

**MOTHERCARE PLC  
ANNUAL GENERAL MEETING  
INTERIM MANAGEMENT STATEMENT**

Mothercare plc, the leading international mother and baby retailer, today issues the following update on Q1 trading, in advance of its Annual General Meeting to be held at 3pm today. The update covers the 15-week period to 13 July 2013.

**Simon Calver, Chief Executive of Mothercare plc, said:**

"We have made further progress against the goals of our Transformation and Growth plan. Overall worldwide network sales growth remains positive. Our International markets have once again delivered double-digit sales growth, driven by both positive like-for-like sales and space growth.

The UK is very promotional and our goal is to be price competitive whilst delivering cash margin. We have continued to improve the basics of value, service and availability for our customers. Our multi-channel focus continues with a solid performance from Direct in Home, supporting our UK like-for-like sales. Whilst we still have a way to go, I am encouraged by the improving positive feedback from our customers to the necessary changes in the UK, particularly to product innovation and new Clothing ranges, especially Value Essentials.

As planned, we are continuing to close loss making stores and pressing ahead with our cost saving initiatives. Trading conditions have been challenging both in the UK and across our Eurozone markets and are expected to remain so for the rest of the year.

***Group performance, first quarter***

	<b>Q1 – 15 weeks to 13 July 2013 % change</b>
<b><u>Group</u></b>	
Worldwide network sales <sup>(1)</sup>	4.8
Total group sales	(3.4)
<b><u>International</u></b>	
International retail sales in constant currencies <sup>(1)</sup>	11.3
International retail sales <sup>(1)</sup>	14.1
<b><u>UK</u></b>	
Total UK sales	(7.9)
UK like-for-like sales <sup>(1)</sup>	(0.9)
Direct in Home sales	14.6

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

**Key messages for Q1**

- Worldwide network sales up 4.8% and group reported sales down 3.4%
- International space up 14.0% year-on-year with 2,430k sq.ft. of retail space
- International retail sales up 11.3% in constant currency while reported retail sales up 14.1%
- UK like-for-like sales down 0.9%, helped by a solid performance from Direct in Home up 14.6%
- In line with our plan, UK space reduced by 7.7% year-on-year as 13 loss making stores closed during the quarter

## **International**

In our International business, all four of our regions have delivered positive like-for-like sales and total sales growth during the quarter. We grew space by 14.0% year-on-year and now operate from 2,430k sq. ft.. We opened a net 47 stores during the first quarter and now have 1,116 franchise stores across 60 countries.

Despite the early timing of Ramadan and changes in the timing of sale activity in some of our markets, International retail sales were up 11.3% in constant currency during the quarter, which is in line with our target of circa 15% constant currency sales growth for the year. Currency movements have been beneficial during the first quarter and result in reported retail sales growth of 14.1% for International.

## **UK**

The UK market has been very competitive during the last quarter and we have continued to focus on delivering cash margin. Overall, like-for-like sales are down only 0.9% and have been helped by the growing multi-channel nature of our sales. Whilst Clothing sales and volumes have benefitted from the launch of new ranges, especially the Value Essentials range in July last year, Toys and Home & Travel in particular have been impacted by the increasingly promotional nature of the market. Direct in Home continues the solid growth from last quarter and was up 14.6%, against a relatively weak quarter last year, which was impacted by the transition to the new platform.

In line with our plan, we closed a further 13 loss making stores (four Mothercare and nine Early Learning Centre) during the first quarter of the year. We now have 242 stores (192 Mothercare and 50 Early Learning Centre) in the UK. Space is down 7.7% year-on-year and is reflected in the 7.9% decline in total UK sales for the first quarter.

Better availability, a greater focus on customer service and new product launches such as our Value Essentials range for clothing, Innosense and Xpedior have had a positive impact on customer perceptions. We recognise that we still have a way to go, our customer satisfaction scores have improved to their highest level ever over the quarter, endorsing the work that we are putting into transforming the UK business.

## **Summary**

We have made further progress towards the goals of our Transformation and Growth plan during the quarter. However, trading conditions have been challenging both in the UK and across our Eurozone markets and are expected to remain so for the rest of the year.

## **Financial position**

There has been no material change to our financial position as a result of the Q1 trading performance.

### **Enquiries to:**

#### **Mothercare plc**

Matt Smith, Chief Financial Officer  
Ramona Tipnis, Director of Investor Relations

01923 206455

#### **Tulchan Communications**

Katharine Wynne

020 7353 4200

**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. 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. Comparable figures for both FY2013 and FY2014 are available in the tables below.

**Table 1: Reconciliation of reported growth rates for International for the year to 30 March 2013**

	<b><u>Inc Australia (1 Apr 2012 to 30 Jan 2013)</u></b>				<b><u>Ex Australia for all of FY2013</u></b>			
	<b>Constant currency (%)</b>		<b>Moving currency (%)</b>		<b>Constant currency (%)</b>		<b>Moving currency (%)</b>	
	<b>Quarter</b>	<b>YTD</b>	<b>Quarter</b>	<b>YTD</b>	<b>Quarter</b>	<b>YTD</b>	<b>Quarter</b>	<b>YTD</b>
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

**Table 2: Reconciliation of reported growth rates for International for the year to 29 March 2014**

	<b><u>Inc Australia (1 Apr 2012 to 30 Jan 2013)</u></b>				<b><u>Ex Australia for all of FY2013</u></b>			
	<b>Constant currency (%)</b>		<b>Moving currency (%)</b>		<b>Constant currency (%)</b>		<b>Moving currency (%)</b>	
	<b>Quarter</b>	<b>YTD</b>	<b>Quarter</b>	<b>YTD</b>	<b>Quarter</b>	<b>YTD</b>	<b>Quarter</b>	<b>YTD</b>
Q1	3.8		6.2		11.3		14.1	

**4** – Including Mothercare Australia Limited, Worldwide network sales were up 0.4% and Total group sales were down 4.1% for Q1.

**5** – Mothercare plc will release its Q2 Trading Update for the 13 week and 28 week period to 12 October 2013 on Thursday 17 October 2013. This will be followed by its Interim Results on Thursday 21 November 2013.