

MOTHERCARE PLC
Statement re share price movement and media speculation

Mothercare plc, the leading global retailer for parents and young children, notes the recent movements in its share price and media speculation and provides an update.

Since our trading statement of 8 January 2018, our trading and financial performance has remained broadly in line with the Board's expectations. Given the successful management actions on cash generation, we now expect net debt at year-end to be slightly better than the £50 million previously guided, and for adjusted group profit before tax to be at the lower end of the previously guided range of £1-5m.

Reflecting the more challenging trading environment and our seasonal cash flows, we are working with our financing partners with respect to our financing needs for FY19 and beyond. We forecast our borrowings to increase towards the limit of our total committed and non-committed facilities at various points from the start of the new financial year, and will therefore require waivers of certain financial covenants. We are also exploring additional sources of financing to support and maintain the momentum of our transformation programme. All of these discussions are ongoing.

As previously announced and as part of our transformation strategy we have taken decisive action to reduce our central cost base. The business is also continuing with its planned strategy of reducing the UK store estate whilst increasing digital capabilities, with over 40% of our sales now being taken through digital channels.

A further announcement will be made in due course.

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

“The retail sector continues to face a number of pressures that are clearly having a profound impact on the sector as a whole. Against this backdrop we are performing in line with our expectations and remain a cash generative business, but we also need to push ahead with our transformation strategy to meet our customers' needs and continue adapting to evolving shopping habits around the world.

We are working together with all our stakeholders, including colleagues, franchisees, financiers, suppliers and pensions trustees on this next phase of our transformation and their part in delivering these plans. The support already being shown gives us confidence that, despite the challenges, there remains a clear way forward for Mothercare to realise its ambition to be the leading global retailer for parents and young children.”

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Notes:

1. This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014.
2. The person responsible for the release of this announcement is Alice Darwall, Mothercare Group General Counsel and Company Secretary at Mothercare plc, Cherry Tree Road, Watford, Hertfordshire, WD24 6SH.