
mothercare
Interim Results
17 November 2005

Ben Gordon

Chief Executive

Resilient half

- Solid sales performance
- Improved margins
- Costs controlled
- Rapid International growth

Steven Glew

Finance Director

Profit and loss summary

£m	2005	2004	Inc/Dec %
Sales	**250.4**	243.2	+3.0
Profit from retail operations	**9.0**	9.3	-3.2
Profit on disposal of property interests	**0.7**	0.0	-
Interest	**1.7**	1.6	+6.3
Profit before tax	**11.4**	10.9	+4.6
Taxation	**(3.7)**	(3.4)	+8.8
Profit after tax	**7.7**	7.5	+2.7

EPS 11.3p

Dividend 2.85p

Sales & profit by channel

Channel	Sales		Profit from Retail operations		Operating margin	
	£m	Inc %	£m	Inc/Dec %	%	%
	2005	Over LY	**2005**	Over LY	**2005**	2004
Total UK	**215.9**	1.0	**4.4**	(17.0)	**2.0**	2.5
International	**34.5**	17.0	**4.6**	15.0	**13.3**	13.6
Total	**250.4**	3.0	**9.0**	(3.2)	**3.6**	3.8

UK

Sales growth:	Like for like	-1.0%
	Net space	+1.6%
	Home shopping	+0.4%
	Total sales	+1.0%

Net margin movement:	Gross margin	+0.2pp
	Costs	-0.9pp
	Foreign exchange	+0.2pp
	Total	-0.5pp

International

Sales to franchisees:		+17.0%

Franchisee sales growth:	Like for like	+8.0%
	Net space	+17.1%
	Total sales	+25.1%

Net margin movement:	-0.3pp

Balance sheet

£m	**October 2005**	March 2005	October 2004
Non - current assets	**102.3**	100.6	96.6
Stock	**48.7**	46.8	45.9
Debtors	**32.4**	28.8	30.3
Retirement benefits	**(33.6)**	(22.4)	(25.3)
Other liabilities	**(68.0)**	(71.8)	(67.7)
Cash	**34.4**	37.0	41.4
Net assets	**116.2**	119.0	121.2

Cashflow

£m	2005 H1	2004 H1
Profit from retail operations	**9.0**	9.3
Depreciation	**6.7**	6.4
Other operating items	**0.5**	0.6
Operating Cashflow	**16.2**	16.3
Working capital	**(7.7)**	(4.5)
Capital expenditure	**(8.8)**	(10.3)
Investment income	**0.7**	0.9
Dividend	**(3.6)**	(2.7)
Other	**0.6**	1.4
Cashflow	**(2.6)**	1.1

Capital expenditure

£m	2005 H1	2005/06 FY (est)
New stores	4.0	7.0
Store refits	0.0	1.0
Systems	1.1	4.0
Distribution	1.7	5.0
Other	2.0	4.0
Total capex	8.8	21.0

Ben Gordon

Chief Executive

Roadmap to recovery

Stabilisation

Turnaround

Long Term Growth

Dec 2002 | **May 2003** | **May 2004** | **May 2005** | **May 2006** | **May 2007**

- Distribution
- Cash
- Trading

- **Store proposition**
- **Product & sourcing**
- **Supply chain**
- **Infrastructure**
- **Customer service**

- International
- New UK store development
- Direct

Products revamped

Stores transformed

New supply chain

Technology improvements

Direct to our customers

Strength of international

From turnaround to growth

- Mothercare in a very different place
- Re-established as a force in UK market
- Momentum on International growth plans

Moving forward

Building Mothercare as a world-class specialty retailer

Specialism
- Products
- Service
- Store proposition

Efficiency
- Supply chain
- Sourcing
- Infrastructure

Reach
- UK store roll out
- Direct
- International

"Exceeding parents needs and aspirations"

"World class retail operations"

"Every parent everywhere"

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Product development

- Product innovation
- Competitive prices
- Sourcing driving quality & value

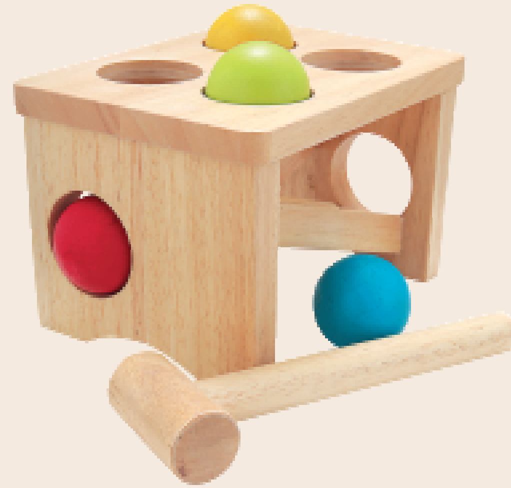
Value at all price points

Specialism

MODA innovation

Development toys

Specialism



Specialism

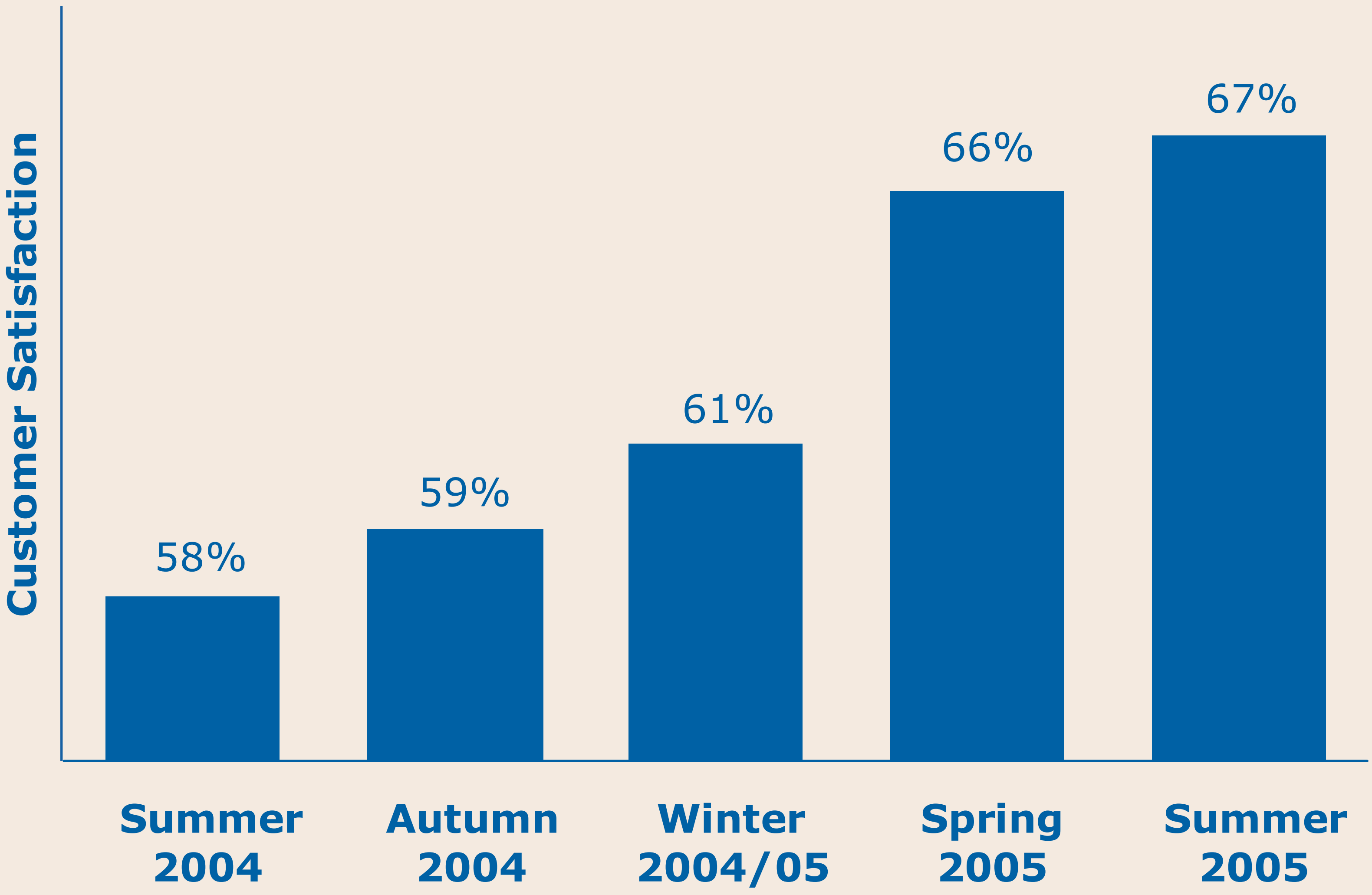
Extending the gift range

Leading in nursery bedding

- Revamped nursery range
- High quality & fashionable
- Special features
- Re-sourcing from Turkey & Asia

Mystery shopper

Source: Mothercare Mystery Shopper Survey



Stores as destinations

- Superlite rolled out to high street
- Attention now on OOT
  - Extended ranges
  - Merchandise mix
  - Web-in-store
- Trials after Christmas

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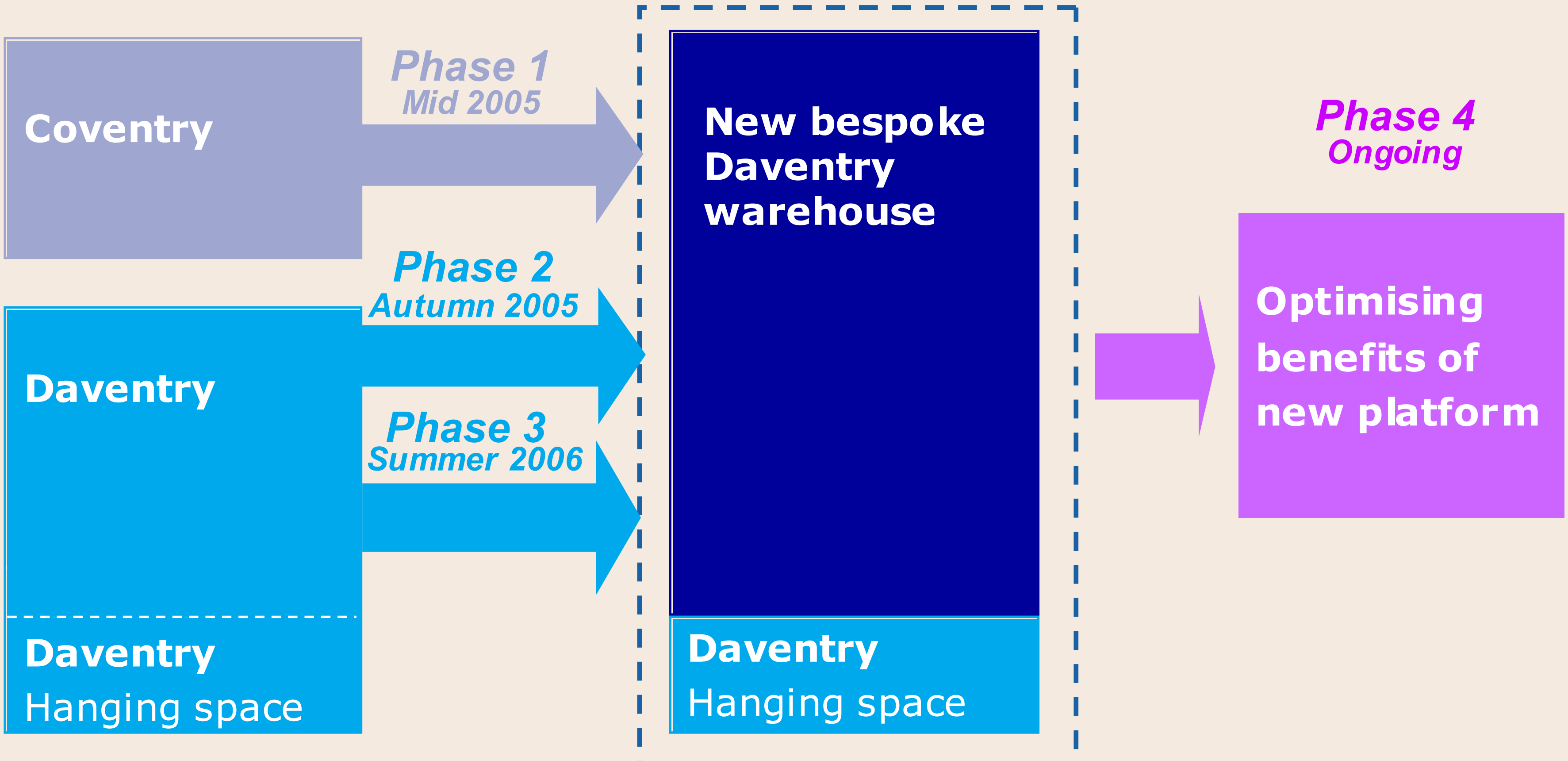
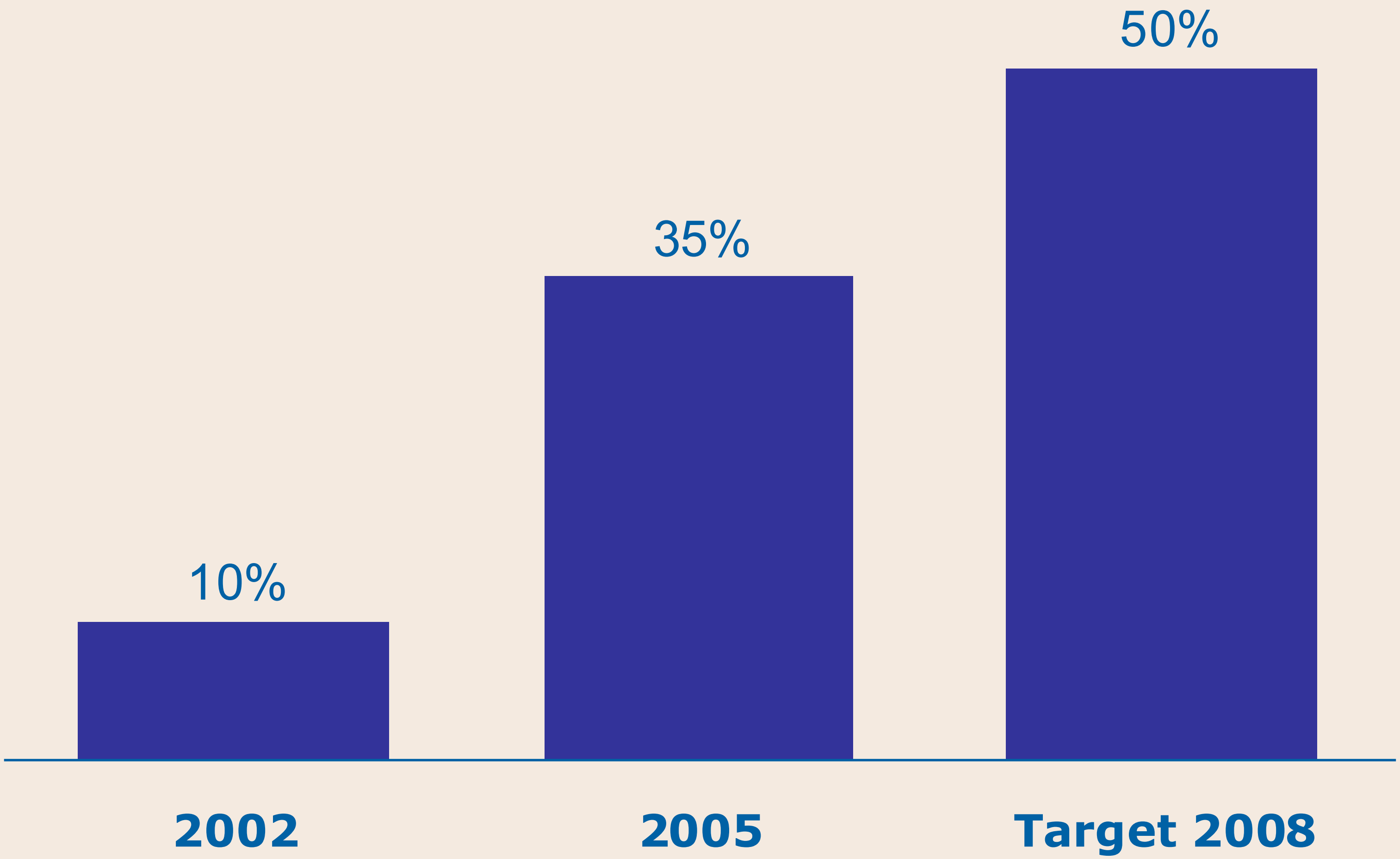
World class supply chain



Direct sourcing - clothing



Efficiency - infrastructure

- EPOS in 200 stores
- 90% of sales through EPOS
- In all stores by end March 2006
- Further benefits to come

Moving forward

Building Mothercare as a world-class specialty retailer

Specialism	Efficiency	Reach
• Products • Service • Store proposition	• Supply chain • Sourcing • Infrastructure	• UK store roll out • Direct • International
"Exceeding parents needs and aspirations"	*"World class retail operations"*	***"Every parent everywhere"***

New UK stores

North Shields

Rightsizing the portfolio

Reach

Kingston

Direct to our customers

- Internet sales growing rapidly, particularly web-in-store
- Constantly improving logistics & functionality
- Web-in-store now in all stores
  - Makes small stores big
  - Convenience
- Extensions to web range underway

Strength of international

- Proven model
- Brand travels
- Experienced franchisees
- Strong support system

Growth drivers

Dubai, UAE

- Driving like-for-like business
- More stores in new & existing countries

Growth drivers

Reach

Jakarta, Indonesia

In summary

- Solid platform providing resilience
- Managing the business tightly
- Maintaining competitive position
- Aggressive growth drive
- Excited about International prospects