

Mothercare Plc



May 2001

Chris Martin
Chief Executive



Mothercare plc 2000/1: highlights

- Mothercare returns to profit : profit before tax and exceptionals: £10.2m
- Business responding to recovery programme
- Sales up 4.7% to £419.1m*
- Margin growth of 1.3% points
- Sales in the eight weeks to 18 May 2001 up 12.8% with like-for-like growth of 9.6%
- Return to dividend: final dividend of 1.5p proposed

** ongoing business*



Mark McMenemy
Finance Director



Profit statement

	00/01				99/00			
	Mothercare	Bhs	Except'I	Total	Mothercare	Bhs	Except'I	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Sales	419.1	89.9	-	509.0	443.7	822.4	-	1,266.1
Achieved gross margin	167.9	n/a	-	n/a	170.2	n/a	(54.2)	n/a
Costs	160.8	n/a	(7.4)	n/a	169.8	n/a	(38.6)	n/a
Profit from retail ops	7.1	(6.7)	(7.4)	(7.0)	0.4	13.1	(92.8)	(79.3)
Other	-	-	12.3	12.3	-	-	(303.6)	(303.6)
Interest	3.1	-	-	3.1	(6.5)	-	-	(6.5)
Profit/(loss) before tax	10.2	(6.7)	4.9	8.4	(6.1)	13.1	(396.4)	(389.4)
Tax	(1.2)	-	1.2	-	0.4	(0.7)	-	(0.3)
Profit/(loss) after tax	9.0	(6.7)	6.1	8.4	(5.7)	12.4	(396.4)	(389.7)

99/00 is 53 weeks.

Bhs disposal completed on 22 May 2000.



Profit statement

	00/01				99/00			
	Mothercare	Bhs	Except'l	Total	Mothercare	Bhs	Except'l	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Sales	419.1	89.9	-	509.0	443.7	822.4	-	1,266.1
Achieved gross margin	167.9	n/a	-	n/a	170.2	n/a	(54.2)	n/a
Costs	160.8	n/a	(7.4)	n/a	169.8	n/a	(38.6)	n/a
Profit from retail ops	7.1	(6.7)	(7.4)	(7.0)	0.4	13.1	(92.8)	(79.3)
Other	-	-	12.3	12.3	-	-	(303.6)	(303.6)
Interest	3.1	-	-	3.1	(6.5)	-	-	(6.5)
Profit/(loss) before tax	10.2	(6.7)	4.9	8.4	(6.1)	13.1	(396.4)	(389.4)
Tax	(1.2)	-	1.2	-	0.4	(0.7)	-	(0.3)
Profit/(loss) after tax	9.0	(6.7)	6.1	8.4	(5.7)	12.4	(396.4)	(389.7)

99/00 is 53 weeks.

Bhs disposal completed on 22 May 2000.



Profit statement

	00/01				99/00			
	Mothercare	Bhs	Except'I	Total	Mothercare	Bhs	Except'I	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Sales	419.1	89.9	-	509.0	443.7	822.4	-	1,266.1
Achieved gross margin	167.9	n/a	-	n/a	170.2	n/a	(54.2)	n/a
Costs	160.8	n/a	(7.4)	n/a	169.8	n/a	(38.6)	n/a
Profit from retail ops	7.1	(6.7)	(7.4)	(7.0)	0.4	13.1	(92.8)	(79.3)
Other	-	-	12.3	12.3	-	-	(303.6)	(303.6)
Interest	3.1	-	-	3.1	(6.5)	-	-	(6.5)
Profit/(loss) before tax	10.2	(6.7)	4.9	8.4	(6.1)	13.1	(396.4)	(389.4)
Tax	(1.2)	-	1.2	-	0.4	(0.7)	-	(0.3)
Profit/(loss) after tax	9.0	(6.7)	6.1	8.4	(5.7)	12.4	(396.4)	(389.7)

99/00 is 53 weeks.

Bhs disposal completed on 22 May 2000.



Exceptional charge

	Profit/ (Loss)
	£m
Mothercare .com	(7.4)
Disposal of stores	3.5
Provision for costs of separation	(9.9)
Bhs disposal	18.7
	4.9

Profit statement

	00/01	99/00
	Mothercare	Mothercare
	£m	£m
Sales	419.1	443.7
Achieved gross margin	167.9	170.2
Costs	160.8	169.8
Profit from retail ops	7.1	0.4
Interest	3.1	(6.5)
Profit/(loss) before tax	10.2	(6.1)
Tax	(1.2)	0.4
Profit/(loss) after tax	9.0	(5.7)

99/00 is 53 weeks.

Bhs disposal completed on 22 May 2000.



Mothercare ongoing business profit statement

- 53rd week is worth £7.0m sales and £0.8m profit
- Disposal chain generated £36.3m sales with a £5.3m loss
- Figures excluding the above:

	00/01	99/00	Increase/ (decrease)
	£m	£m	%
Sales	419.1	400.4	4.7
Achieved gross margin	167.9	155.2	8.2
Costs	160.8	150.3	7.0
Profit from retail operations	7.1	4.9	44.9



Sales

	Product Increase/(decrease) 00/01 vs 99/00
	%
Clothing	(0.5)
Home and Travel	7.5
Toys	2.4
	3.7



	Channel Increase/(decrease) 00/01 vs 99/00
	%
UK Stores	
Like for like	2.9
New space/closures	0.8
Total UK stores	3.7
International	8.9
Direct	32.7
Total	4.7

Note: All figures are for the ongoing business excluding the disposal chain and versus 52 weeks for last year.



Achieved gross margin %

	00/01	99/00	Increase/ (decrease)
	%	%	%
Achieved gross margin %	40.1	38.8	1.3

Note: All figures are for the ongoing business excluding the disposal chain and versus 52 weeks for 99/00.

mothercare

Cost movements

	£m	% increase
Store payroll	2.1	6.8
Store occupancy	4.0	7.1
Central costs	3.7	15.8
Other	0.7	1.9
Total	10.5	7.0

Note: All figures are for the ongoing business excluding the disposal chain and versus 52 weeks for 99/00



Sales & profit by channel (before interest and tax)

Channel	Sales		Profit	
	00/01	99/00	00/01	99/00
	£m	£m	£m	£m
UK stores	370.1	356.9	4.7	2.0
International	40.0	36.8	3.4	2.7
Direct	9.0	6.7	(1.0)	0.2
Total	419.1	400.4	7.1	4.9

Note: All figures are for the ongoing business excluding the disposal chain and versus 52 weeks for last year.



Balance sheet (excluding cash/debt)

Fixed Assets

Tangible fixed assets

Investments

Total

Current Assets

Stock

Debtors

Creditors - amounts falling due within one year*

Net current assets

Creditors - amounts falling due after more than one year

Provisions for liabilities and charges

Net assets excluding cash/debt

Net cash

	31 March 2001	Proforma at 1 April 2000
	£m	£m
	87.7	92.5
	4.3	1.5
	92.0	94.0
	43.6	39.8
	32.4	31.7
	(69.0)	(59.8)
	7.0	11.7
	(2.4)	(1.2)
	(4.4)	(8.5)
	92.2	96.0
	34.8	n/a

* This excludes £2.0m of obligations under finance leases.



Capital expenditure

	00/01	99/00
	£m	£m
Extensions	3.0	13.7
Resites	2.5	-
Upgrades	1.8	2.7
Infrastructure	3.9	3.1
	11.2	19.5

Cashflow - ongoing business 00/01

	£m
Inflow	
Profit	7.1
Depreciation	11.4
Working capital	9.9
Interest income	3.1
Tax repayment	2.9
	34.4
Outflow	
Exceptional costs	(24.3)
Net capital expenditure	(1.7)
	(26.0)
Cash flow	8.4

Cash outflow - current year 01/02

	£m
Cash impact of past exceptionals	14.8
Capital expenditure	20.0
	<u>34.8</u>

Earnings per share 00/01

As reported (FRS14)	EPS
- pre exceptional	6.5p
- post exceptional	6.0p

Ongoing business EPS calculation £m

Reported profit £9.0

Less: interest income

on returned shareholders' funds £1.1

(£105.1m - 3 months)

£7.9

No of shares receiving dividend 67.2 m

Earnings per share 11.8p



Current trading

For the eight weeks to 18th May 2001:

	% increase vs last year
Sales increase	
Like for like stores	9.6
Total	12.8



Chris Martin
Chief Executive





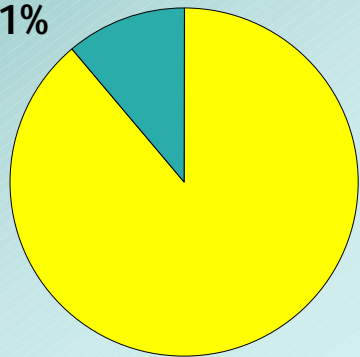
Vision

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



Total UK market - £3.4 billion

Mothercare
11%



<u>Market breakdown</u>	<u>Mkt value £m</u>
Maternity clothing	120
0-2 Childrens clothing	535
2-5 Childrens clothing	1045
Small hardware	540
Large hardware	350
0-5 Toys	825
	<hr/>
	3400
	<hr/>

Source : Company estimates



Mothercare recovery - phased programme

JUNE 2000

MARCH 2001

Phase 1 - Turnaround



Phase 2 - Recovery



Profit performance



- Driving the full potential of the brand



Mothercare recovery - phased programme

JUNE 2000

MARCH 2001

Phase 1 - Turnaround

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



Working on product

Product performance

All stores	% Sales growth	
	2000/1 FY	From end of Jan **
Clothing	(0.5)	6.5
Home & Travel	7.5	14.7
Toys	2.4	18.1
UK stores	3.7	11.9

Phase 1

mothercare

Improving operating standards and service

Target

- Availability
 - stock availability in stores :
from 80% (A/W) to 89% (S/S)
- Store standards and service
 - mystery shopper score :
from 72% (Nov) to 81% (April)

95%

90%

Phase 1

mothercare

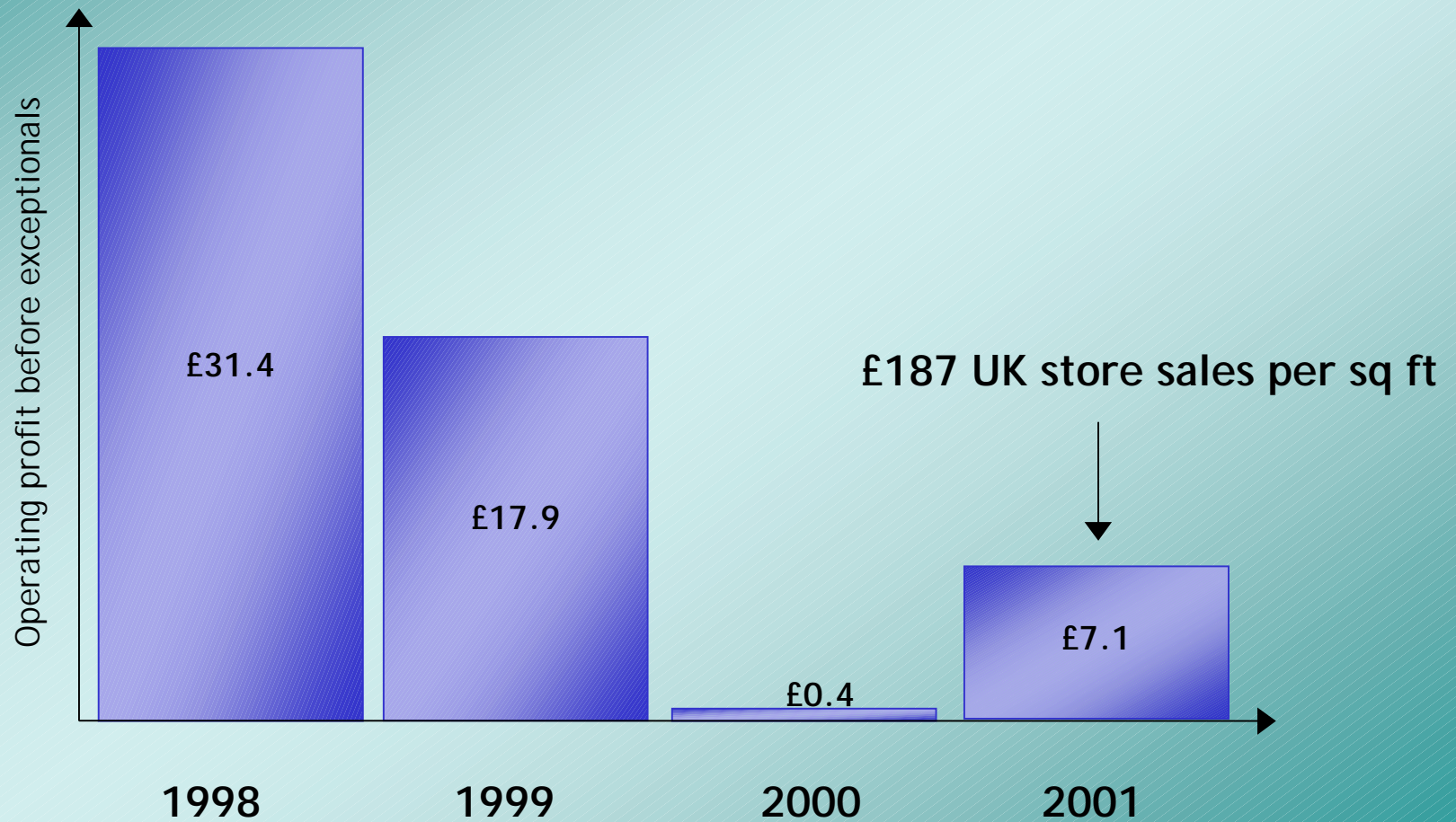
Developing Channels and Formats

- UK stores (+4% sales growth)
 - Development of Mothercare World
 - Positive results from trial stores
- Direct (+33% sales growth)
 - Fulfilment and Customer Service Centre in place
 - Performance of mothercare.com on target
- International (+9% sales growth)
 - Development of major partnerships

Phase 1

mothercare

Mothercare returns to profit



Phase 1

mothercare

Phase 2 of the recovery programme

MARCH 2001

Phase 2 - Recovery

- *Implementing new warehouse*
- *Improvements in A/W clothing range*
- *Improving operating standards and service*

(Aug 2001)

(Sept 2001)

(ongoing)

- 
- *Rolling out Mothercare World*

(from Jan '02)



Implementing new warehouse

- Change of warehouse to Daventry
 - partnership with Tibbett & Britten
- Operational from summer 2001
- First seasonal launch S/S 2002

New way of working - dedicated to Mothercare



Phase 2

AUGUST 2001

mothercare

Implementing new warehouse

- Dedicated to Mothercare
 - slim stock warehouse
 - transitional stock build
- Major benefits
 - fix for availability
 - improved store operations

Phase 2

AUGUST 2001

mothercare

Improvements in A/W clothing range 2001

- Destination range : value, main and premium
- Focus on core lines
- Option reduction
- Margin improvement through direct sourcing

SEPTEMBER 2001

Phase 2

mothercare

Improvements in A/W clothing range 2001

Maternity

- First contact with Mothercare
- 17% share of the market *
- Focused on core lines and realigned pricing
- 19% sales growth **
- Opportunity to drive market share

* Company estimate

** 16 weeks to 18th May

Phase 2

mothercare

Improving operating standards and service

People

Issues

- Staff turnover in stores
- Mix of 8% full time 92% part time

Solutions

- New HR and Operations Directors
- Investment in people

Improvements in operating standards and service



Phase 1 & 2

Improving operating standards and service

People

Issues

- Staff turnover in stores
- Mix of 8% full time 92% part time

Solutions

- New HR and Operations Directors
- Investment in people

Development of Mothercare World

Out of Town

- Roll out in Q4 following warehouse implementation
- Kew and Milton Keynes
- 62 stores with potential for at least 100

High Street

- Trial at Peterborough

FROM JANUARY 2002

Phase 2

mothercare

Development of Mothercare World



Phase 2

Development of Mothercare World

Out of town

- Roll out in Q4 following warehouse implementation
- Kew £230* and Milton Keynes £250*
- 62 stores with potential for at least 100

High street

- Trial at Peterborough

** Sales per square foot*

FROM JANUARY 2002

Phase 2

mothercare

Developing the small store format

- Trial format being developed for smaller stores
- Trial of 'Direct in-store' to make small stores big

FROM JANUARY 2002

Phase 2

mothercare

Driving the full potential of the Mothercare brand

