

Mothercare plc Interim Results Presentation

23rd November 2000



Alan Smith

Chairman



Highlights

- Exited from Storehouse
 - Mothercare plc established
 - return to shareholders completed
- Mothercare financial results improved
 - return to profit
 - strong balance sheet in place
- Strong progress is being made with the recovery programme

Chris Martin

Chief Executive



Mothercare plc financial highlights

- Sales of £211.8m* + 4.7% on last year
- Mothercare operating profit before exceptionals £1.8m
- Mothercare profit before tax and exceptionals £4.0m
- Exceptional credit of £4.9m
- Mothercare pre-exceptional EPS 1.4 pence

**Ongoing business - i.e excludes disposal stores*



Mothercare ongoing business*

- 1999/2000 proforma profit & loss

£m	HY1	FY**
Turnover	202.3	400.5
Operating profit	1.2	4.9

* Excludes disposal stores

** 52 weeks



Mothercare ongoing business trading performance

2000/01 HY1

Sales	+ 4.7%
Like for like sales	+ 2.2%
Margin movement	+ 1.0% pt
Costs	+ 4.8%

Mothercare divisional performance HY1

	Operating Profit/(Loss)* £m	Sales Growth %	Sales £m
UK stores **	1.4	+ 4.5	189.7
International stores	1.0	+ 2.9	18.2
Direct ***	<0.6>	+ 28.4	3.9
Ongoing business	1.8	+ 4.7	211.8

* Before exceptionals

** Central overheads allocated to UK stores

*** Includes dot.com operating losses of £0.8m and excludes £7.4m start up costs treated as exceptionals (UITF on web site development costs)



Mothercare balance sheet

HY 1

	£m	£m
Fixed assets		86.5
Investments		4.3
		<hr/> 90.8
Stocks	38.4	
Debtors	30.6	
Cash	42.3	
Creditors	<hr/> (71.2)	
Net current assets		40.1
Creditors *		(2.6)
Provisions		(6.5)
Net assets		<hr/> 121.8

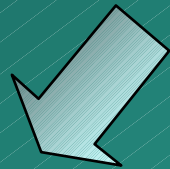
* After more than one year



Mothercare cash requirement

£m

39.8

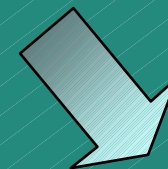


Remaining cash cost
from prior exceptional

- Completion of property disposals
- Move to new warehouse



£15m - £17m
over the next 12 months



Store development

- Recovery plan

Mothercare current trading

Ongoing business sales growth of 3.3%, like for like increase of 1.6% and margins up year on year*

* *First 5 weeks of 2nd half*



Mothercare



'Child seats are too important to be sold in the same way as lamp shades'

Mothercare vision

- To be the leading specialist retailer for mothers to be & parents of young children
- To have expertise and service at the heart of the offer

Mothercare Recovery - 2 Phases

Now

March 2001

March 2002

Phase 1 - Turnaround

- *Restructuring & focusing the business*
- *Improving operating standards & service*
- *Working on the product*
- *Developing channels & formats*

Phase 2 - Development

- *Implementing new warehouse*
- *Improvements in clothing range from A/W 2001*
- *Delivering the high street format*
- *Rolling out Mothercare World*

Profit performance

Driving the full potential of the brand



Phase 1 - Turnaround

- New structure aligned with three integrated channels
- Senior team aligned with new structure
- Watford streamlined - reduced by 100 roles
- Strengthening the management team
- Priority action programme in place

Working on product

Product performance

	%	Sales Growth
	2000/01	99/2000
	HY 1	FY*
Home & Travel	+ 7.7	+ 11.7
Toys	+ 4.8	+ 4.8
Clothing	+ 0.6	(7.9)
International	+ 2.9	(25.5)
Ongoing business	+ 4.7	(1.6)

Phase one * 52 weeks



Working on product

Addressing clothing issues

- Segmentation of range - value to premium
 - pre-school
 - fewer lines
 - greater depths
- New team in place
- Delivery starts during Autumn/ Winter 2001
- Fixed where possible Spring/ Summer 2001

Phase one



Working on product

Buying better

- Sourcing direct
- Better margins
- Speed of response

Phase one



Developing channels & formats

Mothercare Direct

- Fulfilment & Customer Service Centre in place
- mothercare.com launched in June*
- Skills & expertise being integrated with other channels

** Soft launch*

Phase one



Developing channels & formats

Mothercare World

- Large store proposition
 - Out-of-town
 - High Street
- 62 Stores to date with potential for at least 100
- Positive results:
 - Kew (out-of-town)
 - Peterborough (High Street)

Phase one



Improving operating standards & service



Critical to being the leading specialist retailer

Target

- Store standards & service
 - mystery shopper score : 72% (Nov)
- Availability
 - stock availability in stores : start of season 80%
- Customer ordering
 - 30 store trial of web enabled ordering

90%

95%

**Roll out
after Christmas**

Phase one



Phase 2 - Development

- Implementing new warehouse
- Improvements in clothing range from A/W 2001
- Delivering high street format
- Rolling out Mothercare World

Implementing new warehouse

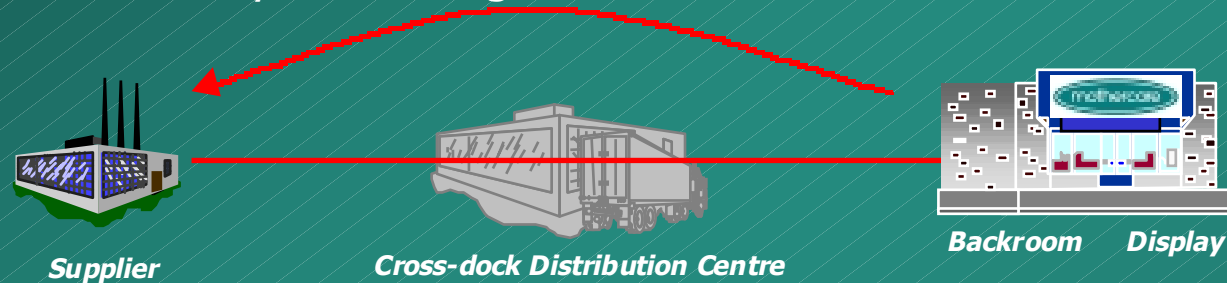
- Major fix for availability
- Change of warehouse to Daventry
- Opportunity to improve supply chain
 - slim stock distribution centre
 - partnership with Tibbett & Britten
- To become operational from Summer 2001

Phase two

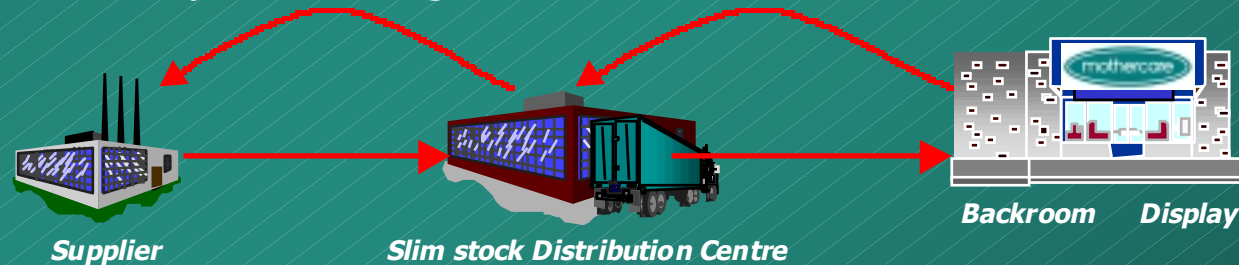


Implementing new warehouse

Current way of working - combined with Bhs



New way of working - dedicated to Mothercare



Phase two

Implementation of new warehouse a key focus for the business in 2001



Implementing new warehouse

- Major fix for availability & flexibility
- Change of warehouse to Daventry
- Opportunity to improve supply chain
 - slim stock distribution centre
 - partnership with Tibbett & Britten
- To become operational from Summer 2001

Phase two



Mothercare Recovery - 2 Phases

Now

March 2001

March 2002

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