

MOTHERCARE PLC
INTERIM MANAGEMENT STATEMENT
Q3 TRADING UPDATE
Transformation and Growth plan on track

Mothercare plc, the leading international mother and baby retailer, today updates on Q3 trading covering the 13-week and 41-week period to 12 January 2013.

Simon Calver, Chief Executive of Mothercare plc, summarised:

"We have made solid progress during Q3, despite a challenging consumer backdrop for the UK and Eurozone. International continues to see double-digit growth and in the UK we have made further progress closing loss making stores. The transition to our new online platform has passed the test of peak trading with Direct in Home growing at double-digit rates during December. Our work towards delivering improved value, choice and service for our customers continues to make an impact and I am very encouraged by the new ranges and innovative product ready to go into stores for spring/summer 2013."

Group performance, second quarter and first half

	Q3 – 13 weeks to 12 January 2013	Q3 YTD – 41 weeks to 12 January 2013
Worldwide network sales ⁽¹⁾	(0.2%)	+1.3%
Total group sales	(7.4%)	(6.5%)
<u>International</u>		
International retail sales in constant currencies ⁽¹⁾	+14.8%	+15.1%
International retail sales ⁽¹⁾	+12.0%	+11.2%
<u>UK</u>		
Total UK sales	(12.9%)	(10.1%)
UK like-for-like sales ⁽¹⁾	(5.9%)	(4.4%)
Direct in Home sales	+0.9%	+0.9%

Highlights for Q3

- On track with our three-year Transformation and Growth plan
- International continues to deliver double-digit growth
- UK strategy to exit loss making stores progressing well
- Cash tightly controlled with continued focus on cash gross margin

International

Our International business opened a net 31 stores during the quarter, and now operates from 1,129 stores across 61 countries. Our full year target of circa 15% space growth is unchanged.

International retail sales grew by 14.8% in constant currency while reported retail sales were up 12.0% as currency moves continued to have an adverse impact during Q3. With the exception of Europe, International continues to deliver double digit growth and remains inline with expectations. Progress from countries such as Russia and Turkey is offsetting Eurozone weakness, resulting in low single digit growth for Europe during the quarter.

UK

A further 11 stores (8 ELC and 3 Mothercare) were closed during the quarter, which means our UK business now operates from 269 stores compared to 311 stores at the beginning of the year. As a result, reflecting the ongoing closure of loss making stores, total UK sales were down 12.9% during Q3.

Consistent with the two-year trend and our focus on cash gross margins, which we highlighted at the Interims, UK like-for-like sales were down 5.9% during Q3. The transition to a new online platform and our mobile initiatives have continued to benefit Direct in Home, which grew 0.9% during Q3 with December up over 12%.

Our continued progress with improving value, choice and service for our customers is evident in better prices, new and innovative product and better staff engagement with customers.

Our three-year Transformation and Growth plan remains on track. We are working towards transforming the UK while growing International profits.

Financial position

Following the update on Q3 trading, there has been no significant change to the financial position of the Company.

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Note 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 Direct in Home and Direct in Store. 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. Total International sales are International retail sales plus International Wholesale sales. Worldwide network sales are total International sales plus total UK sales.

Note 2 – 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.