



Good progress Transformation and Growth plan

Preliminary results
23 May 2013



Alan Parker
Chairman

Financial results and outlook

Business update

UK

International

Q&A





Matt Smith
Chief Financial Officer

Full year results - 52 weeks to 30 March 2013

	FY2012/13 £m	FY2011/12 £m	% variance 52 vs. 53 weeks inc Australia & NZ	% variance 52 vs. 52 weeks ex Australia & NZ
Worldwide network sales	1,228.4	1,232.4	(0.3)	+1.9
Total International sales	728.7	672.4	+8.4	+11.8
Total UK sales	499.7	560.0	(10.8)	(9.2)
Group revenue	749.4	812.7	(7.8)	(6.0)
Underlying profit before tax	8.3	1.6	+418.8	-
Underlying earnings per share	6.2p	1.8p	+244.4	-
Net debt	(32.4)	(20.1)	+61.2	-

NB: The above data is statutory, non-statutory 52 vs. 53 week data is available in the Appendices

Income statement - 52 weeks to 30 March 2013

	FY2012/13 £m	FY2011/12 £m	% variance 52 vs. 53 weeks inc Australia & NZ
Group revenue	749.4	812.7	(7.8)
Underlying profit from operations	12.5	2.6	+380.8
Share based payments	(0.9)	(0.6)	-
Net finance cost	(3.3)	(0.4)	-
Underlying profit before tax	8.3	1.6	+418.8
Exceptional items	(35.7)	(104.4)	-
Other non-underlying items	5.9	(0.1)	-
Reported loss before tax	(21.5)	(102.9)	(79.1)

Exceptional items - 52 weeks to 30 March 2013

	FY2012/13 £m	H1 FY2012/13 £m	FY2011/12 £m
UK goodwill and other intangibles	-	-	(55.0)
UK property restructure	(15.6)	(11.8)	(26.4)
Australia associate	(11.1)	(10.6)	(3.2)
Onerous lease provision	(4.3)	-	(11.5)
Other restructuring costs	(4.7)	(2.1)	(12.1)
Total exceptional items	(35.7)	(24.5)	(104.4)
Non-cash foreign currency adjustments	6.9	(1.8)	2.0
Amortisation of intangibles	(1.0)	(0.5)	(2.1)
Total exceptional and non-underlying items	(29.8)	(26.8)	(104.5)

Group network sales - 52 weeks to 30 March 2013

	FY2012/13 £m	FY2011/12 £m	% variance 52 vs. 53 weeks inc Australia & NZ	% variance 52 vs. 52weeks ex Australia & NZ
Worldwide network sales	1,228.4	1,232.4	(0.3)	+1.9
International				
International retail sales	721.0	665.5	+8.3	+11.8
International wholesale sales	7.7	6.9	+13.0	+14.9
Total International sales	728.7	672.4	+8.4	+11.8
UK				
UK retail sales	468.2	528.7	(11.4)	(9.8)
UK wholesale sales	31.5	31.3	+0.6	+1.0
Total UK sales	499.7	560.0	(10.8)	(9.2)

Underlying profit before tax - 52 weeks to 30 March 2013

	FY2012/13 £m	FY2011/12 £m	% variance 52 vs. 53 weeks inc Australia & NZ
UK	(21.7)	(24.7)	-
International franchise	43.4	38.1	+13.9
International JV profit share	(1.4)	(3.2)	-
Total International	42.0	34.9	+20.3
Corporate	(7.8)	(7.6)	+2.6
Underlying profit from operations	12.5	2.6	+380.8
Share based payments	(0.9)	(0.6)	-
Financing	(3.3)	(0.4)	-
Underlying profit	8.3	1.6	+418.8

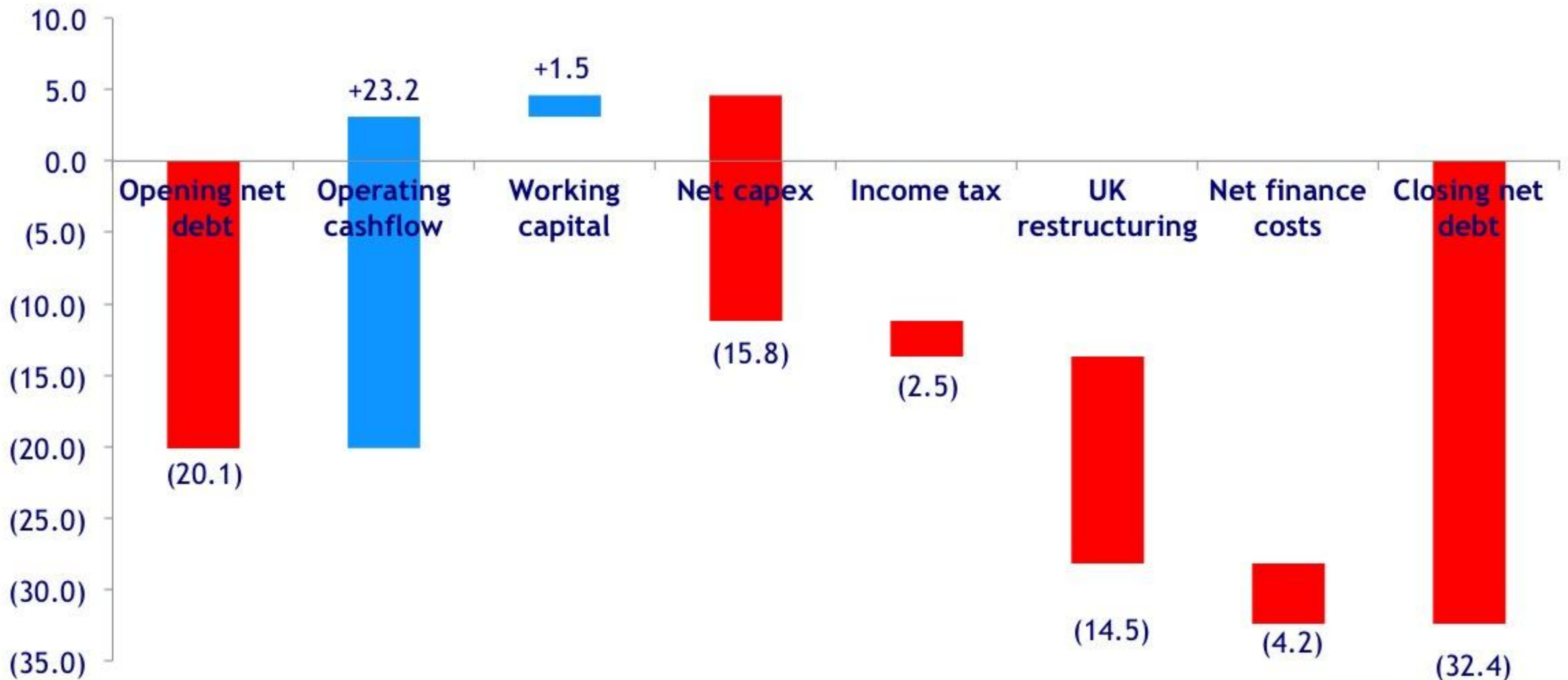
UK operating profit - 52 weeks to 30 March 2013



Group balance sheet - 52 weeks to 30 March 2013

	FY2012/13 £m	FY 2011/12 £m
Non current assets		
Fixed assets	77.6	96.3
Intangibles	46.4	48.9
Tax	22.3	17.5
Net current assets		
Working capital	50.4	54.8
Net debt	(32.4)	(20.1)
Other	(19.4)	(30.6)
Non current liabilities		
Pensions	(61.6)	(52.7)
Other provisions	(44.5)	(41.4)
Net assets	38.8	72.7

Cash flow - 52 weeks to 30 March 2013



Outlook



Outlook for FY 2013/14

International

- Space growth in line with last year of c.15%
- Retail sales growth of c.15% in constant currency

UK

- Like-for-likes sales continuing to show an improving trajectory
- Focus on cash margin
- Stores reduced by c.30, eliminating c.£5m (annualised) of losses at store contribution level
- Costs reduced by c.£7m (annualised)
- Closing net debt c.£35m
- Capex c.£15m
- Share based payments charge of c.£3m



Simon Calver
Chief Executive

Progress made over FY2013

1 Lean retail

- Reworked all internal processes under a new structure
- New teams focusing on Merchandising and Global Range Planning
- Ahead of plan with 56 stores closed, 255 left at year end

2 Restore UK profitability

- Cost out programmes on track
- Significant improvement in value for clothing and price match for H&T
- Innosense, Xpedior, Orb and new ELC ranges launched
- In store customer satisfaction scores up significantly

3 International growth

- Entered new region - Latin America
- Rolling out larger stores in longer established markets
- Space up 13.5%, 115 stores opened during year
- Emerging market focus in China, Russia and India

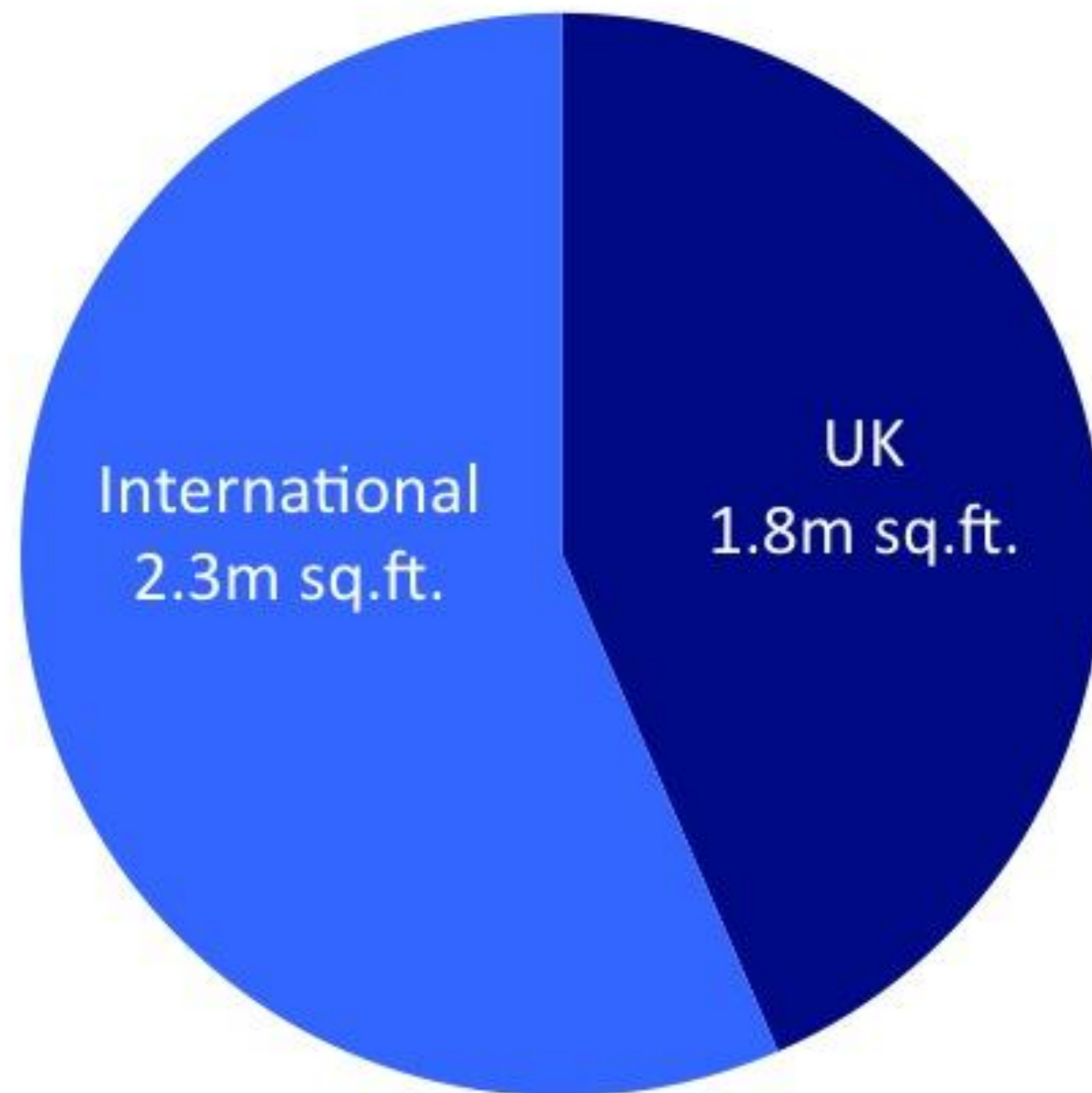
4 Multi-channel

- New online platform in the UK driving double digit growth
- Improved UK delivery options, click and collect rolled out
- Global e-commerce platform for International in place
- International sites for Ireland, Indonesia, Kuwait, Russia & China

Mothercare is a global business

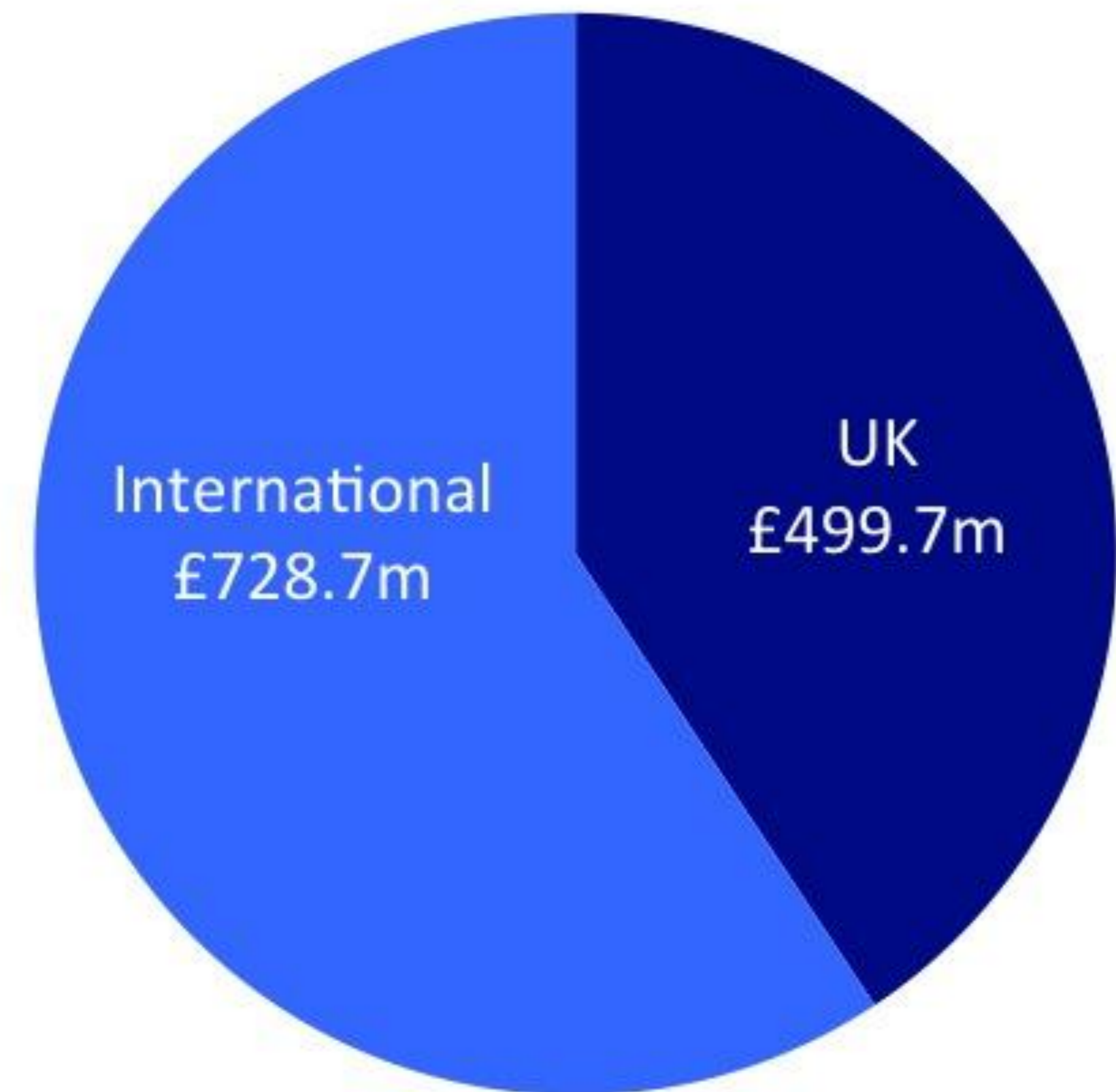
Space:

International 57%, UK 43%

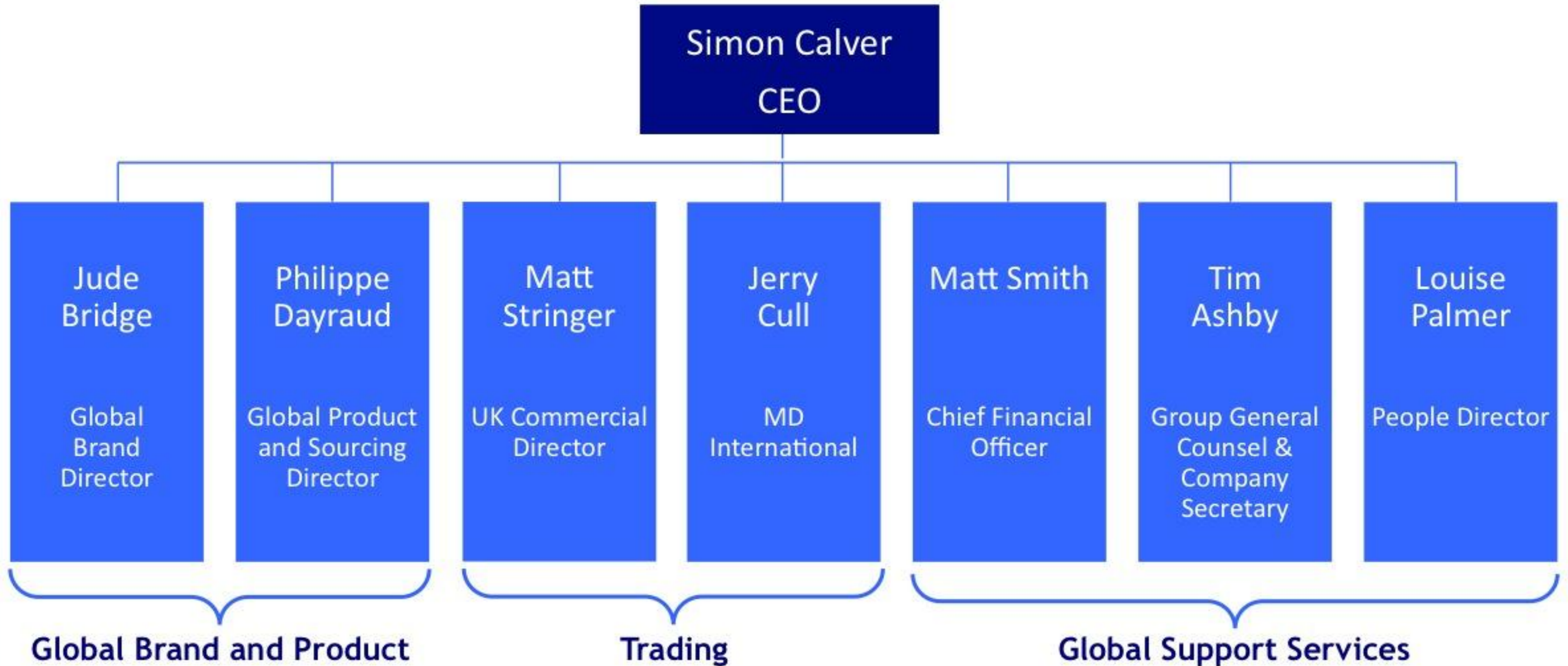


Retail sales:

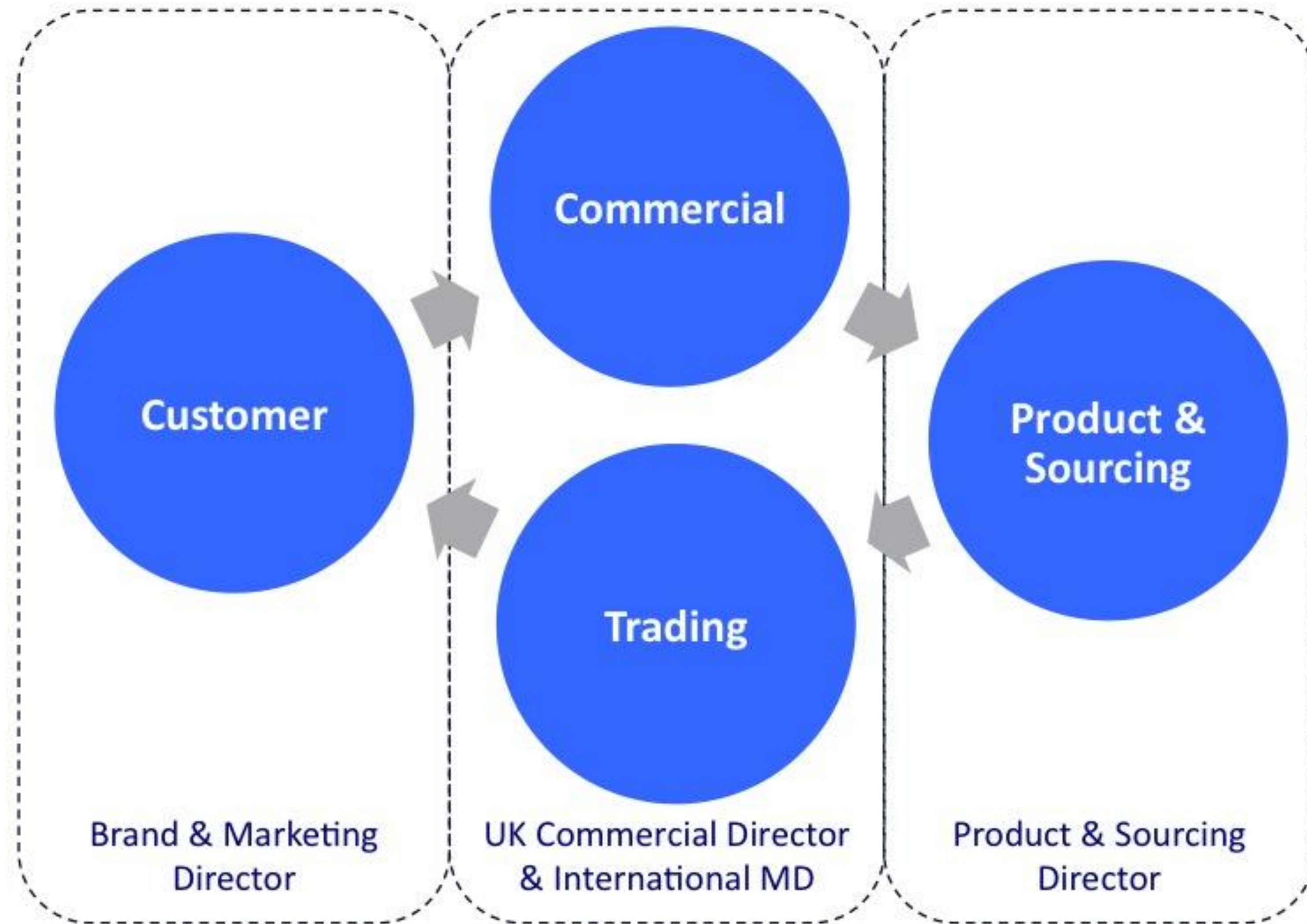
International 59%, UK 41%



Management team strengthened...



...and reflected in group structure



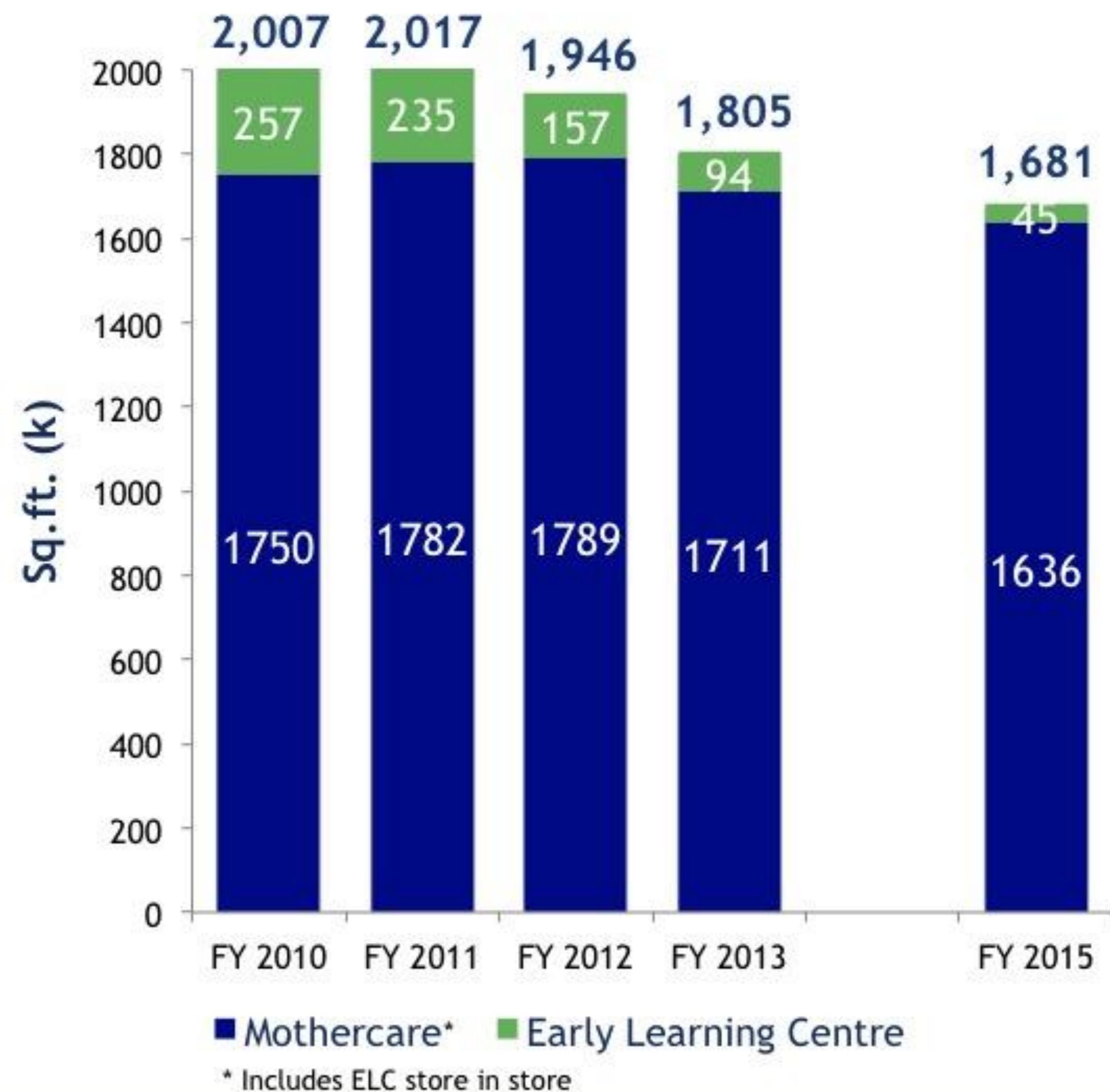
2 Restore UK profitability



Portfolio restructuring progressing well

Mothercare: Change in space
2010-2015: -1.3% CAGR
2012-2015: -3.0% CAGR

ELC: Change in space
2010-2015: -29.5% CAGR
2012-2015: -34.1% CAGR

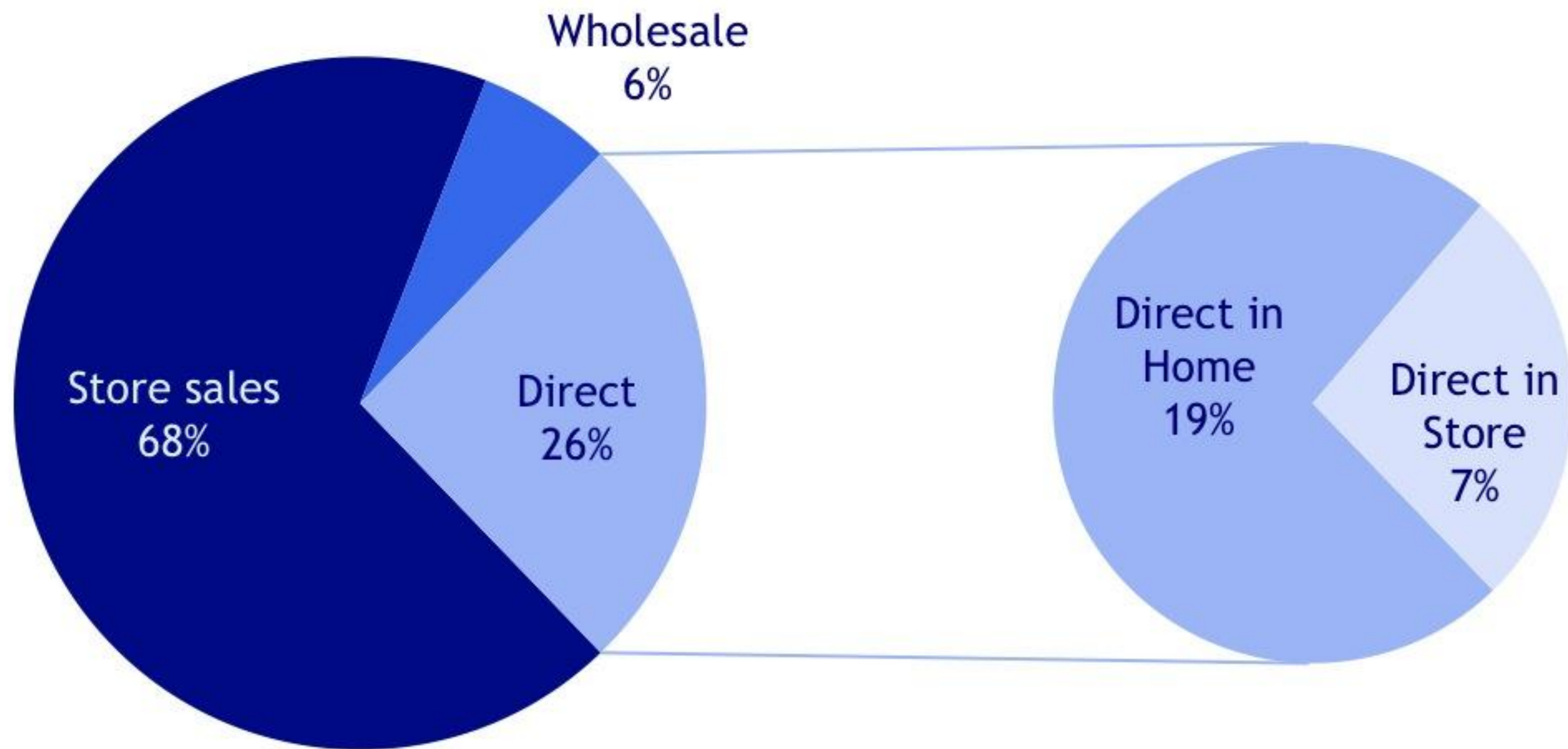


Store structures improved

- Store management and regional structures improved
 - Changed 60 store managers
 - Balanced scorecard launched
 - Bonus scheme in place for all staff
- Operational model also improved
 - Improved product merchandising / POS rolled out
 - Detailed marketing calendar implemented
 - Customer insights now tracked
 - Gift cards relaunched



Direct makes UK truly multi-channel



Multi-channel infrastructure in place



Mobile app meets customer needs



Social - engaging with our customers



Mumsnet



Product - improving value

- Price proposition improved across all ranges for AW12 and SS13
- Value range introduced in AW12
 - AW12 - 84 options
 - SS13 - 108 options
 - Buy increased 4x for SS13
- Strong performance from Blooming Marvellous since its relaunch in AW12



Product - innovating to meet the needs of mother and baby

innosense®
FEEDING FROM A NEW ANGLE®



47 skus : 21 new tooled lines : 21 design registrations applied for : 5 patents applied for
Developed by experts : Approved by parents

Product - breadth of own ranges to meet customer needs

mothercare
u-move
complete travel system



pushchair mode



travel system mode

infant car seat
removable playtray
mothercare weather shield®

easy ways to shop
in store | online | mobile



new mothercare
xpedior
3 in 1 travel system



push mode



pushchair mode



travel system mode

infant car seat
pram apron & liner
chest pads
cozytoe
mothercare weather shield®

colour available:


easy ways to shop
in store | online | mobile



mothercare
orb
complete pram and pushchair system



pram mode



pushchair mode



travel system mode
pram to stroller

deluxe pram &
pushchair liner
pram apron
chest pads
cozytoe
mothercare weather shield®

colour available:


easy ways to shop
in store | online | mobile



Product - putting learning back at heart of ELC

Learn to dress Lily & Ollie



- ELC accounts for 30% of learning market
- Innovation and newness, particularly in own brand
 - SS12 - 12%
 - AW12 - 39%
 - SS13 - 31%
- Focus on core skills with product innovation helps to protect margin

3

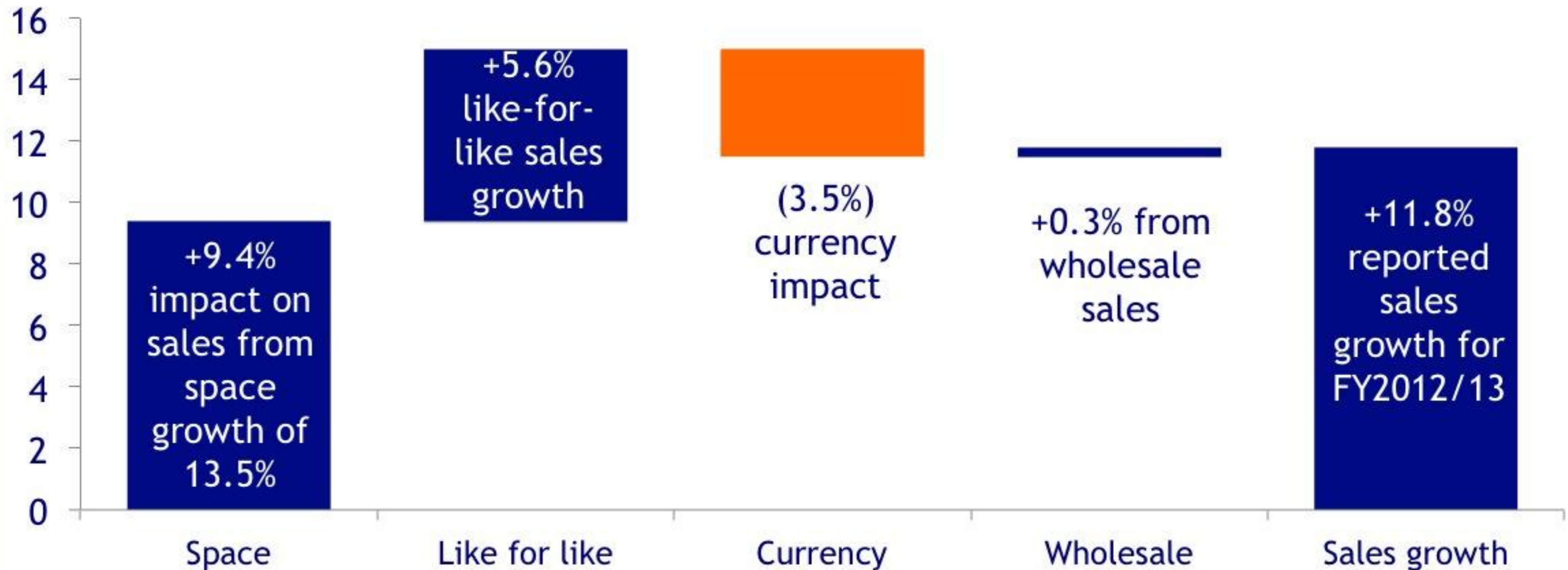
International growth



mothercare

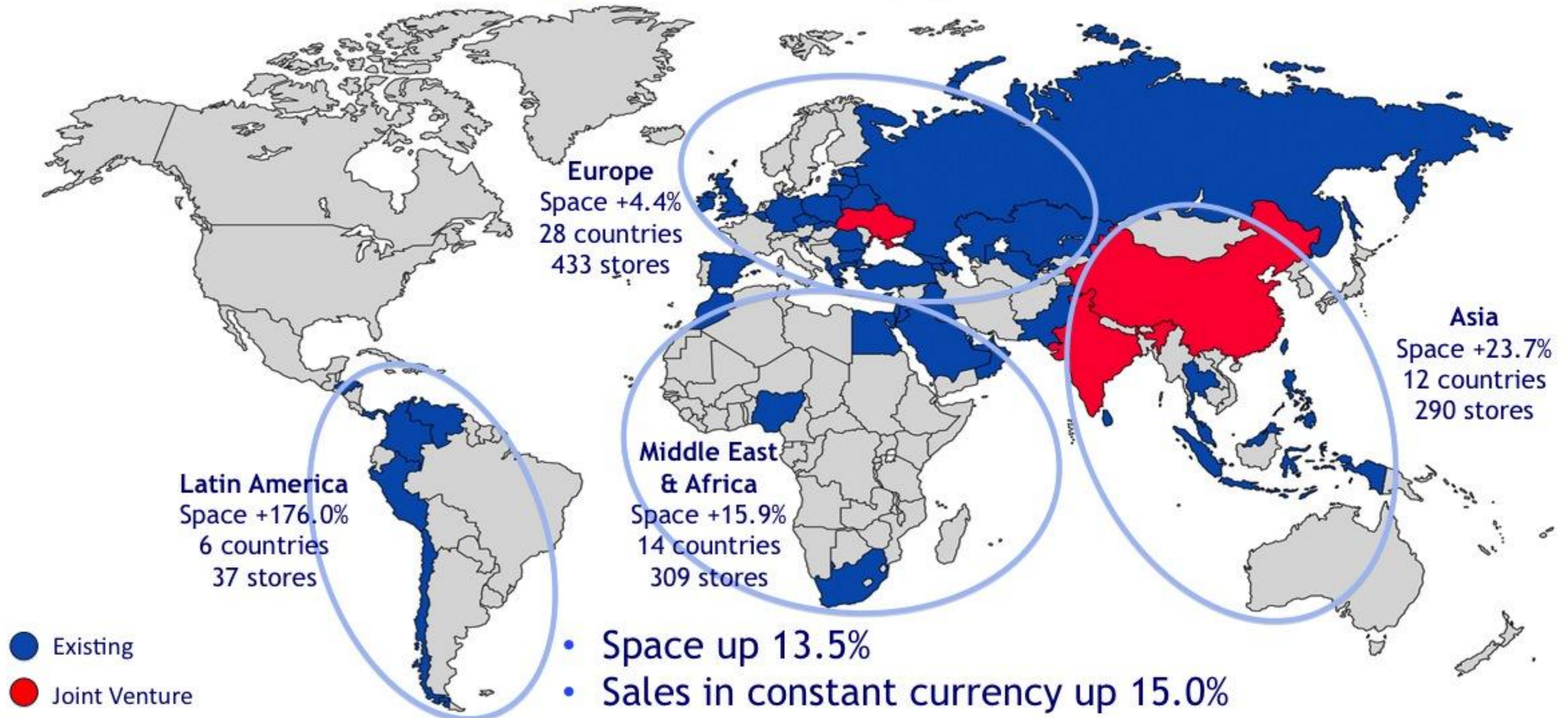


International growth for FY2013

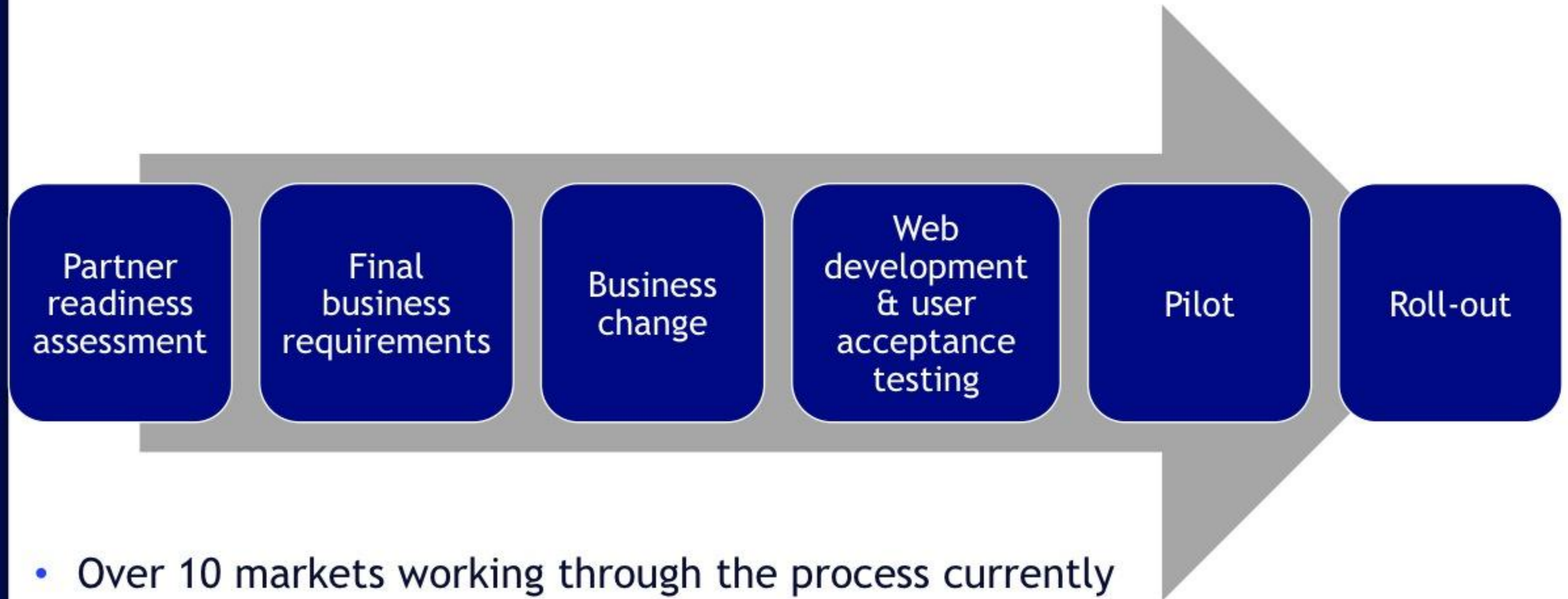


- Profit growth +20.3% to £42.0 million

International growth opportunities

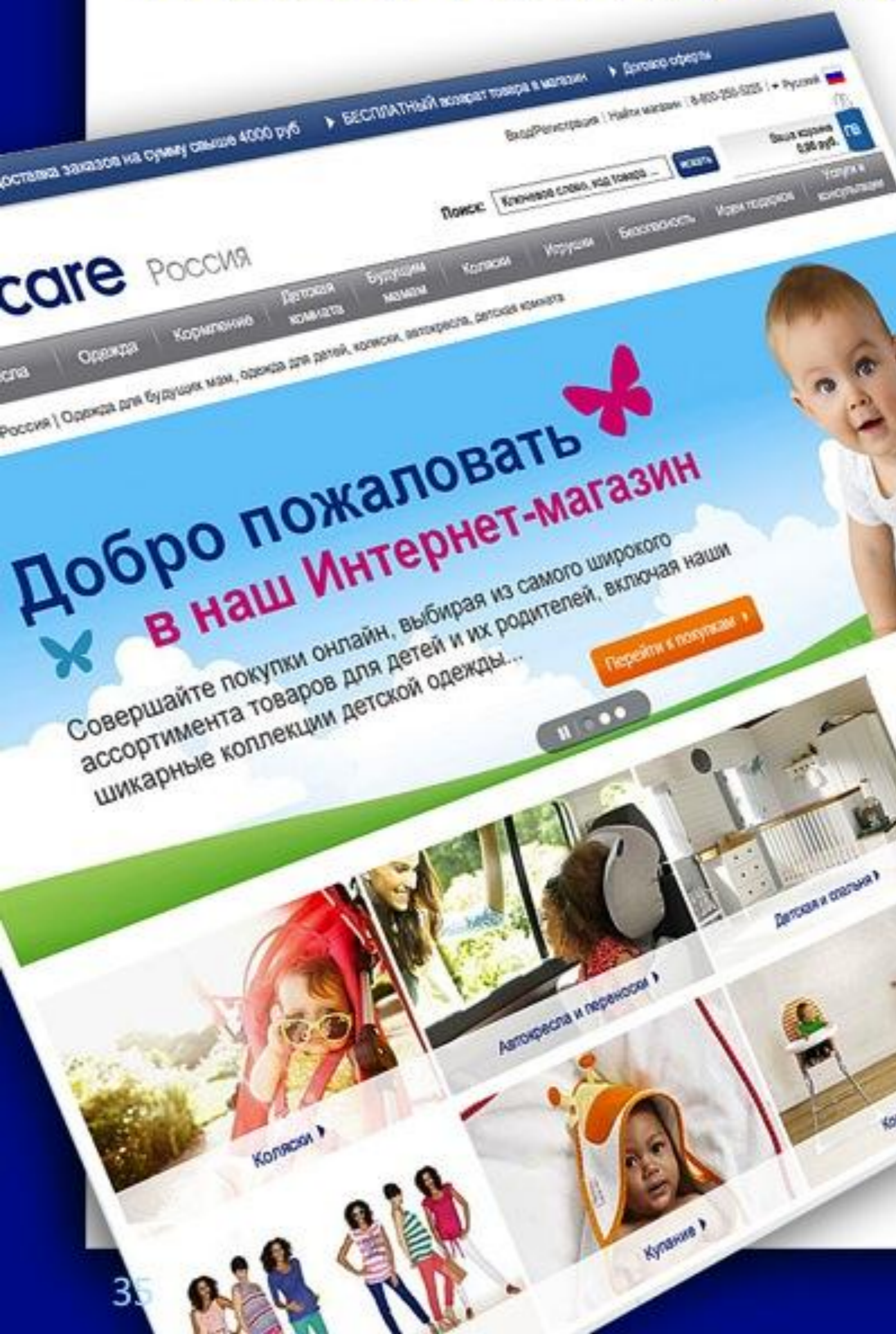


International - Online business model




- Over 10 markets working through the process currently
- Time to land can vary from 6 to 18 months

International - Online websites



The first year

	Progress made against our three-year plan	Score
1 Lean retail	<ul style="list-style-type: none"> Exited 56 UK stores Reduced non-store costs 	
2 Restore UK profitability	<ul style="list-style-type: none"> My Customer launched both for stores and Direct Value range and price reductions across clothing Price match and KVI exercise continued New ranges across all three segments UK losses reduced 	
3 International growth	<ul style="list-style-type: none"> Increased space by 13.5% excluding Australia 15.0% sales growth in constant currency <ul style="list-style-type: none">  Non-Eurozone  Eurozone 	
4 Multi-channel	<ul style="list-style-type: none"> UK web-site re-launched UK logistics -significant change 6 International markets with operational web-sites 	

Summary and close

- Progress both in UK and International
- On track with store closures and cost out initiatives
- Product ranges enhanced and innovation added
- Direct undergone a significant upgrade - getting competitive
- Store refits and service improvements engaging customers
- Opportunities with both new and existing partners in International
- Executive team and operating model in place to accelerate delivery
- Goals of the three year plan remain unchanged





Full year results - 52 weeks to 30 March 2013 (comparable basis)

	FY2012/13 £m	FY2011/12 £m	% change 52 vs. 52 weeks ex Australia & NZ	% change 52 vs. 53 weeks inc Australia & NZ
Worldwide network sales	1,185.1	1,163.3	+1.9	(0.3)
Total International sales	685.4	613.0	+11.8	+8.4
Total UK sales	499.7	550.3	(9.2)	(10.8)
Group revenue	744.1	791.7	(6.0)	(7.8)
Underlying profit before tax	8.3	1.6	-	+418.8
Underlying earnings per share	6.2p	1.8p	-	+244.4
Net debt	(32.4)	(20.1)	-	-

Note: The above data is on a non-statutory 52 vs. 53 week basis and is ex Australia & NZ.

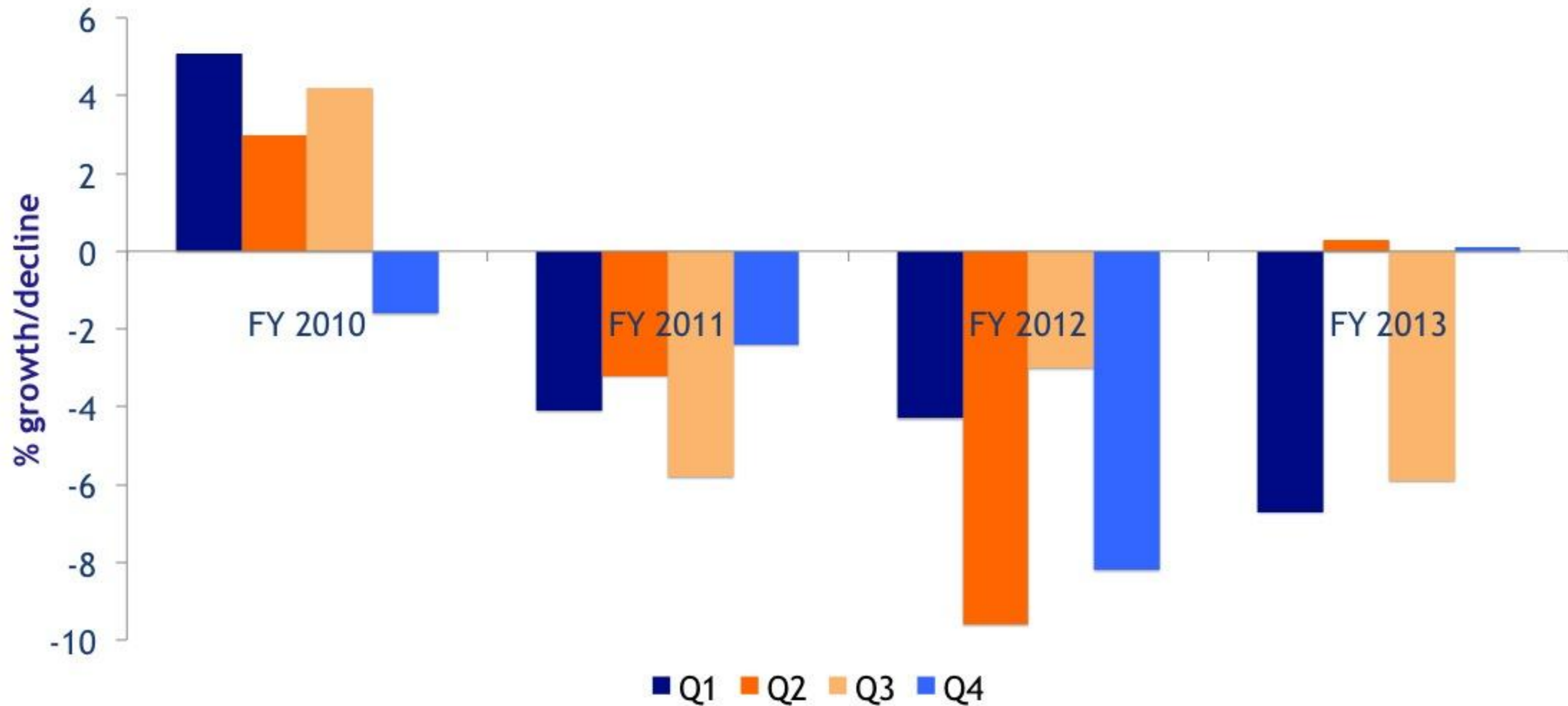
Group network sales - 52 weeks to 30 March 2013 (comparable basis)

	FY2012/13 £m	FY2011/12 £m	% change 52 vs. 52 weeks ex Australia & NZ	% change 52 vs. 53 weeks inc Australia & NZ
Group network sales	1,185.1	1,163.3	+1.9	(0.3)
International				
International retail sales	677.7	606.3	+11.8	+8.3
International wholesale sales	7.7	6.7	+14.9	+13.0
Total International sales	685.4	613.0	+11.8	+8.4
UK				
UK retail sales	468.2	519.1	(9.8)	(11.4)
UK wholesale sales	31.5	31.2	+1.0	+0.6
Total UK sales	499.7	550.3	(9.2)	(10.8)

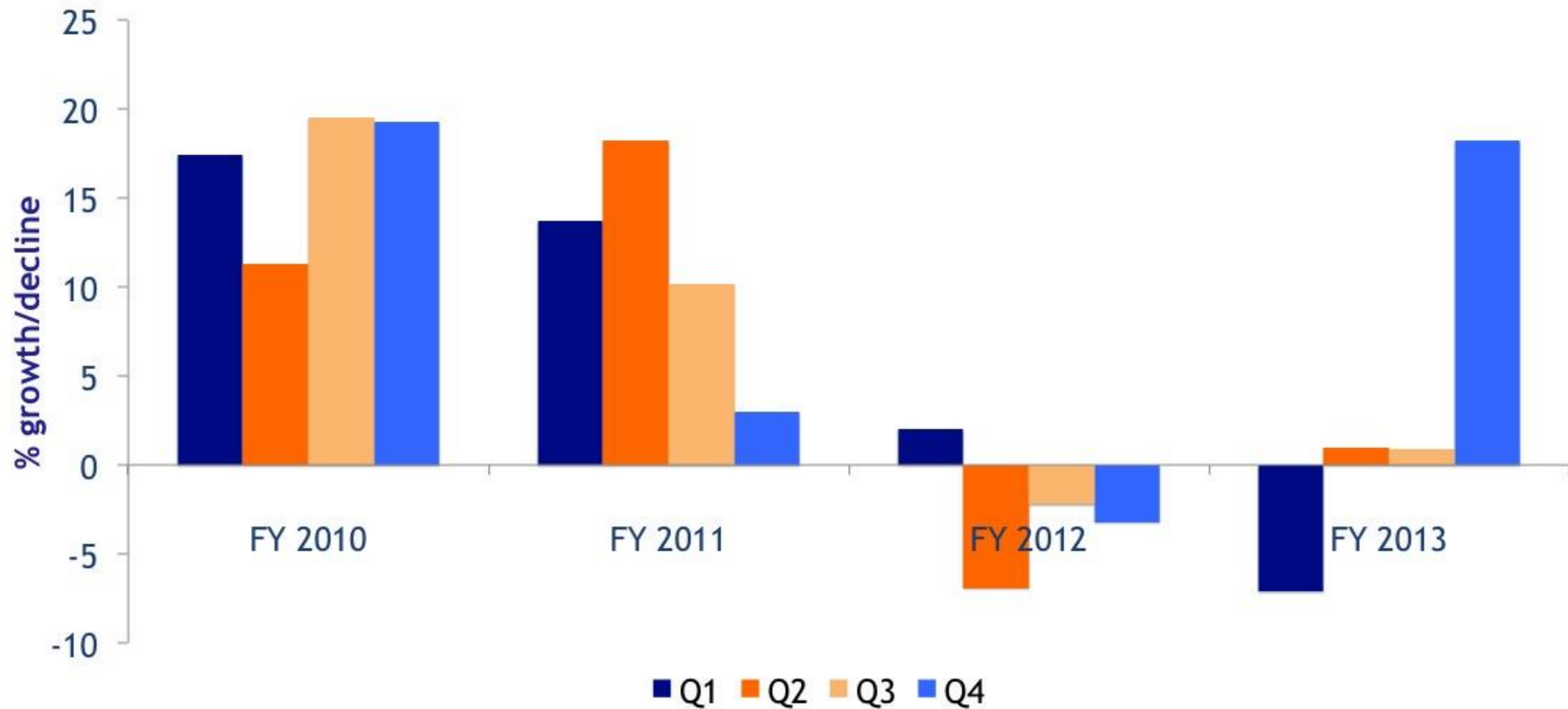
UK summary - 52 weeks to 30 March 2013

	FY2012/13	FY2011/12	% variance 52 vs. 53 weeks
UK like-for-like sales growth	(3.6%)	(6.2%)	-
Retail sales	£468.2m	£528.7m	(11.4%)
Wholesale sales	£31.5m	£31.3m	+0.6%
Total UK sales	£499.7m	£560.0m	(10.8%)
Underlying loss from operations	(£21.7m)	(£24.7m)	-

UK like-for-like progression



Direct in Home progression



UK store and space numbers

Store numbers



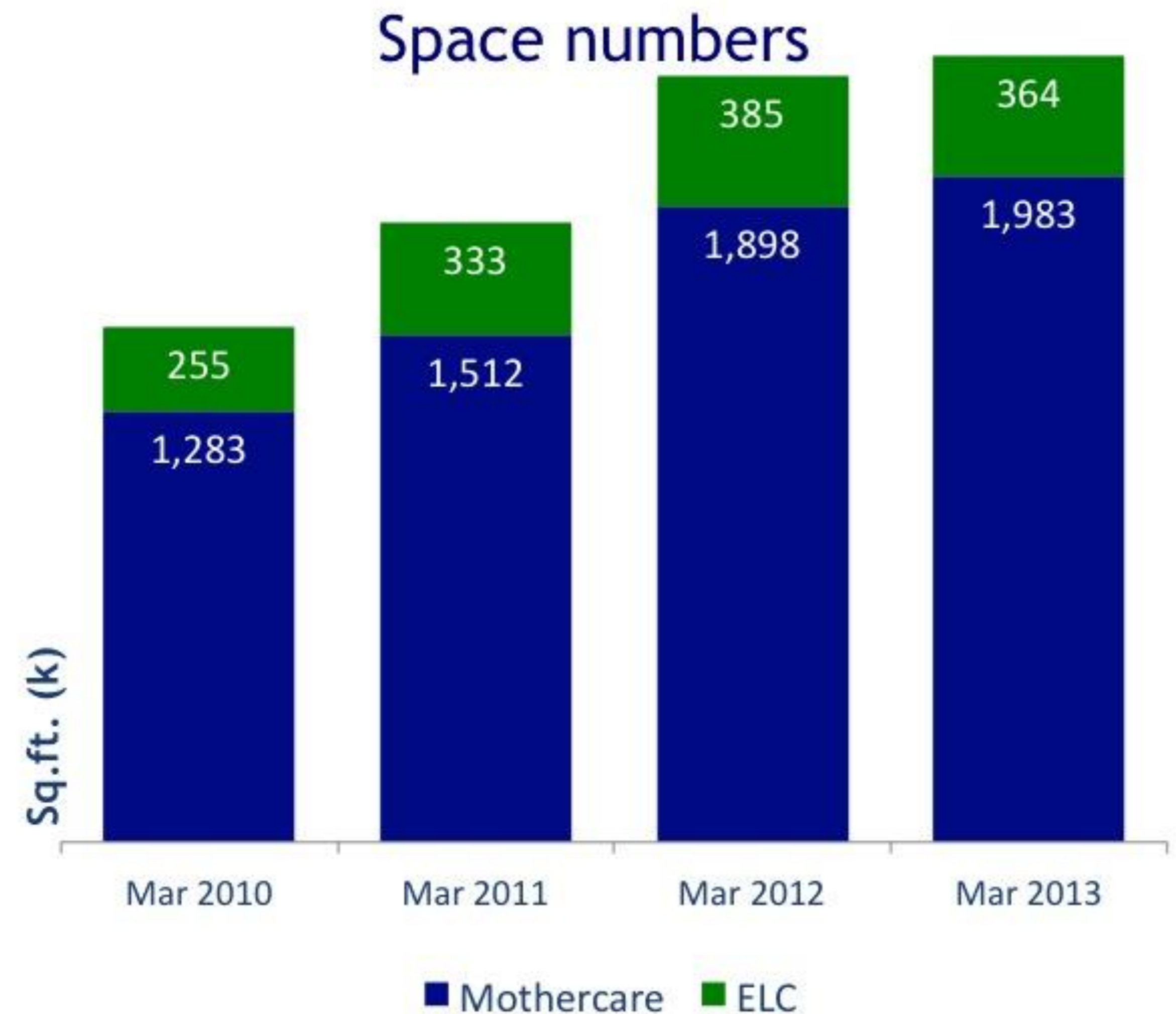
Space numbers



International summary - 52 weeks to 30 March 2013

	FY2012/13	FY2011/12	% variance 52 vs. 53 weeks inc Australia & NZ
Constant currency growth (ex Australia)	15.0%	-	-
Total International sales	£728.7m	£672.4m	+8.4%
Total International sales (ex Australia)	£685.4m	£626.9m	+9.3%
Underlying profit from operations	£43.4m	£38.1m	+13.9%
Underlying profit margin (excl. JVs)	5.6%	5.7%	+30 bps
International JV profit share	(£1.4m)	(£3.2m)	-
Underlying profit from operations (incl. JVs)	£42.0m	£34.9m	+20.3%
Underlying profit margin (incl. JVs)	5.8%	5.2%	+60 bps

International store and space numbers



Pension scheme

		New IAS (estimate) FY 2013/14 £m	New IAS FY 2012/13 £m	As reported FY 2012/13 £m	As reported FY 2011/12 £m
Income statement	Service cost	(0.1)	(2.4)	(2.4)	(2.3)
	Running costs	(1.0)	(0.8)	-	-
	Return on assets/interest on liabilities	(2.8)	(2.6)	(1.0)	0.2
	(Exceptional) gains on curtailment	-	3.3	3.3	0.2
	Net charge	(3.9)	(2.5)	(0.1)	(1.9)
Cash funding	Recurring payments	-	(2.0)	(2.0)	(1.9)
	Deficit contribution	(6.2)	(5.2)	(5.2)	(6.1)
	Total cash funding	(6.2)	(7.2)	(7.2)	(8.0)
Balance sheet	Fair value of assets		234.8	234.8	217.3
	Present value of defined benefit obligation		(296.4)	(296.4)	(270.0)
	Net liability	n/a	(61.6)	(61.6)	(52.7)

The above relates to the DB pension scheme.

Total P&L impact in FY 2013/14 of the new IAS, closure of the DB scheme and launch of auto-enrolment is an increase in cost of c.£2.5m

Exceptional cash costs

		Cash utilisation (£ million)				
	Charged	FY2013	FY2014	FY2015	FY2016	Total
		Estimate	Estimate	Estimate	Estimate	
As at March 2012	35	20	10	5	0	35
		Actual	Estimate	Estimate	Estimate	
As at Mar 2013	35	15	11	7	2	35
Organisational review: to be charges in FY2014	5	-	5	-	-	5
Total	40	15	16	7	2	40



Simon Calver

Chief Executive

Simon Calver was appointed Chief Executive of Mothercare plc on 30th April 2012. He was recently CEO of Lovefilm, the online DVD and Digital Entertainment company, now part of Amazon Inc.

He previously worked in brands and marketing with Unilever and PepsiCo, in charge of the UK business launching Pepsi Max, Pepsi Blue and the development of the Pepsi Music activity. At PepsiCo he also moved to the US as VP Sales Operations managing worldwide franchise partners.

After Pepsi he was GM and VP for Dell Home and Small Business operations based in Ireland and also COO and President of Riverdeep Inc., the interactive digital education company.

He lives in West London with Cathy and his young children, Monty and Nieve



Matt Smith

Chief Finance Officer

Matt Smith was appointed Chief Financial Officer on 25 March 2013. Formally Finance director of Argos, part of Home retail Group plc. Matt has spent ten years in senior financial roles at Home Retail Group, and also had responsibility for supply chain, distribution and IT. Prior to Home Retail Group, Matt worked at KPMG both in London and Sydney, becoming a director in its corporate finance department. Matt is a Chartered Accountant.

He is married with two children and lives in Northamptonshire.



Jude Bridge

Director of Global Brand Management

Jude joined Mothercare in December 2012 to the change in brand management of both Mothercare and Early Learning Centre. She aims to achieve change through strong campaigning and powerful communications.

She started out at Unilever as a marketing trainee and worked across a broad range of brands in both UK and International roles. She joined United Biscuits in 1995 as Marketing Director of the KP snacks business before becoming International Brands Director. She then joined Publicis as a Board Account Director before moving to Marks & Spencer in 2001 where, as Director of Marketing Communications, she oversaw the YOUR M&S campaign which was awarded the IPA Grand Prix for Effectiveness in 2006. She joined Save the Children as Director of Marketing, Campaigns and Communications in January 2010.

Jude is a former trustee of the Prostate Cancer Charity and of Groundwork.



Philippe Dayraud

Group Product Development & Sourcing Director

Philippe Dayraud was appointed as Group Product Development and Sourcing Director in September 2012 moving to Mothercare from Pimkie International, a ladies high street retail chain where he was Chief Product Officer responsible for the collection, ranges, styling, sourcing, buying, quality, merchandising, supply chain and logistics for a chain of 750 shops across 26 countries. The challenges he faced in that position were related to the internationalisation of the brand (with new countries such as Ukraine, Morocco and Abu Dhabi), the development of e-commerce and the adaptation of the range to a changing population.

Philippe is an experienced textile product and sourcing executive with over 20 years experience in both luxury and high street retail brands and mail order companies such as Otto International.



Matt Stringer

UK Commercial Director

Matt Stringer took up his role as UK Commercial Director in February 2013.

Before joining us Matt was Managing Director of Carphone Warehouse although the majority of his retail experience has been gained at Marks & Spencer which he joined in 1989 as a graduate trainee in merchandising, working in Textiles and ultimately becoming Merchandise Manager in Womenswear.

After five years with management consultancy Accenture, Matt returned to Marks & Spencer to take up various roles including Head of GM Stock Management and New Buying, Head of International Operations and International Operations Director.

Matt is married with 2 children and lives in Bath.



Jerry Cull

Managing Director of International

Jerry Cull is Group International Director and joined Mothercare in 1993 as a Regional Manager.

In 1995 Jerry moved to head up the fledgling franchise business and has spent the last 18 years creating the largest and fastest growing area of Mothercare Group.

He is the companies representative Director on the Chinese and India retail Joint Venture Board. He also sits as a Pensions Trustee on both staff and Executive schemes.

Prior to Mothercare Jerry spent 13 years in the Group at Bhs holding a variety of similar roles as well as Head of Bhs International and store development.

Jerry is married with 5 children and lives in Buckinghamshire.



Tim Ashby

Group General Counsel &
Company Secretary

Tim Ashby was appointed as Group General Counsel and Company Secretary in May 2010, moving to Mothercare from Yum! Brands, Inc..

Tim is a qualified solicitor and started his career working for the City law firm, Denton Hall. He then joined the PepsiCo Inc. European legal team as a senior international lawyer.

Tim moved to Yum! Brands, Inc., the owner of the Pizza Hut, KFC and Taco Bell brands (formerly owned by PepsiCo), when it was created and separately listed on the NYSE. Tim was the Region Counsel for the Europe/ Africa division of Yum!, working with the various business units in the region and with a lead role in its extensive franchise business.



Louise Palmer

Group HR Director

Louise joined Mothercare in November 2012 from premium executive search firm The Inzito Partnership where she was a partner focusing on Board Evaluations, Top Team Assessments and Organisational Design, as well as handling numerous searches at board and senior executive level. She was previously a founder of 7days, a specialist organisational improvement consultancy. Her role there involved supporting leadership teams through complex change and transformation, for clients including Virgin Media, BBC Worldwide, Channel 4, The John Lewis Partnership, The National Trust, Gala Coral and BT.

Prior to founding 7days, she was Head of Organisation Design and Change at Thomson Travel Group (now TUI), having previously been Head of Organisation Design and Change of British Airways' passenger business. She began her working life as a consultant with Coopers & Lybrand (now PwC) working on a variety of assignments throughout the UK and Europe. She holds an MA in human resources and organisational strategy.