



mothercare

preliminary results 23 May 2002

Chris Martin
Chief Executive



2001 : two distinct halves

First half

- Profit on track

Second half

- Impact of new warehouse

Progress since start of recovery programme

Product

- Clothing ranges revamped

Service

- New management team
- Investment in people

Channels

- Out of town format
- Direct breakeven a year ahead of target
- International profit growth to £4.0m

The Mothercare logo, consisting of the word "mothercare" in a lowercase, rounded, sans-serif font, enclosed within a thin white oval border.

The impact of the last seven months

Where we are now

- Warehouse working

Issues

- Availability
- Distribution costs

Getting back on track

Driving sales

- Product
- Service
- Channels and formats

+

Operational actions

- Availability
- Cost of distribution

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Mark McMenemy

Finance Director



Profit statement

£m	01/02			00/01			
	Mothercare	Except'l	Total	Mothercare	Bhs	Except'l	Total
Sales	426.9	-	426.9	419.1	89.9	-	509.0
Achieved Gross Margin	177.7	-	177.7	167.9	n/a	n/a	
Costs	(174.7)	-	(174.7)	(160.8)	n/a	n/a	
Operating profit	3.0	-	3.0	7.1	(6.7)	(7.4)	(7.0)
Other	-	(4.1)	(4.1)	-	-	12.3	12.3
Interest	1.2	-	1.2	3.1	-	-	3.1
Profit/(loss) before tax	4.2	(4.1)	0.1	10.2	(6.7)	4.9	8.4
Tax	-	-	-	(1.2)	-	1.2	-
Profit/(loss) after tax	4.2	(4.1)	0.1	9.0	(6.7)	6.1	8.4

Bhs disposal completed on 22 May 2000

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Exceptional charge

	£m 01/02
Direct deliveries to stores	3.1
Additional warehousing costs	1.0
	4.1

Sales

%	Increase/(decrease) 01/02 vs 00/01
Clothing	(0.1)
Home and Travel	6.8
Toys	(0.7)
	2.4



%	Increase/(decrease) 01/02 vs 00/01
Like for like	2.0
New space / closures	(0.7)
UK stores	1.2
Direct	48.8
Total UK	2.4
International	(3.0)
Total	1.9

Achieved gross margin %

%	01/02	00/01	Increase/ (decrease)
Achieved gross margin %	41.6	40.1	1.5

Cost movements

	01/02 £m	% Increase/(decrease) 00/01 %
Store payroll	36.6	4.8
Store occupancy	65.0	7.3
Central costs	25.7	5.7
Other	24.2	(4.4)
Sub total	151.5	4.4
Distribution - main	22.0	40.5
Distribution - support	1.2	n/a
Total	174.7	8.6

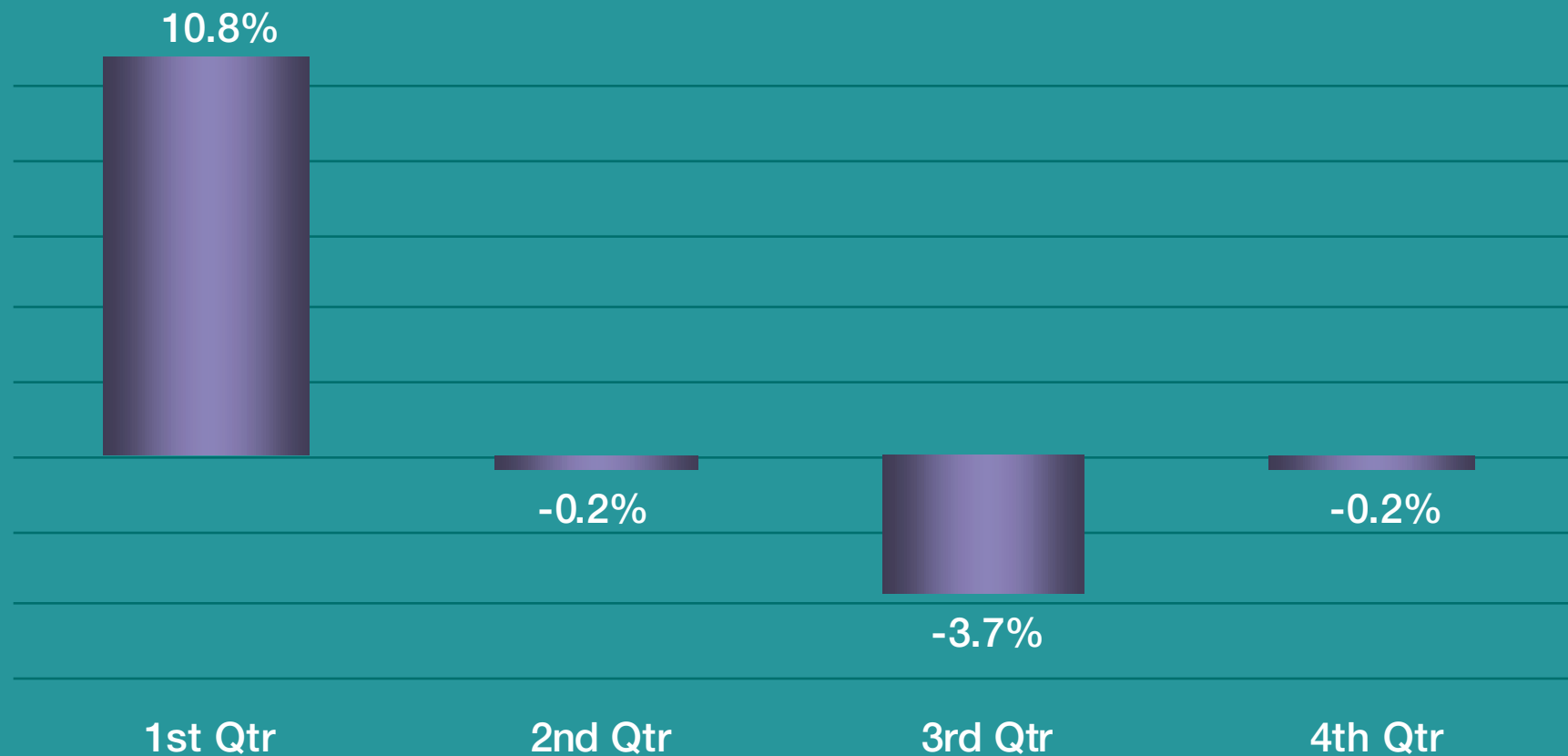
Sales & operating profit by channel

Channel £m	Sales		Profit	
	01/02	00/01	01/02	00/01
UK Stores	374.7	370.1	(1.0)	4.7
International	38.9	40.0	4.0	3.4
Direct	13.3	9.0	-	(1.0)
Total	426.9	419.1	3.0	7.1

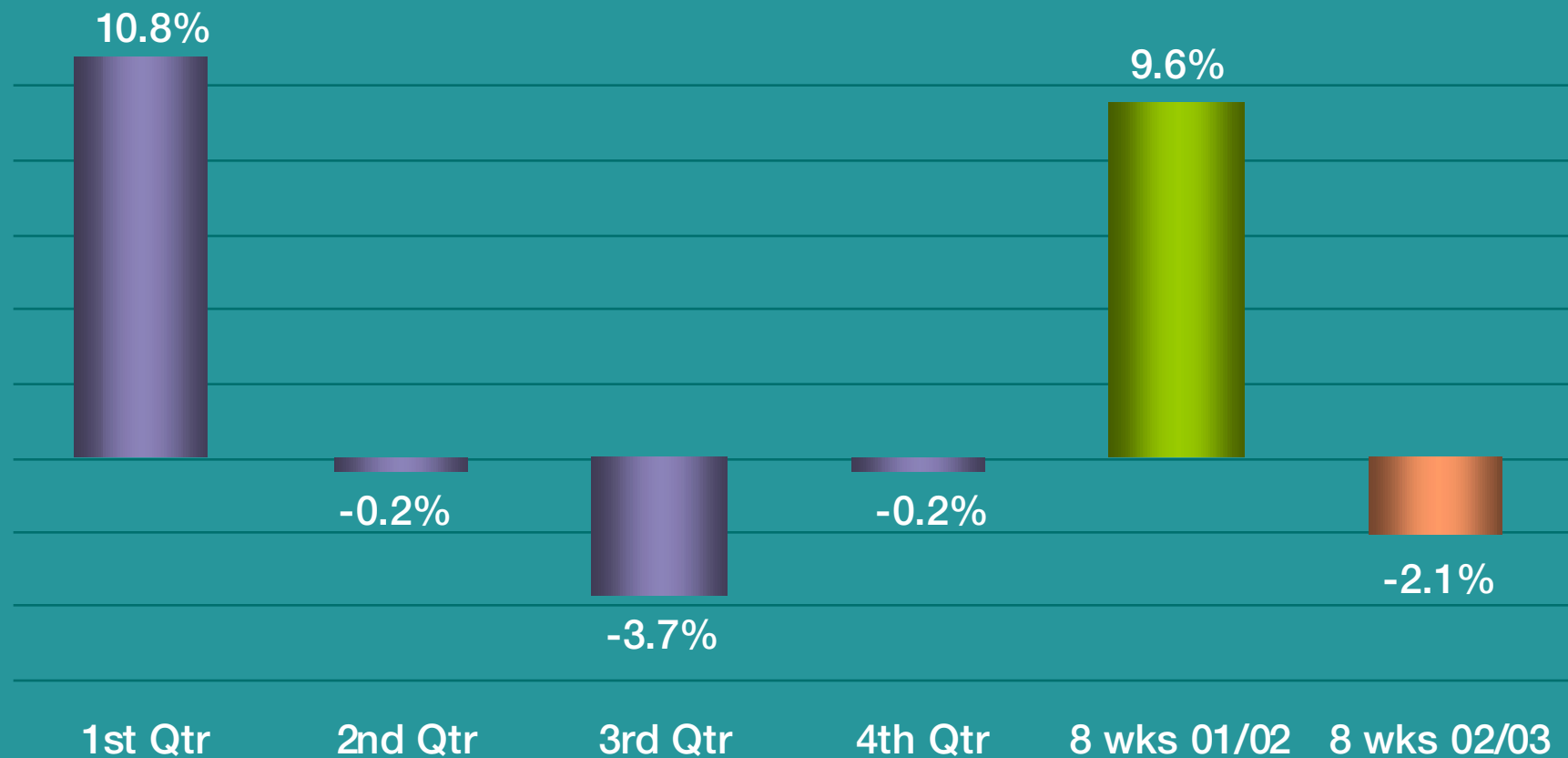
Analysis first half / second half

	First half £m	inc/(dec) 00/01 %	Second half £m	inc/(dec) 00/01 %
Sales	226.2	6.8	200.7	(3.2)
Achieved gross margin	94.6 41.8%		83.1 41.4%	
Non-distribution costs	(80.7)	8.3	(70.8)	0.3
Distribution – main	(10.0)	28.1	(12.0)	52.6
Distribution – support	-	-	(1.2)	-
Operating profit	3.9		(0.9)	

UK store like for like sales



UK store like for like sales



Capital expenditure

£m	01/02	00/01
Store refurbishment	4.8	7.3
Infrastructure	5.9	3.9
	10.7	11.2

Balance sheet

	30 Mar 2002 £m	31 Mar 2001 £m
Fixed Assets		
Tangible fixed assets	88.6	87.7
Investments	5.0	4.3
Total	93.6	92.0
Current Assets		
Stock	55.1	43.6
Debtors	35.2	32.4
Cash at bank and in hand	12.3	36.8
Creditors - amounts falling due within one year*	(65.3)	(71.0)
Net current assets	37.3	41.8
Creditors - amounts falling due after one year	(2.8)	(2.4)
Provisions for liabilities and charges	(2.7)	(4.4)
Net assets	125.4	127.0

* This includes obligations under finance leases

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Cash flow

	01/02 £m	00/01 £m
Profit	3.0	7.1
Depreciation	11.6	11.4
Working capital	(11.5)	9.9
Exceptional costs	(13.6)	(24.3)
Operating cash flow	(10.5)	4.1
Interest	1.2	3.1
Taxation	(0.1)	2.9
Capital expenditure	(10.7)	(11.2)
Proceeds of fixed asset disposals	-	9.5
Dividend	(1.7)	-
Acquisition of shares	(0.7)	(3.8)
Total cash flow	(22.5)	4.6

00/01 is Mothercare only and excludes Bhs trading and disposal proceeds

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improving availability

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Cost and Availability

Raising availability above 90%

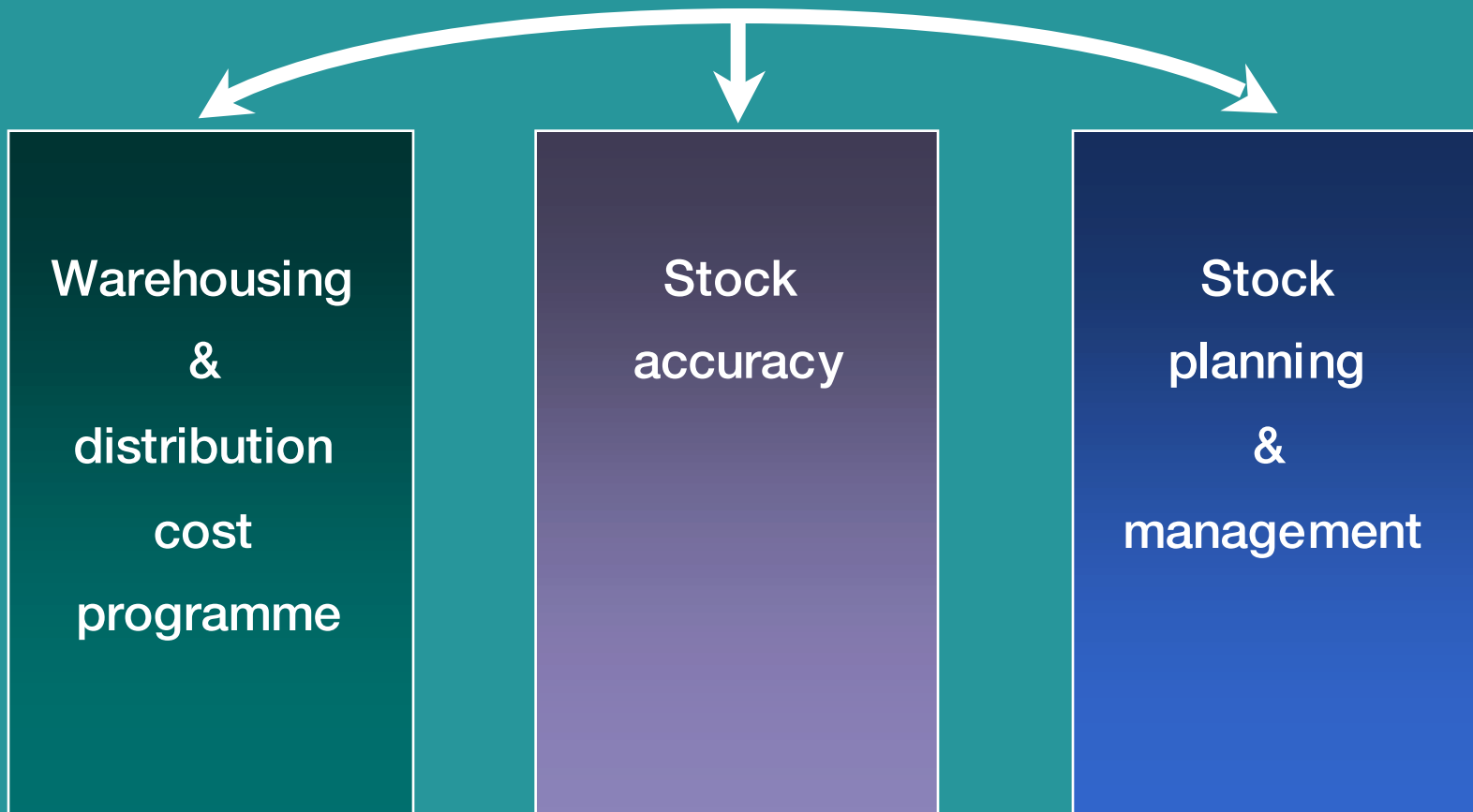
Improving stock accuracy

Current processes

Reducing distribution costs

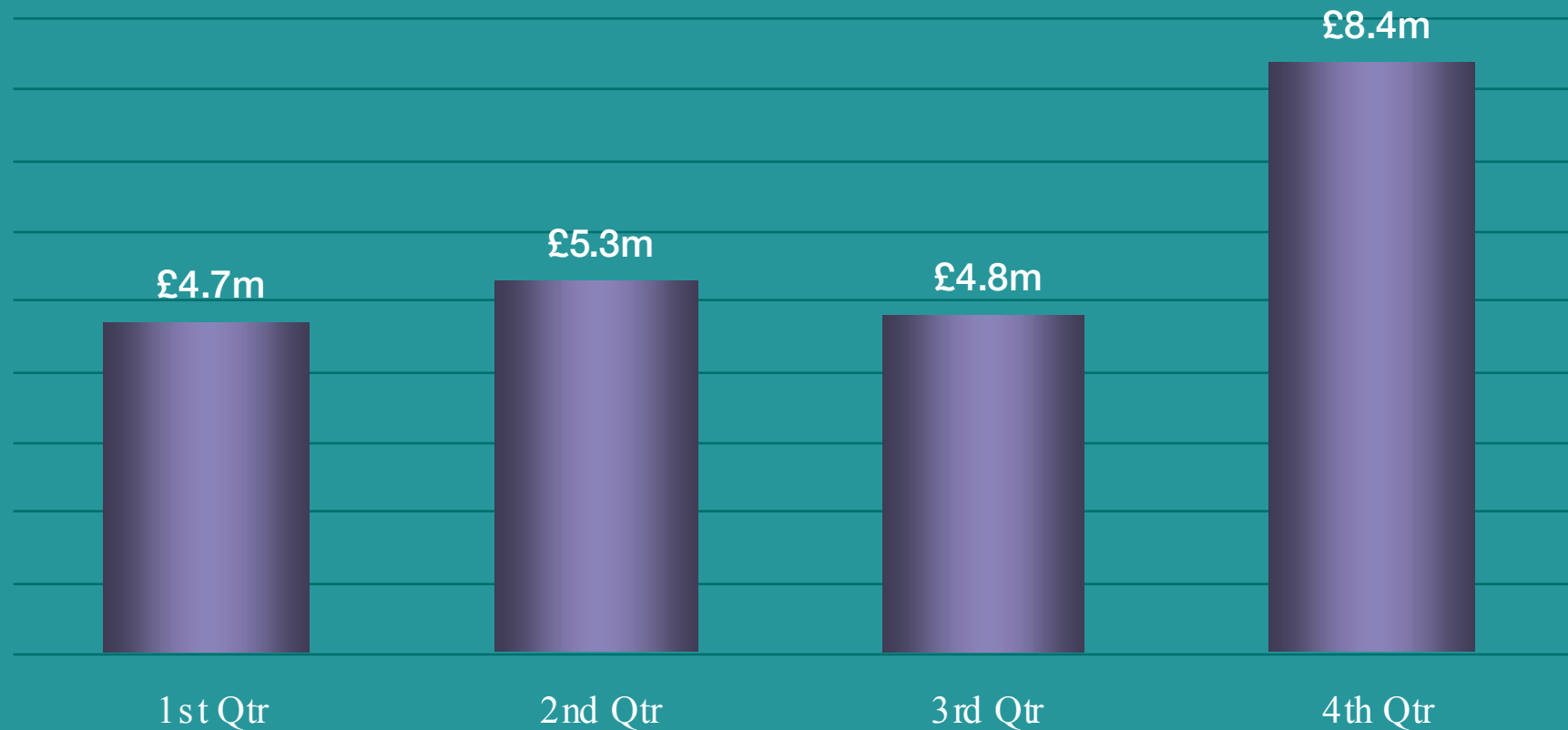
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Availability Programme

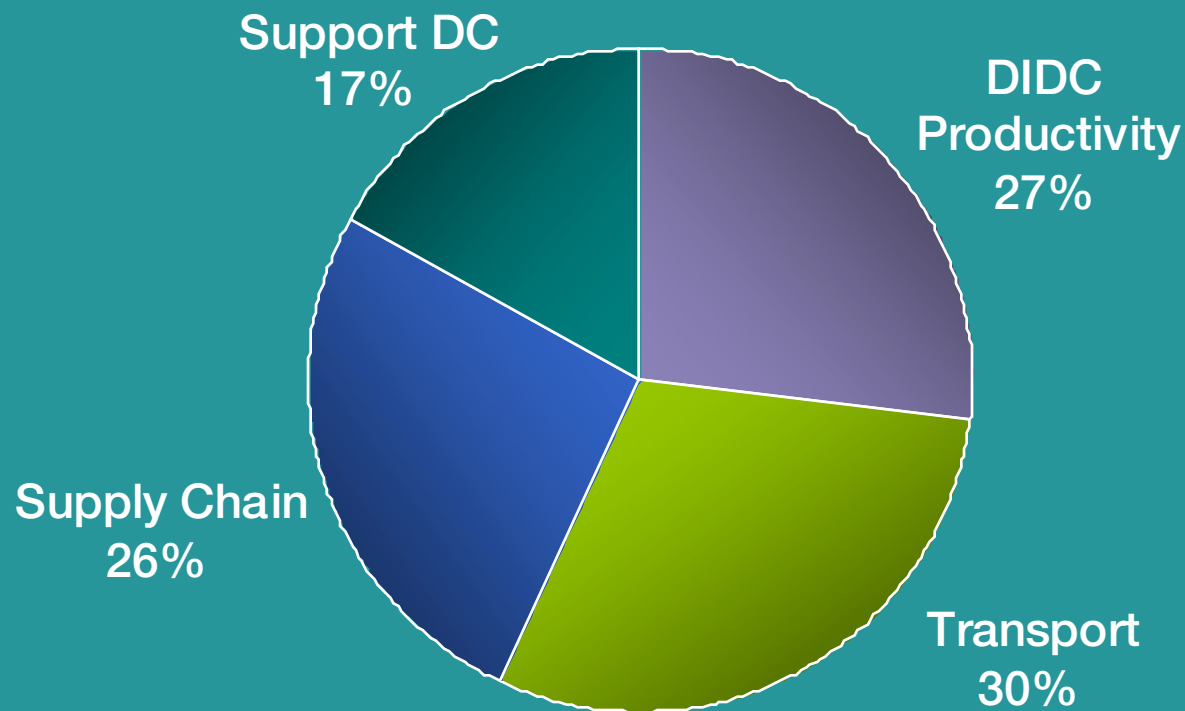


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Warehousing and distribution cost 2001/2002



Warehousing & distribution cost saving initiatives

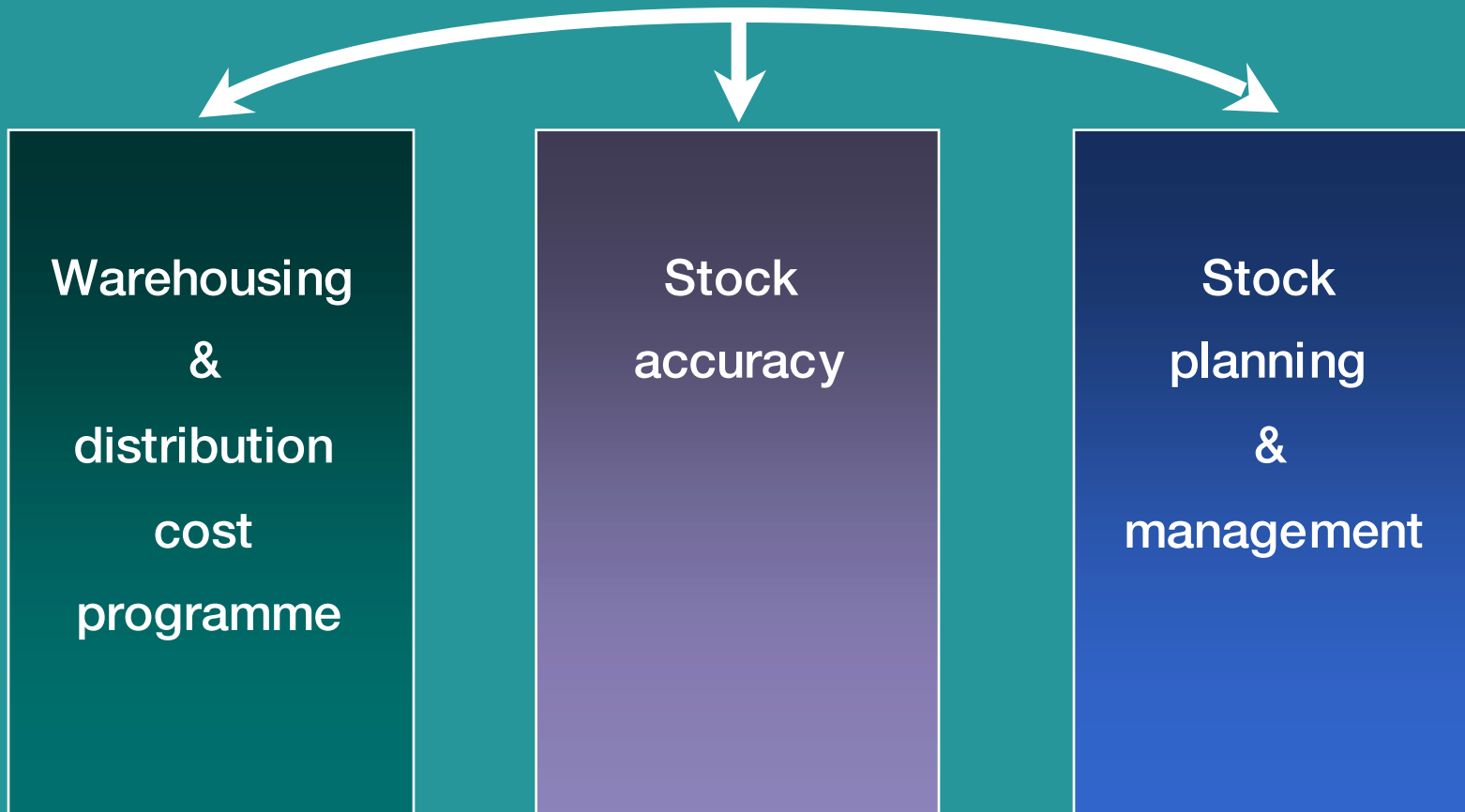


Warehousing and distribution annualised running rate 2002/2003



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Availability programme



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Availability

Initial target 95%

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Chris Martin
Chief Executive



Driving Sales

Product

Service

Channels and formats

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Product

Improving the clothing range

Clothing ranges revamped

New ranges impacted by availability

Improved buying margin

Options reduced

Direct sourcing

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Product

Being the specialist



Exclusive to Mothercare - an own brand product

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Service

Average customer spend
+ 5.3 %

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Service People

Over the last year

- Labour turnover from 55% to 36%
- Significant increase in full time mix
- Training has trebled

UK Stores Out of town

Sales Growth *

Out of town + 5.5%



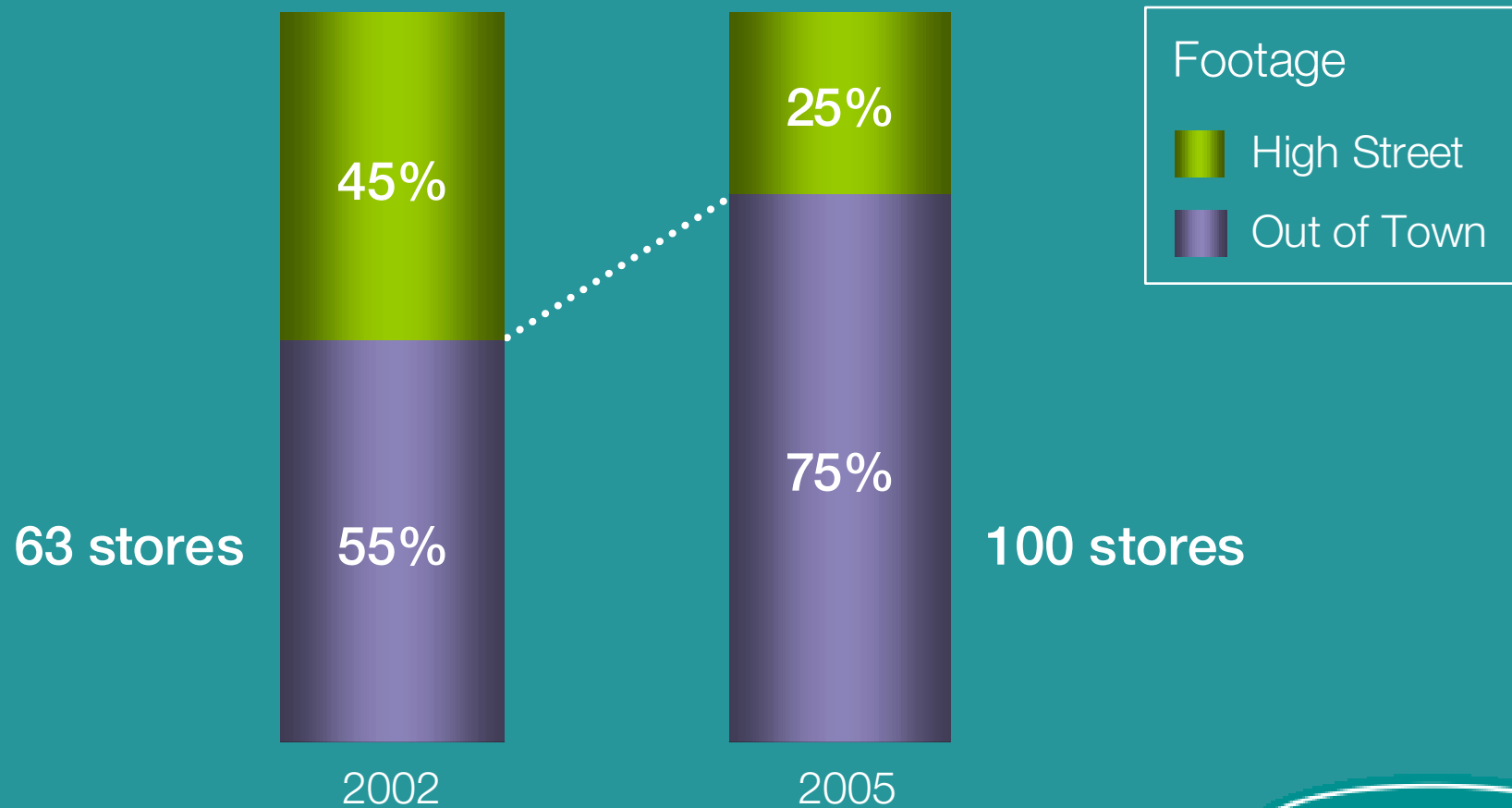
Roll out from 63 stores to
100 by 2005

* 2001/2

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UK Stores

Changing the portfolio



Vince Gunn

Retail Operations Director



Opportunity

28 June to see out-of-town store



Out of town

Where we were

- Kew - prototype opened 15th April 2000
- Rotherham - concept opened 18th October 2001
- Bristol - roll-out underway 7th March 2002
- Manchester - opened 2nd May 2002
- Walsall - opened 16th May 2002
- Bradford - opens 1st August 2002
- Newbury - opens 8th August 2002
- Leicester - opens 15th August 2002

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New UK out-of-town stores

Four key areas of work

Flexibility

allows store to be traded more aggressively

In-store communications

making it easier for customers to shop

Aesthetics

meeting mother's expectations and baby's requirements

Driving down cost

a business imperative to open more stores

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New UK out-of-town stores

Flexibility

allows store to be traded more aggressively



New UK out-of-town stores

In-store communications
making it easier for customers to shop



New UK out-of-town stores

Aesthetics

meeting mother's expectations and baby's requirements



New UK out-of-town stores

More than a shopfit
a specialist service



New UK out-of-town stores

Driving down cost

a business imperative to open more stores



New UK out-of-town stores

Performance

Rotherham (opened 18/10/01)

Clothing

Home and travel

Maternity

Baby nightwear

Car and travel

Sales up on the year

+17% - off 57% less space

+ 7% - off 54% less space

+52%

+34%

+13%



UK stores

Upgrades for rest of the chain

By July

40 Out of Town stores upgraded

- Wooden Flooring
- Upgraded lighting and signage
- Re-siting and implementation of Uni-queue till system

80 more stores to have refurbished customer facilities

**60% of store chain equating to 66% of sales
and 67% of footage upgraded**

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High Street concept

Development of concept underway

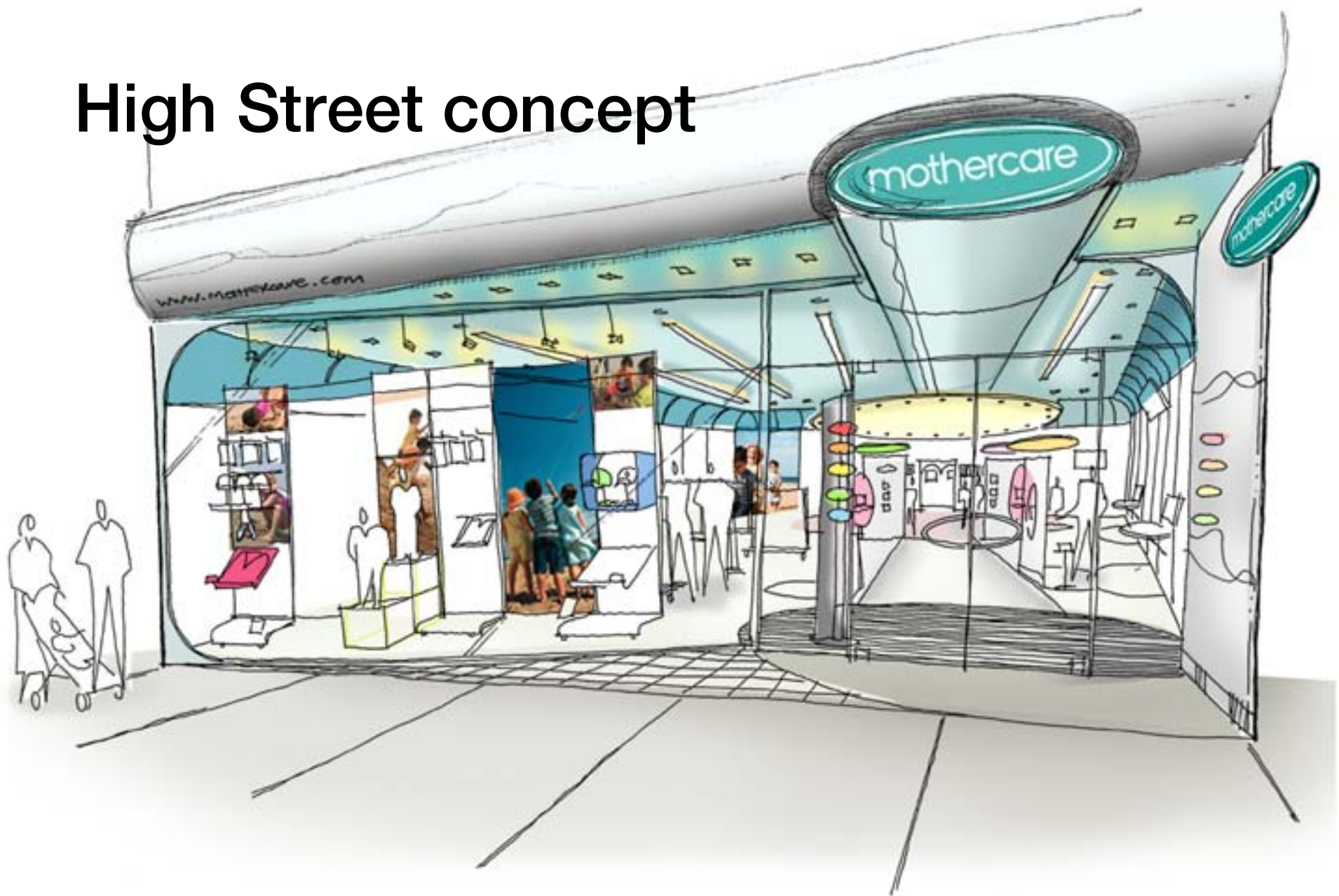
Consistency with out-of-town – same team

Plan is for cost effective transformation

Pilot store opening September

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High Street concept



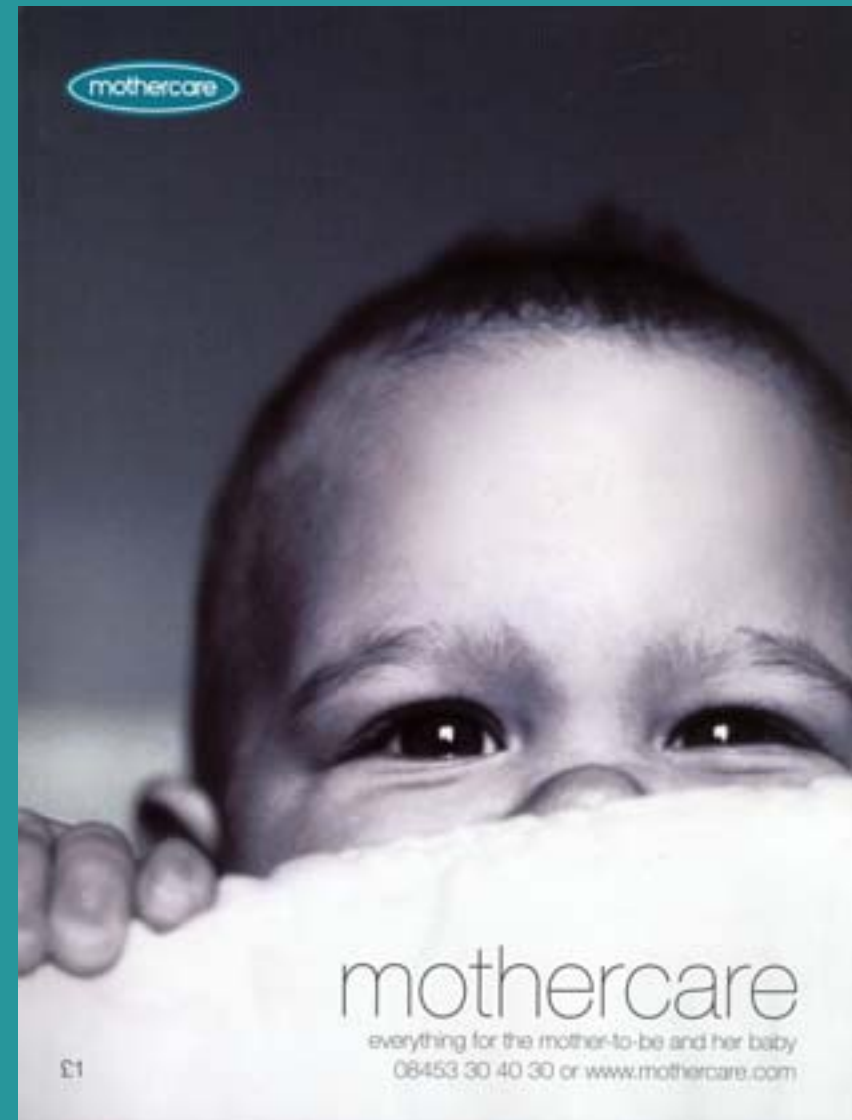
Chris Martin
Chief Executive



Direct

49% sales growth

Achieved breakeven a
year ahead of target



International

Major partners in Ireland, Middle East and Greece

Growth in international stores –
26 openings last year

Profit of £4 million

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Driving the Mothercare recovery

June 2000

March 2001

May 2002

Turnaround



Recovery



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“The Specialist Retailer”





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