MOTHERCARE PLC
Q4 TRADING UPDATE
Transformation and Growth plan progressing well

Mothercare plc, the leading international mother and baby retailer, today updates on Q4 trading covering the 11-week and 52-week periods to 30 March 2013.

Simon Calver, Chief Executive of Mothercare plc, said:
"Mothercare has continued to make progress both in the UK and across its International businesses. In the UK we closed 56 loss-making stores, which is ahead of our plan for the year and is helping us become more efficient. UK like-for-like sales, supported by Direct, were flat for the quarter. Our Direct business to customers' homes was up 18.2% for the quarter as our customers recognised the benefits of our new internet platform, improving delivery proposition and strong promotional offers. We continue to be focused on delivering cash margin. International delivered double-digit growth despite the challenges of the Eurozone and we remain excited about the growth potential for all our International regions.

We are just 12 months into our three-year Transformation and Growth plan and while we still have much to do, our business is already on a firmer footing. Matt Smith joined us as Chief Financial Officer two weeks ago and I am pleased to say that our Executive team is now complete. So despite our continuing caution with regards to the outlook for consumer spending in the UK and the Eurozone, we can look ahead to the new year with confidence."

Group performance, fourth quarter and full year

	Q4 – 11 weeks to 30 March 2013 % change	**Q4 YTD – 52 weeks to 30 March 2013 % change**
Group		
Worldwide network sales[1]	6.9	1.9
Total group sales	(4.8)	(6.0)
International		
International retail sales in constant currencies [1]	15.3	15.0
International retail sales[1]	15.5	11.8
UK		
Total UK sales	(5.1)	(9.2)
UK like-for-like sales[1]	0.0	(3.6)
Direct in Home sales	18.2	4.0

NB – All numbers in the table above (Group and International) are excluding Mothercare Australia Limited [3&4] in which Mothercare plc had a minority 23% stake.

Highlights for Q4

- UK store closures ahead of plan, with 56 loss-making stores closed during the year
- UK like-for-like sales supported by strong double-digit growth from Direct in Home
- Continued focus on cash gross margin
- Double-digit International growth, despite continuing Eurozone weakness
- New innovative product launches during the year
- Underlying profit before tax for FY2013 is in line with market expectations

International
Excluding Australia and New Zealand, our International business opened 115 stores and increased space by 13.5% during the year. We now operate from 1,069 stores across 60 countries and remain encouraged by the growth opportunities across all our regions.

International retail sales, excluding Australia and New Zealand, grew by 15.3% in constant currencies during the fourth quarter. The easing of adverse currency movements resulted in a similar increase in reported retail sales. With the exception of Europe, which continues to be impacted by ongoing weakness across the Eurozone, our International business has again delivered double-digit retail sales growth both for the quarter and year as a whole. In Russia, our largest market outside the UK, retail sales reached a new high of £120 million this year while in China retail sales were up 80% for the year.

In January we announced that the Directors of Mothercare Australia Limited, in which Mothercare plc had a minority 23% shareholding, had taken the decision to place the business into administration. Having assessed various potential strategies, the administrators have decided to close the business. As a result all 74 stores in Australia and New Zealand will close in due course.

UK
During the quarter, we closed 14 stores (four Mothercare and 10 ELC), exceeding our original target for the year by six. Having closed 56 stores (13 Mothercare and 43 ELC) during the year, we now operate from 255 stores (196 Mothercare and 59 ELC) in the UK. These store closures have reduced space by 7.2% year-on-year and eliminated some of our worst performing stores. A strong performance from Direct in Home has limited the impact of our store closure programme, resulting in total UK sales declines of 5.1% for the fourth quarter.

Our focus on improving value, service and availability for both stores and Direct is beginning to have a positive impact. This is clearly evident in the steady and continued improvement in customer satisfaction scores. We have started to introduce more innovation into the business. Our most notable launches this year have been the Value clothing range; Innosense, our own brand feeding range; and Xpedior, our own brand pushchair at the very competitive price of £250, all aimed at better addressing the needs of our customers.

Our work to improve availability and increase innovation and choice for our customers has required us to build stock levels for certain product lines. This planned investment in stock has increased net debt, which we now expect to be no more than £35 million at 30 March 2013.

Financial position
Underlying profit before tax for the year to 30 March 2013 is in line with market expectations.

A year into our three-year Transformation and Growth plan and with a full Executive team in place, we face the new year confident that the business is on a firmer footing.

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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 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.

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.

3 – Mothercare Australia Limited, a company in which Mothercare plc (through its subsidiary Mothercare Finance Limited) had a minority 23% shareholding, was placed into administration by its Directors on 30 January 2013. Since going into administration, Mothercare plc has not had visibility on retail sales achieved in Australia and has therefore not reflected these sales. Retail sales for Mothercare Australia Limited amounted to £43.3m for FY2013 and relate to retail sales achieved from 1 April 2012 to 30 January 2013. Retail sales for the year to 31 March 2012 amounted to £45.8m and represented 6.8% of International retail sales for that year.

Reconciliation of reported growth rates for International for the year to 30 March 2013

	Inc Australia (1 Apr 2012 to 30 Jan 2013)				**Ex Australia for the entire year**			
	Constant currency (%)		**Moving currency (%)**		**Constant currency (%)**		**Moving currency (%)**	
	Quarter	**YTD**	**Quarter**	**YTD**	**Quarter**	**YTD**	**Quarter**	**YTD**
Q1	15.2		10.8		14.4		9.1	
Q2	15.2	15.2	10.8	10.8	14.4	14.4	10.4	9.7
Q3	14.8	15.1	12.0	11.2	15.8	14.9	12.7	10.7
Q4	9.0	13.8	8.9	10.7	15.3	15.0	15.5	11.8

4 – Including Mothercare Australia Limited, Worldwide network sales was up 3.5% for Q4 and up 1.7% for the full year; Total group sales was down 5.5% for Q4 and down 6.3% for the full year.

5 – Mothercare plc will release its Preliminary Results for the 52 week period to 30 March 2013 on Thursday 23 May 2013. It will announce its Q1 Trading Update for the 15 weeks to 13 July 2013 on Thursday 18 July 2013.