

A photograph of a baby lying on its stomach, wearing a white long-sleeved shirt, looking directly at the camera. A small yellow teddy bear is visible in the bottom left corner. The background is a light-colored, textured surface.

mothercare

mothercare

interim results 21 November 2002

Ian Peacock

Chairman

Agenda

- Financial performance
- Business update
- Questions & answers

Martyn Osborne

Financial Controller

Profit and loss statement

	02/03			01/02		
£m	Mothercare	Except'l	Total	Mothercare	Except'l	Total
Sales	228.0	-	228.0	226.2	-	226.2
Achieved gross margin	93.4	-	93.4	94.6	-	94.6
Costs	(103.3)	-	(103.3)	(90.7)	-	(90.7)
Operating (loss)/profit	(9.9)	-	(9.9)	3.9	-	3.9
Exceptional	-	-	-	-	(4.1)	(4.1)
Interest	(0.1)	-	(0.1)	0.9	-	0.9
(Loss)/profit before tax	(10.0)	-	(10.0)	4.8	(4.1)	0.7
Tax	-	10.0	10.0	-	-	-
(Loss)/profit after tax	(10.0)	10.0	0.0	4.8	(4.1)	0.7

Profit and loss statement

	02/03			01/02		
£m	Mothercare	Except'l	Total	Mothercare	Except'l	Total
Sales	228.0	-	228.0	226.2	-	226.2
Achieved gross margin	93.4	-	93.4	94.6	-	94.6
Costs	(103.3)	-	(103.3)	(90.7)	-	(90.7)
Operating (loss)/profit	(9.9)	-	(9.9)	3.9	-	3.9
Exceptional	-	-	-	-	(4.1)	(4.1)
Interest	(0.1)	-	(0.1)	0.9	-	0.9
(Loss)/profit before tax	(10.0)	-	(10.0)	4.8	(4.1)	0.7
Tax	-	10.0	10.0	-	-	-
(Loss)/profit after tax	(10.0)	10.0	0.0	4.8	(4.1)	0.7

Profit and loss statement

	02/03			01/02		
£m	Mothercare	Except'l	Total	Mothercare	Except'l	Total
Sales	228.0	-	228.0	226.2	-	226.2
Achieved gross margin	93.4	-	93.4	94.6	-	94.6
Costs	(103.3)	-	(103.3)	(90.7)	-	(90.7)
Operating (loss)/profit	(9.9)	-	(9.9)	3.9	-	3.9
Exceptional	-	-	-	-	(4.1)	(4.1)
Interest	(0.1)	-	(0.1)	0.9	-	0.9
(Loss)/profit before tax	(10.0)	-	(10.0)	4.8	(4.1)	0.7
Tax	-	10.0	10.0	-	-	-
(Loss)/profit after tax	(10.0)	10.0	0.0	4.8	(4.1)	0.7

Profit and loss statement

	02/03			01/02		
£m	Mothercare	Except'l	Total	Mothercare	Except'l	Total
Sales	228.0	-	228.0	226.2	-	226.2
Achieved gross margin	93.4	-	93.4	94.6	-	94.6
Costs	(103.3)	-	(103.3)	(90.7)	-	(90.7)
Operating (loss)/profit	(9.9)	-	(9.9)	3.9	-	3.9
Exceptional	-	-	-	-	(4.1)	(4.1)
Interest	(0.1)	-	(0.1)	0.9	-	0.9
(Loss)/profit before tax	(10.0)	-	(10.0)	4.8	(4.1)	0.7
Tax	-	10.0	10.0	-	-	-
(Loss)/profit after tax	(10.0)	10.0	0.0	4.8	(4.1)	0.7

Profit and loss statement

£m	02/03 Mothercare	01/02 Mothercare
Sales	228.0	226.2
Achieved gross margin	93.4	94.6
Costs	(103.3)	(90.7)
Operating (loss)/profit	(9.9)	3.9

Sales

Product		Channel	
(Decrease)/increase		(Decrease)/increase	
02/03 vs 01/02		02/03 vs 01/02	
		%	
		Like-for-like	(2.1)
		New space / closures	(0.2)
		UK stores	(2.3)
		Direct	11.0
		Total UK	(1.9)
		International	29.5
		Total	0.8



Achieved gross margin %

%	02/03	01/02	Increase/(decrease)
Achieved gross margin	41.0	41.8	(0.8)

Increased clothing discount	} UK Trading	(0.4)
Changing product mix		

International business success	(0.4)
--------------------------------	-------

Total	(0.8)
-------	-------

Cost movements

Increase/(decrease) 02/03 vs 01/02	02/03	01/02	Increase
Store payroll	18.2	17.8	2.3 %
Store occupancy	36.1	35.1	2.8 %
Store other	6.3	5.8	7.1 %
Central costs	17.2	16.9	4.9 %
Distribution	18.3	9.7	89.0 %
Depreciation	6.1	5.9	3.4 %
Restructuring	1.1	-	-
Total	103.3	90.7	13.8 %

Sales & profit by channel

(before interest, tax and exceptionals)

Channel	Sales		(Loss)/Profit	
	02/03	01/02	02/03	01/02
£m				
UK Stores	195.1	199.8	(12.7)	2.1
Direct	8.1	7.3	-	(0.1)
International	24.7	19.1	2.8	1.9
Total	228.0	226.2	(9.9)	3.9

Balance sheet

£m	12 Oct 2002	FY 01/02	13 Oct 2001
Fixed assets			
Tangible fixed assets	90.3	88.6	85.3
Investments	5.0	5.0	4.9
Total	95.3	93.6	90.2
Other net assets			
Stock	51.8	55.1	43.7
Debtors	31.2	35.2	27.4
Cash at bank and on hand	2.3	12.3	32.6
Creditors and provisions	(55.2)	(70.8)	(66.9)
Net assets	125.4	125.4	127.0

Cashflow

£m	HY 02/03	HY 01/02
(Loss)/profit	(9.9)	3.9
Depreciation	6.5	6.2
Other	0.8	(0.5)
Total (outflow)/inflow	(2.6)	9.6
Capital expenditure	(8.9)	(4.8)
Interest	(0.1)	0.9
Exceptional costs	(0.6)	(6.9)
Dividend	(1.0)	(1.0)
Acquisition of shares	-	(0.5)
Total outflow	(10.6)	(12.3)
Cash flow	(13.2)	(2.7)

Capital expenditure

£m	02/03	01/02
New stores & refits	7.3	3.2
Infrastructure	1.6	1.6
Total	8.9	4.8

Current trading

	Channel Increase/(decrease) 5 weeks to 15 November
	%
Like-for-like	1.4
New space / closures	0.4
UK stores	1.8
Direct	20.8
Total UK	2.6
International	85.7
Total	6.7

Mark McMenemy

Finance Director

Acting CEO

Progress

The past six months

- Stock levels under control
- Created five clearance stores
- Less discounting - better margin
- International

Warehousing and distribution

Daventry Warehouse



Progress in warehousing & distribution

- Quality of data improving
- Tighter supply base management
- Better forecasting

Stock flowing smoothly to stores

High cost base

- Stocked solution
- Two sites
- Challenging main site
 - suitable for clothing
 - lack of floor space
 - mezzanine levels
 - productivity below target

High cost base

- Protect service levels
- Delivery of initiatives will be re-invigorated
- Cost to sales ratio 1 % behind plan

Alternative solutions

- Stay as now and accept high cost base
- Investigate lower cost options

Developing the business

Developing the business

toy of the week

mothercare
mother and
baby bear

£14.99



Out of town stores

- Bristol
- Walsall
- Bradford
- Leicester
- Manchester (Eccles)
- Newbury

Bristol



Walsall



Hammersmith – High Street format

Hammersmith – High Street format



Hammersmith – Information Centre



Hammersmith performance highlights

Department	Sales
Nursery	+ 350%
Pushchairs	+ 500%
Total store	+ 80%

Hammersmith – in store ordering



Improved customer communications

because
little things
matter



Because little things matter



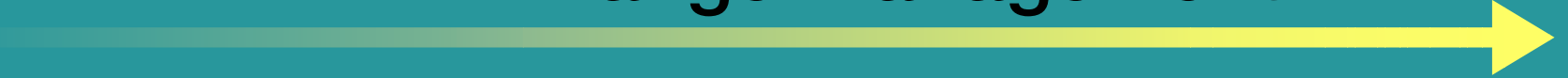
Product

Improving the offer

Availability



Range management



Design input



Autumn/Winter '02

Spring/Summer '03

Autumn/Winter '03

Maternity

dress to
impress

spectacular maternity partywear

because little things matter



Okaïdi



Product – improving the margin

Option reduction



Reduce suppliers



Improved sourcing



Spring/Summer '03

Autumn/Winter '03

Spring/Summer '04

Product – options reduction



Product – options reduction



Product – options reduction



Product – improving the margin

Option reduction



Reduce suppliers



Improved sourcing



Spring/Summer '03

Autumn/Winter '03

Spring/Summer '04

Developing the business

Summary

- Lower cost distribution options being urgently evaluated
- Less promotional, more profitable trading
- New stores performing well
- Plans to drive better sourcing & margin
- Well stocked for Christmas



because little things matter





mothercare



mothercare

interim results 21 November 2002