

MOTHERCARE PLC INTERIM MANAGEMENT STATEMENT

Mothercare plc, the leading international mother and baby retailer, today issues the following trading update, which covers the 12 and 40 week periods to 4 January 2014.

Overview for 12 weeks to 4 January 2014

- Worldwide network sales were down 4.4% with Group reported sales down 6.1%
- International has been negatively impacted by currency deflation and weaker than expected economic conditions in some of our key markets, resulting in lower royalty revenues
- In the UK, the highly promotional nature of the Christmas period and lower seasonal footfall have impacted both sales and margin, but stock remains closely managed
- We remain cautious about the outlook for consumer expenditure and currency deflation for the rest of the year and therefore full year profit expectations are now below the current range of market forecasts

Group performance for 12 and 40 weeks to 4 January 2014

	12 weeks to:	YTD – 40 weeks to:
	4 January 2014	
	% change year-on-year	
<u>Group</u>		
Worldwide network sales ⁽¹⁾	(4.4)	1.4
Total group sales	(6.1)	(3.4)
<u>International</u>		
International retail sales in constant currencies ⁽¹⁾	3.3	9.2
International retail sales ⁽¹⁾	0.4	9.0
International space (change in sq.ft.)	12.5	12.5
<u>UK</u>		
Total UK sales	(9.9)	(8.3)
UK like-for-like sales ⁽¹⁾	(4.0)	(2.3)
Direct in Home sales	(1.0)	6.4
UK space (change in sq.ft.)	(4.9)	(4.9)

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:

"Difficult UK retail trading conditions and volatility in some of our International markets resulted in weaker than expected worldwide network sales this quarter.

"In the UK, our stores suffered similar Christmas trading pressures to those reported elsewhere. Customer service scores continue to improve year on year but weaker footfall and higher promotional activity led to lower sales and margins. Our focus on multichannel has helped mothercare.com to perform well with sales through this channel up over 15% and click and collect continues to perform well. However, our decision not to repeat last year's free delivery offer combined with a weak toy market impacted elc.co.uk sales, which resulted in Direct in Home experiencing a reduction during the quarter.

"International was impacted by currency deflation reducing the reported rate of growth and by heightened economic volatility. In some of our larger markets such as Russia and the Middle East we have also experienced some unseasonal weather which impacted sales. Trading has been improving more recently.

"As a result of lower UK sales and margin and the International currency impact, full year profits are likely to be below the current range of market expectations. We continue to focus on delivering a turnaround in the UK and exploiting the global growth opportunities for Mothercare."

Financial position

Aside from matters consequential to the financial performance disclosed in this statement, there has been no material change in the underlying financial position of the business since the beginning of the period.

Conference call

A conference call for Analysts will be held at 08:00hrs today.

Enquiries to:**Mothercare plc**

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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 8.6% and Total group sales were down 6.7% for Q3.

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
Q3	(4.1)	1.9	(7.5)	1.2	3.3	9.2	0.4	9.0

5 – Overall space was up 4.8% year-on-year during the third quarter with space in the UK down 4.9% year-on-year and International space up 12.5% year-on-year.

Space (k sq.ft.)	Q1 FY2014	Q2 FY2014	Q3 FY2014
UK	1,770	1,770	1,760
International	2,430	2,505	2,610
Total	4,200	4,275	4,370
Stores (#)	Q1 FY2014	Q2 FY2014	Q3 FY2014
UK - Mothercare	192	191	191
UK - ELC	50	46	40
Total UK	242	237	231
International	1,116	1,156	1,201
Total	1,358	1,393	1,432

6 – Mothercare plc will release its Q4 trading update for the 11-week period to 29 March 2014 on Thursday 10 April 2014 and its Preliminary Results for the 52-week period to 29 March 2014 on Thursday 22 May 2014.