:</b>	
	Q4	Q1	Q2	Q3	<b>25 March 2016</b>	
					<b>% change year-on-year</b>	
<b><u>UK</u></b>					<b>Q4</b>	<b>Q4 YTD</b>
Total UK sales	1.5	(0.9)	1.8	(0.1)	0.8	0.3
Online sales	31.8	23.9	20.4	11.8	5.6	15.2
UK like-for-like sales <sup>(1)</sup>	5.1	1.3	6.5	4.2	2.1	3.6
UK space (change in sq.ft.)	(4.5)	(5.3)	(7.4)	(6.1)	(6.4)	(6.4)
<b><u>International</u></b>						
International retail sales in constant currencies <sup>(1)</sup>	11.4	(1.3)	5.6	(1.3)	(9.7)	(1.4)
International retail sales in actual currencies <sup>(1)</sup>	5.5	(4.8)	(5.3)	(9.5)	(10.8)	(7.4)
International space (change in sq.ft.)	9.0	7.9	6.6	5.8	4.6	4.6
<b><u>Group</u></b>						
Worldwide sales <sup>(2)</sup>	4.1	(3.5)	(2.8)	(5.5)	(6.7)	(4.5)
Total group sales <sup>(3)</sup>	(1.0)	(5.2)	(7.1)	(5.4)	1.4	(4.4)

**Mark Newton-Jones, Chief Executive Officer of Mothercare plc, said:**

“Overall Group underlying profit for FY2016 is within the range of current market expectations. The UK is responding well to our strategy with continued sales growth and improved margins. International continues to be impacted by adverse currency and weakening consumer confidence in some key markets as economic headwinds persist.”

“In the UK we have delivered our eighth consecutive quarter of positive like-for-like sales growth with a full year of improved margins. Almost 40% of space is now in the new and much improved format, which along with a revamped online offer, improved product and service are being well received by our customers.”

“International continues to be adversely affected by the sustained economic and currency headwinds. Whilst all four regions are softer, the Middle East and China in particular have been impacted by weaker consumer confidence. Along with our partners, we continue to see opportunity to grow space and are now translating key learnings from modernising the UK into our international markets.”

“In the year ahead, we expect to make further progress in the UK. However, our international markets are likely to remain challenging with the current trends in space, sales and currency continuing into the new financial year. Nevertheless we remain firmly focussed on our strategy to build our business both in the UK and internationally and our vision remains clear – to be the leading global retailer for parents and young children.”

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**Notes:**

**1** – 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. International retail 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.

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

**3** – 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.

**4** – 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.

**5** – Overall space was up 0.6% year-on-year at the end of the fourth quarter with space in the UK down (6.4)% year-on-year and International space up 4.6% year-on-year.

**6** – We will be announcing our Full Year Results on Thursday 19 May 2016.