

MOTHERCARE PLC

FY19 Q4 trading update

"Significant strategic progress and full year profit in line with market expectations"

Mothercare plc, the leading specialist global retailer for parents and young children, today issues the following trading update, which covers the 12 week period to March 30th 2019.

Progress with Strategic Transformation

As part of our ongoing transformation plan, we have achieved the following over the quarter:

- On 12th March 2019 announced the sale of the Early Learning Centre to The Entertainer for £13.5 million, enabling a further reduction in bank debt and a focus on our core strategic priorities
- Concluded the changes necessary to create a leaner organisational structure and the establishment of three new internal divisions; Mothercare Global Brand, Mothercare UK and Business Services
- Successfully completed the UK store closure programme ahead of schedule, closing 40 stores in the past 3 months. UK estate of 80 stores at 3rd April 2019, down from 137 in the prior year, representing a reduction in space of 30%
- On track to deliver at least £19 million of annualised cost savings
- Full-year performance remains unchanged and in line with previous guidance

International

- International retail sales down 4.9% in constant currency; down 4.5% in actual currency
- Retail sales in core markets down 5.7% in constant currency driven primarily by economic and trading challenges in the Middle East. Growth in the quarter was observed in core markets of Russia, India and Indonesia
- Retail space at the end of the quarter of c3.0m sq.ft with 1,227 stores

UK

- UK like-for-like sales decline of 8.8% during the quarter, representing an improvement on the prior two quarters
- Improved UK LFL driven by clearance stock volumes in closure stores which diluted gross margins but cleared all inventory in these stores. This clearance activity has significantly impacted online full price sales as volumes switched to closing stores

Group performance for 12 weeks to March 30th 2019

	FY18 FY	FY19 H1	FY19 Q3	12 Weeks: 30-Mar-19 % change year-on-year	53 Weeks ⁽⁴⁾ : FY
<u>International</u>				Q4	
International retail sales in constant currencies ⁽¹⁾	-5.8	-2.0	-1.1	-4.9	-2.4
International retail sales in actual currencies ⁽¹⁾	-5.0	-7.3	-3.2	-4.5	-5.7
International space (change in sq.ft.)	-2.6	1.6	3.8	5.5	5.5
<u>UK</u>					
UK like-for-like sales ⁽¹⁾	-1.3	-11.1	-11.4	-8.8	-10.8
Total UK sales	-4.8	-14.3	-18.4	-14.5	-15.4
UK space (change in sq.ft.)	-10.7	-17.6	-18.4	-21.2	-21.2
<u>Group</u>					
Worldwide sales ⁽²⁾	-4.8	-9.8	-9.7	-8.8	-9.6
Total group sales ⁽³⁾	-1.9	-13.1	-18.0	-13.9	-14.6

Mark Newton-Jones, Chief Executive Officer of Mothercare plc, said:

"We have continued to make significant progress in our final quarter as we continue our strategic transformation to deliver a sustainable and profitable future for Mothercare.

The UK store closure programme has been completed ahead of schedule and we now have 80 stores in operation, down from 137 stores a year ago. Whilst this has been a difficult but necessary process, to right-size the UK, it has meant that we have had to say goodbye to many loyal and longstanding colleagues. Their approach and professionalism have been outstanding right until the last day of operation for which we thank them sincerely.

We continue to manage our cash tightly and we have further reduced the levels of debt as part of our aspiration to be bank debt free by the end of 2019. Reduction in debt has also been aided by the sale of Early Learning Centre, which was another strategic milestone for Mothercare and gives us a new UK concession arrangement for our toy category with The Entertainer, who will bring our customers a broader and stronger product offer.

The disruption we have seen from both the organisational changes and the UK store closures is now largely behind us. We expect a continued impact on our business given the volume of clearance stock we have sold in recent months. Against this background, we remain on track to deliver on our full year expectations.

Looking ahead, we expect market conditions in the UK and in some international markets to remain challenging. We enter the new financial year in a more robust position as a restructured business fit for the future and with reduced levels of debt. We have a significantly smaller UK store estate and our International operations remain cash generative. We look forward to the new financial year and to delivering the next phase of our strategic transformation plan."

Investor and Analyst enquiries to:

Mothercare plc

Mark Newton-Jones, Chief Executive Officer
Glyn Hughes, Chief Financial Officer

01923 206064
01923 206064

Media enquiries to:

MHP Communications:

Simon Hockridge, Tim Rowntree, Alistair de Kare-Silver

020 3128 8742

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 online sales. International retail sales, including online 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. International sales in constant currency exclude the impact of movements in foreign exchange on translation.

2 – Worldwide sales are total International sales plus total UK sales. Total International sales are International retail sales plus International Wholesale sales.

3 – Total group sales is a statutory number and is made up of total UK sales and receipts from our International partners, which includes royalty payments and the cost of goods dispatched to our franchise partners.

4 – Financial year 2018/19 contained 53 reporting weeks compared to a standard 52 week financial year. Like-for-like sales and reported sales have been prepared on 53 weeks vs 53 weeks.

5 – 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.

6 – The information contained within this announcement is deemed by the Company to constitute inside information for the purposes of the Market Abuse Regulation (EU) No 596/2014. Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

7 – The person responsible for the release of this announcement is Lynne Medini, Group Company Secretary at Mothercare plc, Cherry Tree Road, Watford, Hertfordshire, WD24 6SH.

8 – Mothercare plc's Legal Entity Identifier ("LEI") number is 213800ZL6RPV9Z9GFO74

9 – We will be announcing our Preliminary Results on May 23rd 2019.