

MOTHERCARE PLC Q2 TRADING UPDATE

Mothercare plc, the leading international mother and baby retailer, today issues the following update on Q2 trading. The update covers the 13-week and 28-week periods to 12 October 2013.

Key messages for Q2

- Worldwide network sales up 3.9% and group reported sales down 0.5%
- International space up 11.9% year-on-year with 2.5m sq.ft. of retail space
- International retail sales up 12.6% in constant currency and reported retail sales up 12.4% with all four regions delivering positive growth
- Against strong comparatives, UK like-for-like sales down 1.9% with Direct in Home up 8.3%, taking year to date Direct in Home growth to 11.6%
- In line with our plan, UK space reduced by 6.0% year-on-year as a further five loss making stores closed during the quarter
- The UK market remains very promotional, particularly in Home and Travel, and we have continued to focus on cash margin

Group performance, second quarter and first half

	Q2 – 13 weeks:	H1 – 28 weeks:
	12 October 2013	12 October 2013
	%	% change
<u>Group</u>		
Worldwide network sales ⁽¹⁾	3.9	4.4
Total group sales	(0.5)	(2.0)
<u>International</u>		
International retail sales in constant currency ⁽¹⁾	12.6	11.9
International retail sales ⁽¹⁾	12.4	13.3
<u>UK</u>		
Total UK sales	(6.9)	(7.5)
UK like-for-like sales ⁽¹⁾	(1.9)	(1.4)
Direct in Home sales	8.3	11.6

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.

Simon Calver, Chief Executive of Mothercare plc, said:

"We have delivered another quarter of growth in worldwide network sales. We now operate from 1,393 stores across 60 markets. As planned, during the quarter we closed a further five loss making stores in the UK, and year-on-year increased space by 11.9% across our International markets.

"We continue to see double-digit growth in International retail sales, benefitting from the strength and diversified nature of our International business.

"UK Direct delivered another quarter of growth and we expect further multi-channel progress as we continue to improve our service for customers with next day click-and-collect extended to all UK Early Learning Centre stores in time for Christmas trading.

"In line with the Transformation and Growth plan, we are continuing to make fundamental improvements to our business in the UK, which will allow us to compete effectively in a changing marketplace. However, the UK market in Home and Travel remained highly promotional and Autumn/Winter Clothing faced the same warm weather challenges as the rest of the sector but is gaining market share. Whilst this has resulted in a margin environment that is more challenging than expected, we continue to focus on profitable sales and cash margin."

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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. 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.

4 – Including Mothercare Australia Limited, Worldwide network sales were down 0.2% and Total group sales were down 2.0% for Q1.

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

	<u>Inc Australia (1 Apr 2012 to 30 Jan 2013)</u>				<u>Ex Australia for all of FY2013</u>			
	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

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

	<u>Inc Australia (1 Apr 2012 to 30 Jan 2013)</u>				<u>Ex Australia for all of FY2013</u>			
	Constant currency (%)		Moving currency (%)		Constant currency (%)		Moving currency (%)	
	Quarter	YTD	Quarter	YTD	Quarter	YTD	Quarter	YTD
Q1	3.8		6.2		11.3		14.1	
Q2	5.8	4.7	4.8	5.5	12.6	11.9	12.4	13.3

5 – Overall space was up 3.7% year-on-year during the second quarter with space in the UK down 6.0% year-on-year and International space up 11.9% year-on-year.

Space (k sq.ft.)	Q1 FY2014	Q2 FY2014
UK	1,770	1,770
International	2,430	2,505
Total	4,200	4,275
Stores (#)	Q1 FY2014	Q2 FY2014
UK - Mothercare	192	191
UK - ELC	50	46
Total UK	242	237
International	1,116	1,156
Total	1,358	1,393

6 – Mothercare plc will release its Interim Results for the 28 week period to 12 October 2013 on Thursday 21 November 2013.