



Full year results
21 May 2015

Alan Parker

Chairman



Overview for FY2015

- Busy year with solid foundations put in place
- Financing secured through £100m rights issue and signing of new banking facilities
- Management team now complete and in place
- Underlying profit before tax up 37% at £13.0 million



Richard Smothers

Chief Financial Officer

Full year results

52 weeks to 28 March 2015



	FY2014/15 £m	FY2013/14 £m	% variance
Worldwide sales	1,203.5	1,191.5	+1.0
Total International sales	745.4	729.2	+2.2
Total UK sales	458.1	462.3	(0.9)
Group revenue	713.9	724.9	(1.5)
Net cash/(debt)	31.5	(46.5)	-

Income statement

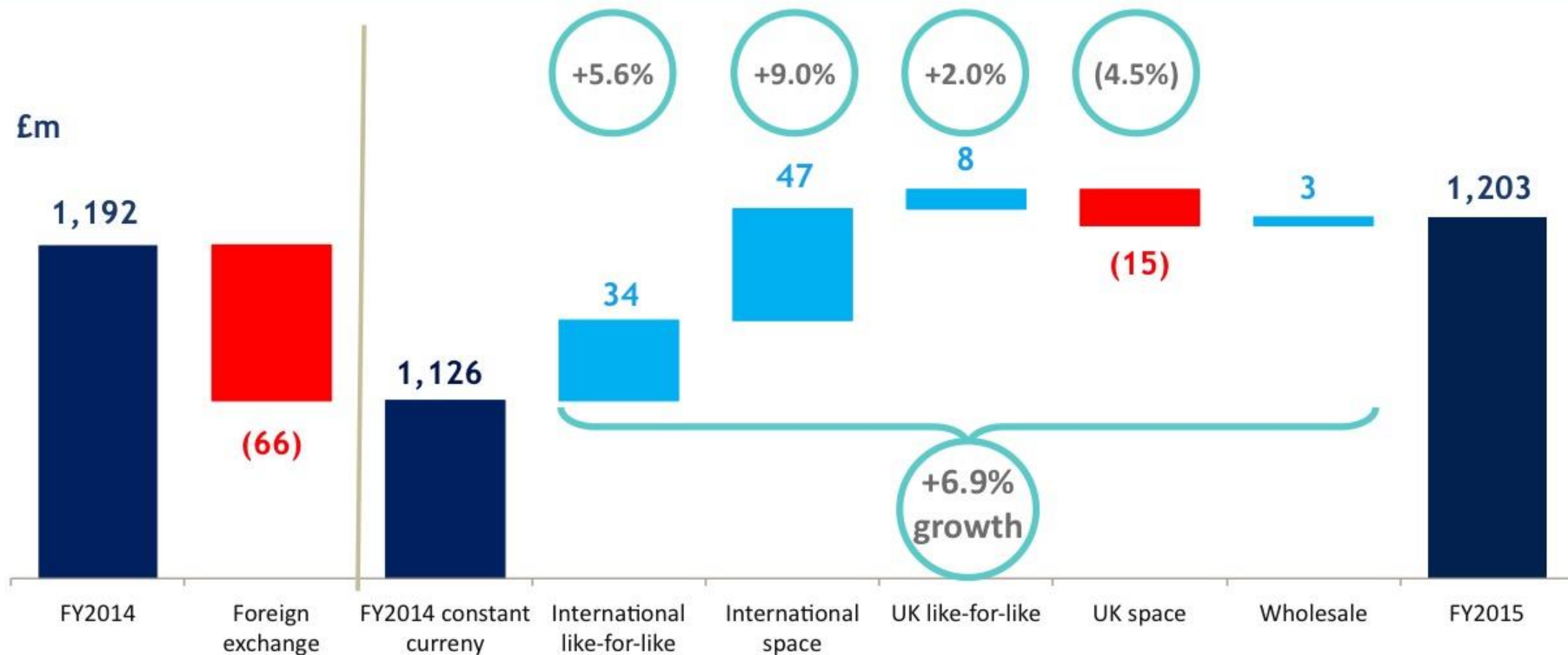
52 weeks to 28 March 2015



	FY2014/15 £m	FY2013/14 £m	% variance
Underlying profit from operations	19.3	16.0	+20.6
Share based payments	(1.3)	(0.1)	-
Net finance cost	(5.0)	(6.4)	+21.9
Underlying profit before tax	13.0	9.5	+36.8
Underlying earnings per share	8.6p	7.7p	+11.7
Exceptional items	(32.0)	(19.9)	-
Other non-underlying items	5.9	(15.9)	-
Reported profit/(loss) before tax	(13.1)	(26.3)	+50.2

Group sales development

52 weeks to 28 March 2015



Group profit performance

52 weeks to 28 March 2015



International: £45.3m
UK: £(21.5)m
Other: £(14.3)m

International: £45.9m
UK: £(18.0)m
Other: £(14.9)m

£m

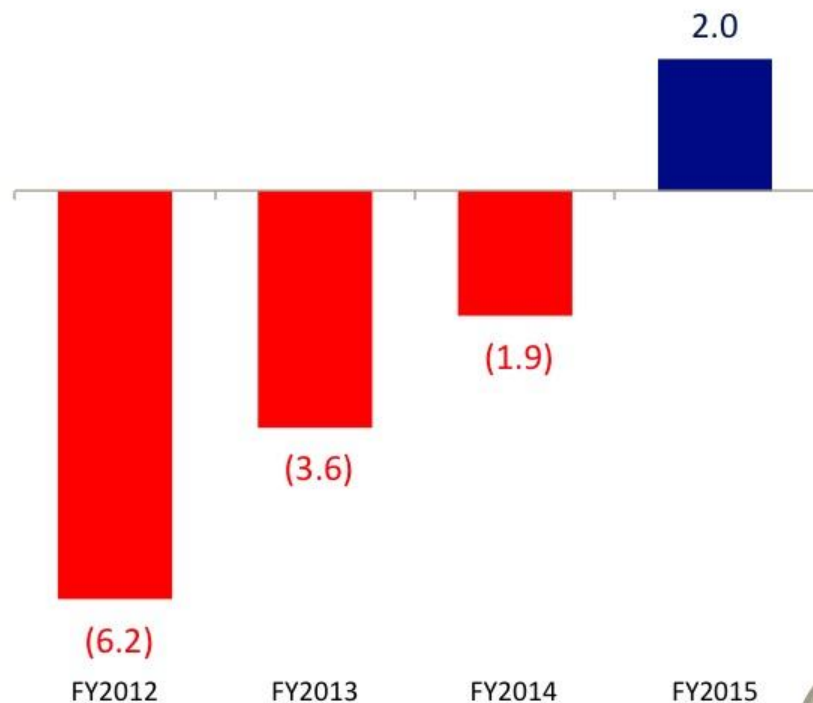
% growth



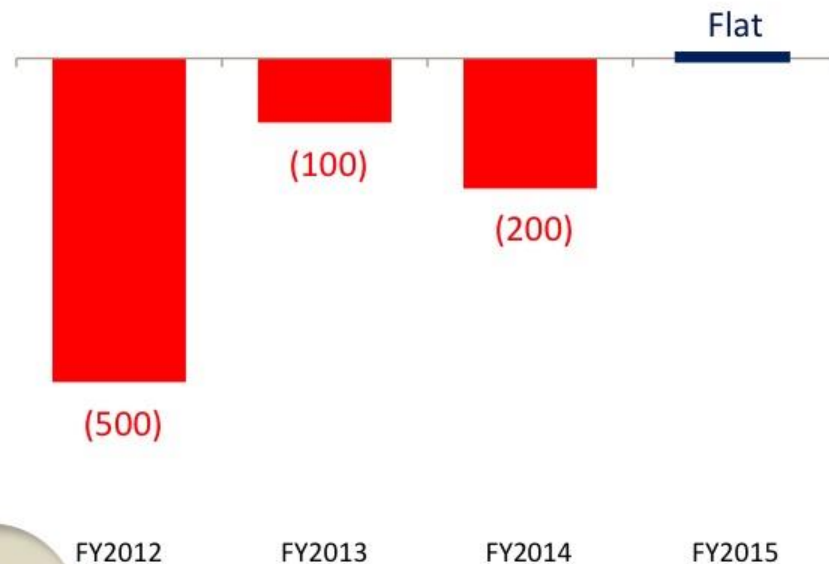
UK sales like-for-like improved with UK gross margin stabilised



UK like-for-like sales (%)



Change in UK gross margin (bps)



Exceptional items

52 weeks to 28 March 2015



	FY2014/15 £m	FY2013/14 £m
UK property costs	(21.1)	(10.9)
Other restructuring costs	(10.6)	(6.4)
Impairment of investment in JV	(0.3)	(2.6)
Total exceptional items	(32.0)	(19.9)
Non-cash foreign currency adjustments	6.9	(14.9)
Amortisation of intangibles	(1.0)	(1.0)
Total exceptional and non-underlying items	(26.1)	(35.8)

- Cash exceptional in FY2014/15: £16.7m

Cash flow

52 weeks to 28 March 2015



	FY2014/15 £m	FY2013/14 £m
Underlying profit from operations	19.3	16.0
Depreciation and amortisation	16.7	19.3
Retirement benefit schemes	(5.0)	(5.1)
Working capital	(9.8)	(4.6)
Other movements	(3.2)	(3.5)
Cash generated from operations	18.0	22.1
Capital expenditure	(12.7)	(13.8)
Interest & tax	(6.2)	(5.8)
Underlying free cashflow	(0.9)	2.5
Exceptional items	(16.7)	(16.4)
Free cashflow	(17.6)	(13.9)
Issue of ordinary share capital	95.3	0.2
Other	0.3	-
Change in cash during FY2014/15	78.0	(14.1)
Opening net debt	(46.5)	(32.4)
Closing net cash	31.5	(46.5)



Outlook for FY 2015/16 – P&L

International

- Space growth, reflecting increased volatility: high-single-digit growth
- Retail sales growth in constant currency: high-single-digit to low-double-digit growth
- Currency devaluation continuing to impact reported retail sales and profit
- Improvement in stock control

UK

- Like-for-likes sales continuing to deliver growth
- Focus on optimising cash margin
- Stores closed: 25-30
- Stores refurbished: 35-40
- Share based payments of c.£4.0m
- Finance costs: c.£4m



Outlook for FY 2015/16 – Cash

- Trade working capital expected to be neutral
- Capital expenditure £35-£40m (FY 2014/15 £13m)
- Other cash flow items:
 - Cash element of exceptional restructuring charges of £20m – 25m (FY 2014/15 £16.7m)
 - Pension scheme deficit recovery payment of £9.8m (FY 2014/15 £6.4m)
- Net cash position neutral, following investment into business



Mark Newton-Jones

Chief Executive Officer



Customers at the heart of our business





Our strategy



Vision: The leading global retailer for expectant and new parents and young children

1

Become
a digitally
led
business

2

Supported
by a
modern
retail estate

3

Offering
style,
quality and
innovation
in product &
great
service

4

Stabilise
and
recapture
gross
margin

5

Running
a lean
organisation
while
investing for
the future

6

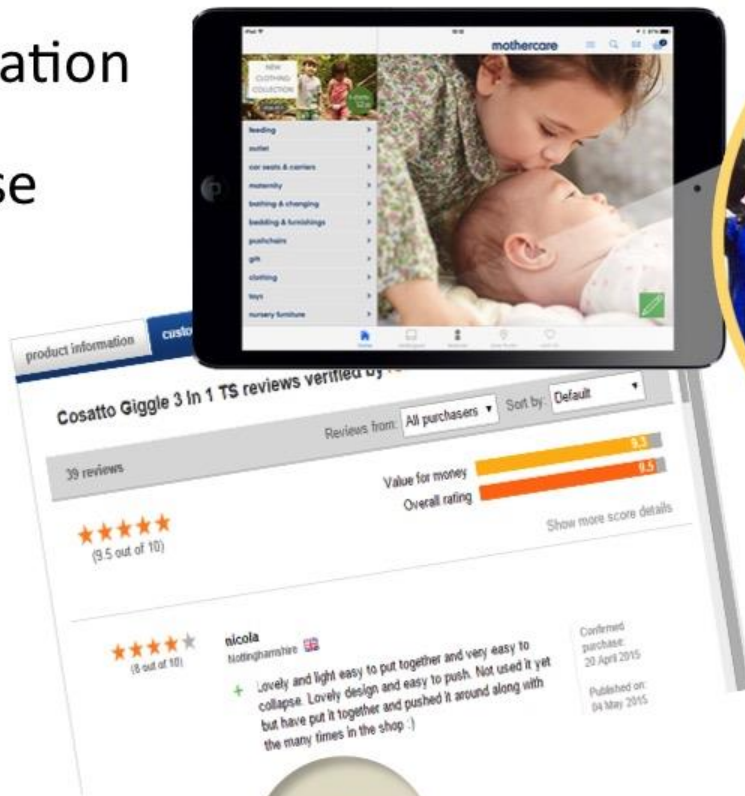
Expanding
further
internationally

Supported by modern IT systems, infrastructure, governance and talented people

Becoming a digitally-led business



- Improved presentation
- Customer database
- iPads in store
- Click-and-collect
- Mobile growth





mothercare digital retail

easy ways to shop
in store : online : mobile

Supported by a modern retail estate



- Gateshead and Solihull refurbished
- Clothing and footwear trials
- Store closure programme
- Refurbishment plan
- Sales team development





3 Offering great style, quality and innovation in product and service



- Price architecture
- Upgrading quality and design
- New phases launched
- New brands introduced
- Exclusive products



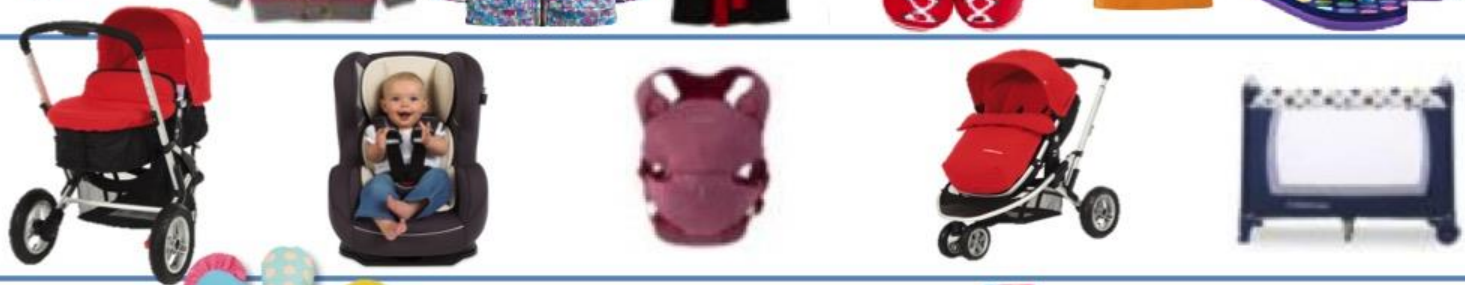
Product: newness

Current Future

Clothing & Footwear



Home & Travel



Toys



Autumn/Winter

Spring/Summer

New brands introduced



mama·LICIOUS[®]
MATERNITY FASHION



envie de fraises

CONVERSE[®]



CONVERSE
KIDS COLLECTION



an original
Penguin[®]
by Munsingwear

mamas
& papas



iCandy

FRENCH
CONNECTION

name it[®]



joules

3 Offering great style, quality and innovation in product and service



- Price architecture
- Upgrading quality and design
- New phases launched
- New brands introduced
- Exclusive products



Stabilise and recapture gross margin



- Returning to a full price retailer
- Shorter sale periods
- Clear & supported promotions
- Reinvest in product quality



4 FY2014/15 vs 2013/14

Promotional calendar for clothing



Date	Saturday	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday
September 2013							
October 2013							
November 2013							
December 2013							
January 2014							
February 2014							
March 2014							

Date	Saturday	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday
September 2014							
October 2014							
November 2014							
December 2014							
January 2015							
February 2015							
March 2015							

Promotion  Sales 

5 Running a lean organisation while investing for the future



- Reduced stock cover
- Store costs controlled
 - Matching hours to transactions
 - Management structure
- Tight control of refurbishment and IT costs



Expanding further Internationally

- Space up 9.0%
- Like-for-like sales up 5.6%
- Sales in constant currency up 12%
- Stock control

Europe
28 countries
492 stores

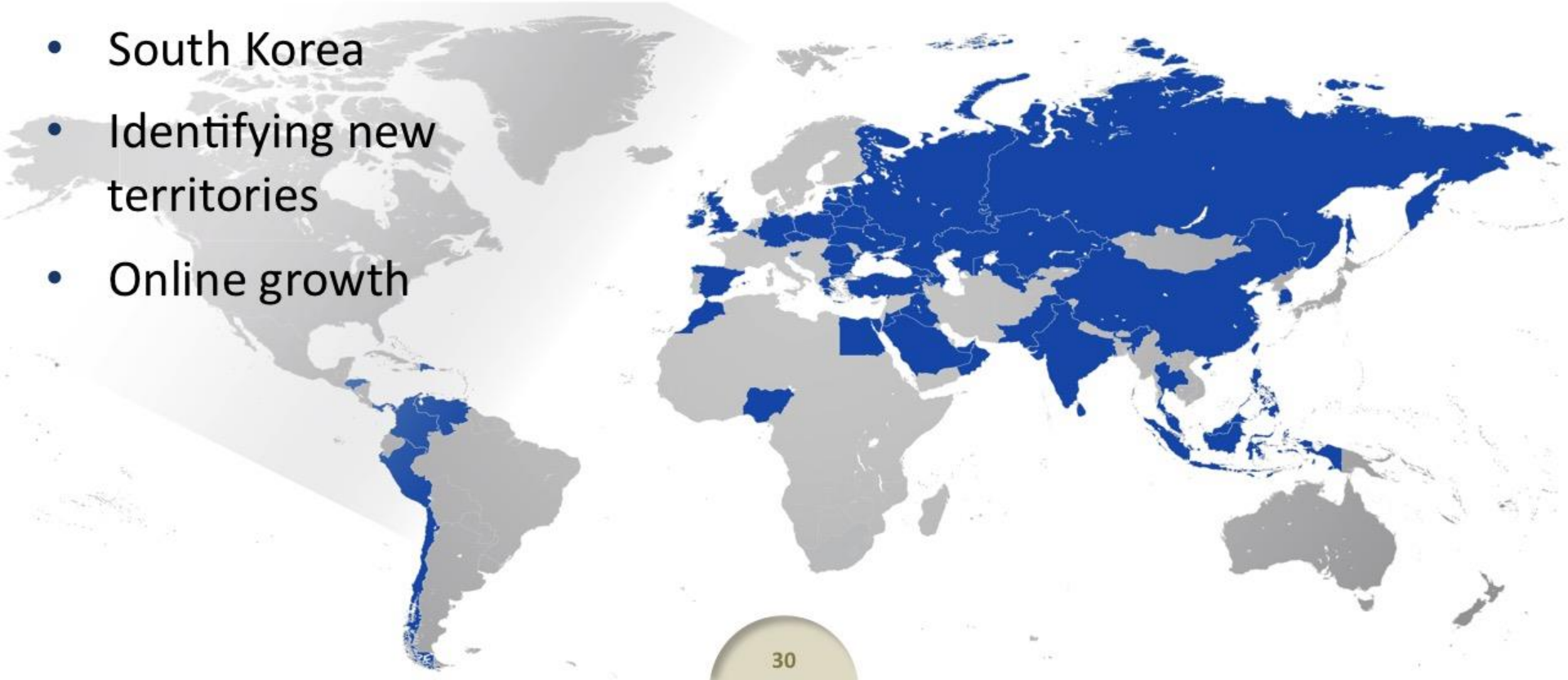
Latin America
7 countries
60 stores

**Middle East
& Africa**
12 countries
324 stores

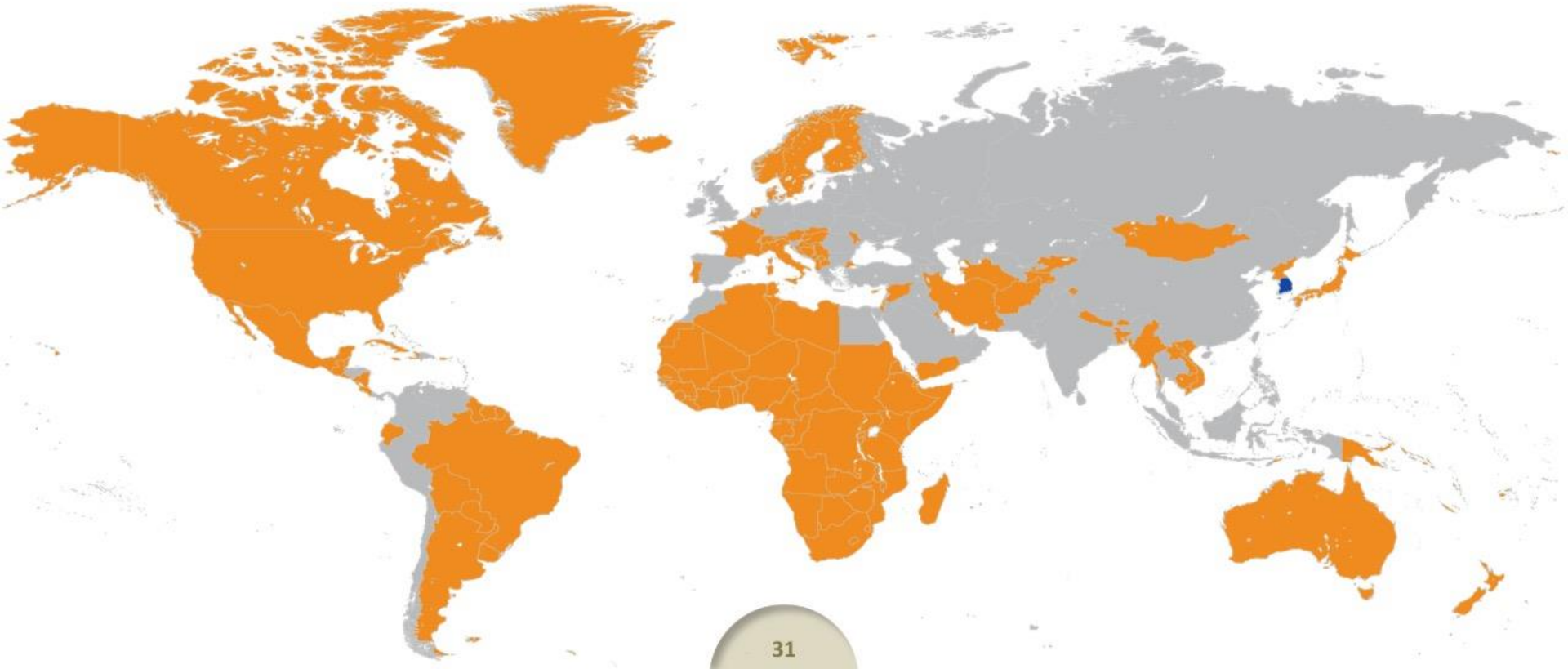
Asia
13 countries
397 stores

Expanding further Internationally

- South Korea
- Identifying new territories
- Online growth



Expanding further Internationally



Summary



- Making good progress against all six strategic pillars
- Improved customer experience online
- 31 UK stores closed with 25-30 planned for the year ahead
- 2 UK stores refurbished and 6 converted to new clothing biased format with 35-40 refurbishments planned
- Investment in ranges with improved style and exclusivity
- International offers significant opportunity for growth

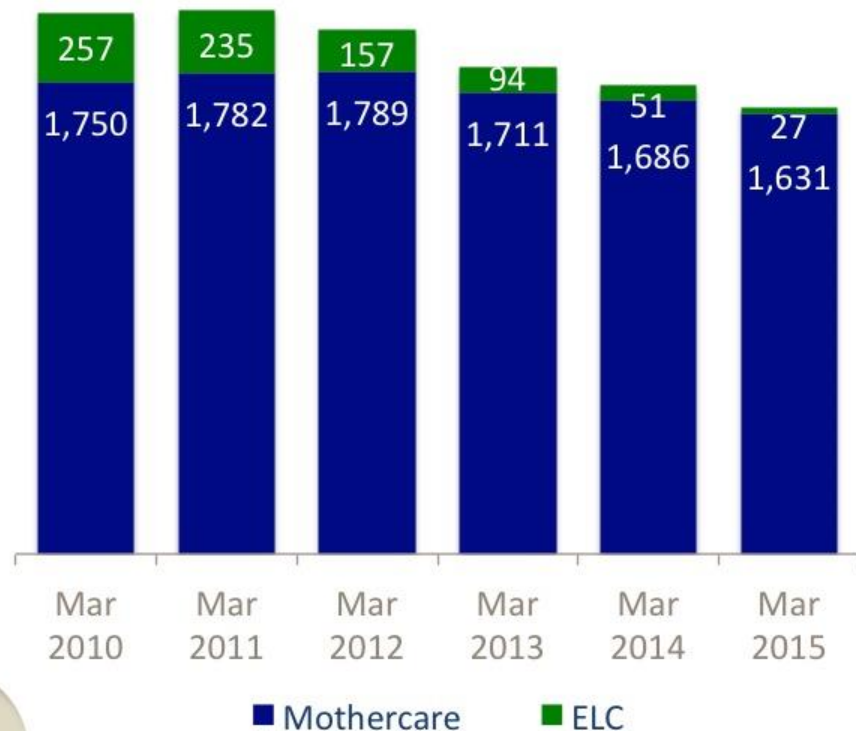
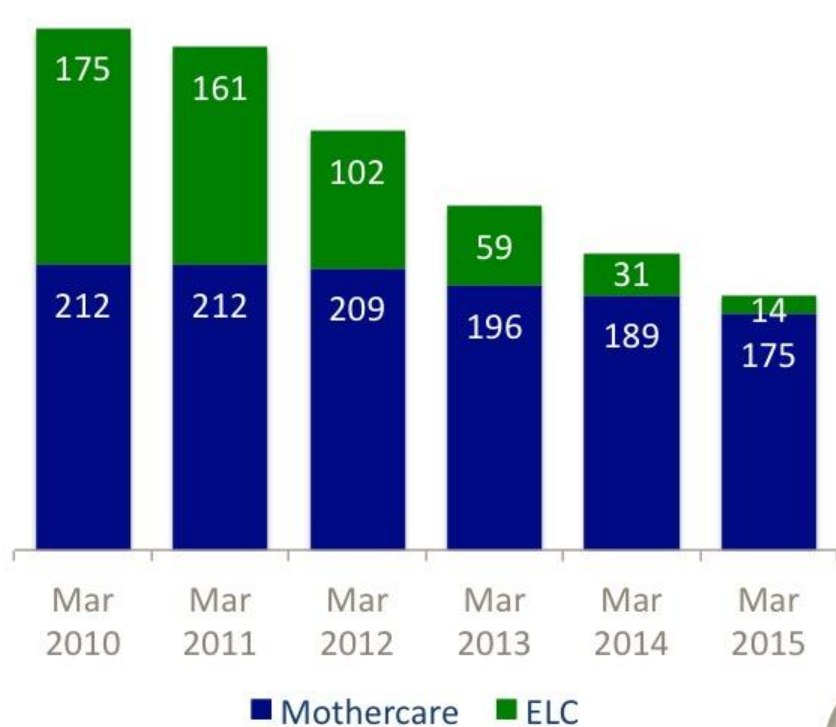


Questions & Answers



Appendices

UK store & space numbers



International store & space numbers



■ Mothercare ■ ELC



■ Mothercare ■ ELC



Currency impact - 52 weeks to 28 March 2015

	Sales £m	Underlying operating profit £m
Russian rouble	(33.7)	(1.3)
Ukrainian hryvnia	(6.1)	(0.3)
Indonesian rupiah	(3.0)	(0.3)
Saudi riyal	(1.2)	(0.3)
Other Middle East countries	(3.3)	(0.3)
Other currencies	(18.7)	(0.5)
Total currency impact	(66.0)	(3.0)



Currency rates - 52 weeks to 28 March 2015

	FY2014/15	FY2013/14	
Average:			% change
Russian rouble	70.57	52.31	(34.9)%
Ukrainian hryvnia	22.50	13.16	(71.0)%
Indonesian rupiah	19,484	17,264	(12.9)%
Saudi riyal	6.03	5.95	(1.3)%
Closing:			% change
Russian rouble	88.67	59.76	(48.4)%
Ukrainian hryvnia	34.77	17.41	(99.7)%
Indonesian rupiah	19,499	18,836	(3.5)%
Saudi riyal	5.61	6.18	9.2%



Pension scheme

		FY2015/16 est £m	FY014/15 £m	FY2013/14 £m
Income statement	Running costs	(3.0)	(1.4)	(1.1)
	Return on assets/(interest on liabilities)	(2.7)	(2.1)	(2.7)
	Net DB charge	(5.7)	(3.5)	(3.8)
	DC charge	(2.2)	(2.2)	(2.0)
	Total pension charge	(7.9)	(5.7)	(5.8)
Cash funding	Recurring payments	(2.1)	(0.6)	(0.6)
	Deficit contribution	(7.7)	(5.8)	(5.6)
	DB cash funding	(9.8)	(6.4)	(6.2)
	DC cash funding	(2.2)	(2.2)	(2.0)
	Total cash funding	(12.0)	(8.6)	(8.2)
Balance sheet	Fair value of assets	n/a	283.4	253.3
	Present value of defined benefit obligations	n/a	(364.6)	(303.0)
	Net DB liability	n/a	(81.2)	(49.7)

Sensitivities for modelling assumptions



Using FY2014/15 as a base and assuming no change to external factors:

- UK sales of £458m
 - 1% change in like-for-like sales
 - Impact of c.£4m on sales
 - Impact of c.£1.4-1.7m on gross profit assuming no change in margin rate
 - 10 basis point change in margin
 - Impact of c.£0.4m assuming flat sales
- International sales of £745m
 - 1% change in currency impact
 - Impact of £0.4 to £0.5m

